THE BLACK BELT INVESTOR

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A MARTIAL ARTS GUIDE TO WEALTHNESS; HOW TO KICK BUTT AND FEEL RICH!

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ISBN 978-1-61961-487-1 *Paperback*

978-1-61961-488-8 *Ebook*

LIONCREST
PUBLISHING

To the karate senseis who have guided me on the Way.

To my clients who have honoured me with their trust.

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FOREWORD

FOR THE PAST THIRTY YEARS I HAVE LISTENED INTENTLY as clients have told me stories about their money—stories of joy, stories of fear, stories of anger and stories of greed. I've seen money change peoples' lives in ways they never could expect, for the better and for the worse. Money can heal, money can harm. Money can destroy families, but it can also elevate lives. Our relationship to money is, undoubtedly, central to our happiness.

When my children were young and would ask me what I do for a living, I replied that I would take people's money, so I could give them back more. Over the years, I have learned firsthand that more money isn't always the answer. This book is my chance to give back more, by sharing what I believe are the keys to having a healthy relationship to money. It’s my story about how my many years inside the world of money management combined with my study of martial arts has brought me to a deeper understanding of what it means to be wealthy. This book is my recipe for obtaining a sense of wealth, or wealthness, as I like to call it.

INTRODUCTION

EVERYTHING WAS PERFECT, THE WEATHER, THE VENUE, and me! I felt like a million bucks. Here I was attending an international yoga festival right in my own back yard—Mont Tremblant, Québec. Yoga had helped bring my body back from karate injuries so I could be fully present in all the things I loved to do, and this felt like the ideal moment.

Under the clear, blue sky, against a backdrop of green mountains, a touchy-feely yogi from the West Coast beseeched us to tweak our limbs and open our minds. Guiding the group into an inverted position, our hearts above our heads, he admonished us to be eternally thankful. "Be thankful for our bodies that can realize this pose," he commanded. "Be thankful for this yoga practice. It doesn't matter if we're not driving around in BMWs or living in big mansions, because we are rich with our practice."

As I executed the pose, his words flowed over me. Then, they came to a screeching halt. "Wait a minute," I thought. "I am rich, *and* I can stand on my head. Is that such a bad thing?"

Is standing on our heads made more honourable by being poor? Why should having money make us feel guilty or conflicted? A lack of wealth shouldn't undermine our wellness or diminish our sense of personal worth. If we have money then we should rejoice, we should feel thankful and at peace.

I haven't always felt wealthy. Born in Ontario and raised by a single mother, I never considered our family poor. We never wanted for anything, although I appreciated my mother's struggle to support my sister and me. As a teenager transitioning from middle school to high school, I was not particularly focused on money. Instead, my focus was on getting good grades and playing on the school's sports teams. During my high school years, a mystery emerged as I began hearing about a group of girls from wealthy families who would disappear from school in their last year so they could conclude their studies at a finishing school in Lausanne, Switzerland. What they were doing at this school I could only imagine, and what I imagined were my former schoolmates learning good manners and speaking French with proper accents and eating biscuits and sipping tea in the afternoon and going on fabulous ski trips while wearing fabulous ski suits. For me, as a young girl, this moment marked an awakening, the beginning of when I started thinking about wealth, and more specifically that I didn't have any. It meant that certain remarkable experiences, like a finishing school in Switzerland, would be closed off to me forever. Knowing that such opportunities would never be possible for me produced mixed feelings of envy, tinged with sadness. It was a wake-up call. Wealth, I was beginning to learn, had the potential to be a great divider and source of frustration. Before my high school years had finished, I made a pledge to myself: I'd provide myself with my own finishing school experience, as best I could, and nothing, certainly not money, would stop me!

Everyone establishes his or her own definition of rich. For me, rich means recognizing that I have obtainable goals for self-actualization in all spheres of life—physical, material, personal, vocational. In fact, I want for nothing, and my dreams never seem unattainable for financial reasons. I feel grateful that I have money and can afford pursuing my passions, like attending international yoga festivals and practicing karate in Japan. The goal of providing myself with my own finishing school has been met. I have travelled a good portion of the world, speak French fluently, and have skied the greatest mountains, while wearing fabulous ski suits. I have, above all else, created a future on my own terms.

I can vividly recall the moment I acknowledged this gratification to myself. It was the day I hung my 2nd Dan black belt diploma on my office wall. Until that point, my close friends and many colleagues knew that I played sports and practiced karate, but they were not necessarily aware of the level of my commitment. Spotting the diploma on the office wall, passersby would speculate on the exceptional discipline I surely possessed to reach such a high level of martial arts. "Well, of course, I'm disciplined," I would answer. "You have to be disciplined. You can't get anywhere in life without discipline." This public acknowledgement turned into a private one. Years of dedication to karate had indeed sharpened my discipline. How else would I have received a black belt, gone on to get a second Dan, compete in tournaments, and win medals at the age of fifty? Without the superior discipline provided by my karate practice—which I started in my late thirties—I never would have achieved all that I have in life: a good marriage, healthy relationships with my three wonderful children, material wealth, and a successful investment business built on thirty years of solid client relationships.

Without a high level of discipline and willpower, I wouldn't have gotten back on the cushion and started meditating on a regular basis, and without meditation, I never would have achieved a sense of what I call wealthness, which is the cornerstone of feeling rich.

What is wealthness? Wealthness is about having a wholesome, sensible relationship with money, so you can have a healthy relationship with your environment. Wealthness is setting financial objectives and maintaining the calm, confidence, and discipline required to meet those goals. Wealthness is not feeling conflicted or anxious over large purchases, or agonizing over the spending habits of your spouse. Wealthness is about being able to talk openly and honestly with loved ones about your money and financial concerns. Wealthness is about knowing you have enough money to execute your financial plans and appreciating that everything beyond meeting your goals is gravy.

I have been a dedicated follower and supporter of the wellness movement for many years, yet I am frustrated by its seemingly deliberate exclusion of wealth in the overall wellness equation. As a financial advisor, I see money as the central part of everyone's life, impacting relationships at work and home, people's lifestyles, and mental health. In Robert Waldinger's TED Talk, "What Makes a Good Life," he notes that in a recent survey of millennials, over 80% of respondents answered that getting rich was a major life goal. If money plays such a critical role in people's sense of life satisfaction, then cultivating a healthy relationship with it is vital. The purpose of this book, therefore, is not to provide technical, logistical advice on how to manage your money—even if worthwhile suggestions will be dispensed along the way. Rather, this book will force you to confront the truth that money is front and center in your life, and how such an engagement can cultivate comfort and prosperity for you and the people in your life. You must stop thinking of your finances as a peripheral issue.

This book, I should note, is not for people struggling to pay grocery and utility bills. This book is directed at people who can afford the nice things in life—and more—but still do not feel wealthy and may even be plagued by dissatisfaction over their financial situation. These are people who should feel rich and experience lives of richness but cannot because of an imperfect relationship with money. Personally, my life has its share of sad stories, but this doesn't mean I suffer from a sense that life has not served me well. I truly enjoy life, and I want you to see that through hard work and discipline you too can get on a path to achieving satisfaction and peace of mind with your finances.

CHAPTER ONE

WHAT WE TALK ABOUT WHEN WE TALK ABOUT WEALTHNESS

A DAY DOESN'T GO BY WHERE YOU DON'T THINK ABOUT money. Money, after all, influences many of life's choices. What you do for work. Who you marry. Where you live. The schools you attend. The schools your children will attend. Naturally, when making these decisions, you take your financial situation into account, so consider how the decision-making process is impacted if your relationship to money is unhealthy. Consider how it can cloud your judgment, leave you persistently anxious, or result in decisions that complicate future plans. I can share painful stories from my many years working as a wealth manager; families fighting over inheritances, couples prolonging divorce proceedings, or clients feeling cornered into staying at jobs that make them miserable. I've seen parents who spend extravagantly, but struggle with the idea of paying the higher tuition of a better school for their child, and couples that divorce because they cannot discuss money without it leading to nasty fights. These are people who do not have healthy relationships to money and allow it to detract from their overall wellness.

Take "Bernard." The owner of a large architecture company, he is embroiled in a multimillion-dollar lawsuit with a construction firm over a major project cancelled at the last moment. The litigation has been a major financial setback for the company and has become an obsession for Bernard, sapping his creative focus. Until now, Bernard has wholeheartedly helped his adult children, financially. Recently, however, because of his legal predicament, Bernard had to turn down one daughter's request for assistance. This dismayed the daughter who, thinking the support was a forgone conclusion, had already made financially burdensome plans. The rejection caused a rupture in the relationship, and the two are currently not speaking.

The daughter clearly has an unhealthy attitude toward money. She feels entitled to her father's money and cannot appreciate the financial strain her father is under. (I have numerous stories of children who stop talking to parents because they are not getting the financial assistance they feel they deserve.) But, Bernard, the father, is deficient in the wealthness department, as well. Despite the lawsuit, Bernard is still a wealthy man, but through his exaggeration of the current losses—partly because he has invested so much emotionally in the lawsuit—he has convinced himself that he has turned into a sudden have-not, a man incapable of helping his family. Lacking the tools to detach from the situation, everything in Bernard's life is viewed through the prism of the lawsuit. If from the outset, Bernard was more open with his family about his current troubles, and not embarrassed by his circumstance, then, perhaps, his daughter would have not made plans contingent on her father's generosity. Such openness may have afforded Bernard a more accurate assessment of the situation. It would have placed the matter in real, unexaggerated terms, and he would have seen the lawsuit as damaging, yet not dire. Communication, as we will see in a later chapter, is crucial to wealthness.

"Gerard," another client, was the co-owner of a successful grocery store chain. For years, he had been living well beyond his means and was constantly low on cash. He'd always choose the object slightly out of his price range, whether it was a house, car, watch, or better seats at a sporting event. After exhausting every account, including those of his children, he began taking money out of the business, claiming half of it belonged to him, even though he and the partner had agreed at the outset to reinvest all profits back into the business. Obviously, such a move angered his partner, who argued the withdrawals put financial stress on the company. They would have to put expansion plans on hold, maybe even fire some employees. Think of the many lives and relationships affected by Gerard's lack of wealthness.

Money is rooted in so much of what makes people happy or unhappy, and divorce is a classic example of how people's unhealthy fears surrounding money can cloud judgment, especially when it comes to negotiating against future happiness. Surely, divorce qualifies as a major destroyer of wealth, and going into divorce proceedings the parties understand that they can easily lose half their money. Yet, because of an inability to come to terms with the fear of loss, they tend to drag out the proceedings and fight, incurring tremendous legal costs and causing an even greater loss of wealth.

A real or potential loss of money is not the only trigger of financial anxiety. Inheritance, the gaining of money, has the ability to put tremendous pressure on individuals and families. We now stand at the outset of what will be history's greatest wealth transfer as, over the next thirty to forty years, Baby Boomers begin to leave assets to their heirs.

A client "Rosalie" is married to "Stephan." They both have lucrative jobs in the entertainment industry and consider themselves wealthy, although Stephan has consistently earned more than his wife. Until now, the couple has pooled the entirety of their finances. They use the joint funds to pay for everything in their lives from typical living expenses like the care of their children to the nursing home bills of Rosalie's father. If either Rosalie or Stephan wants to buy an expensive personal item, they both feel at liberty to pay from the account without consulting the other. Rarely do they question one another about purchases. Last year, Rosalie's aunt passed away, leaving her niece a sizeable inheritance. Without discussion, Rosalie deposited the money in a separate account under her name. Obviously, this is causing tremendous friction between the husband and wife. He feels she is identifying monies that belong, not to the family, but to her. The wife's move has opened up questions of trust. Slighted by her attitude toward this windfall, Stephan finds himself reacting pettily to financial matters, wondering whether his wife is contributing her fair share. He has even begun questioning the value of her purchases. Through the inheritance, the family has become wealthier, yet Stephan has grown unhappier.

In an attempt to boost Stephan's wealthness, I'd ask him to first take a step back and remind himself he was wealthy before the inheritance. Then, I'd point out that he and his family are wealthier because of the inheritance. Lastly, we again have an example of a family that can benefit from better communication especially before decisions are made to either pool money or open separate accounts.

We all like to think we will be levelheaded when it comes to divorce and inheritances, but people come into more money, and it can complicate lives and relationships. Potential issues and tensions surrounding inheritances are vast and difficult to anticipate. What if the money is not distributed equally among family members, or there is frustration over the pace at which it's being settled. Sometimes family members want to take out money early or voice dissatisfaction over who's been named executor. Even if money is distributed equally, resentments can fester over the disbursements of heirlooms and property, someone wanting a painting, but instead getting the jewelry.

Situations like these will test wealthness and expose your true relationship to money. From a numbers standpoint you've become enriched, but if your brother gets the car and you get the boat will you act dignified and graceful, or will you allow greed and a feeling of loss to turn this into a negative moment, one that has the potential to ruin your life and relationships?

A lack of wealthness threatens not just your relationships. Unreasonable and unwholesome expectations regarding money risk your health, as well. The financial crisis of 2008 was an incredibly difficult time, and I witnessed firsthand in clients and investment professionals how losing money made them physically and mentally miserable. People, worried that employers would not be able to fund their retirement plans and seeing on paper how much they were losing, were under enormous amounts of stress. The media was reporting that high levels of stress and lack of sleep had caused an increase in prescriptions for sleeping pills, especially amongst those working in the financial sector. Clients were hiding investment statements, refusing to open them. Some relationships were in turmoil with spouses accusing the other of acting recklessly and secretively with the family's funds. As the markets went lower, panic ensued, and more and more investors were cashing in their savings. This was an extremely stressful period even for investors who had set realistic and appropriate goals, did not do anything technically wrong, and understood that returns don't go up in a straight line, the type of investors whose experience should have enabled them to weather the storm with little emotional turbulence. The Great Recession, as it is often called, was most likely a once-in-a-lifetime downturn, but the response of investors during this period offers great insight into the dangerous patterns of investor behaviour I witness frequently, even during good times.

The emotion of greed can be equally as damaging as fear. Money is like a drug, and we don't always act rationally when it comes to money, something behavioural scientists have learned in recent years. In his book *Coined: The Rich Life of Money and How Its History Has Shaped Us*, Kabir Sehgal details a study executed by the neuroscientist Hans Breiter studying the brain scans of twelve individuals partaking in a game where they could either win or lose money. He was particularly interested in observing the nucleus accumbens, a region of the brain that plays a major role in the cognitive processing of reward and reinforcement learning. For the people playing this game, the brain scans "showed heightened activity…similar to those of drug addicts who were given a hit of cocaine."[1] Sehgal posits that our behaviour around money is motivated by factors beyond pure reason, like people tending to tip more generously when the weather is nice and sunny.

He concludes that money itself excites people, but the possibility of obtaining money is an even greater neuro-stimulant. Sehgal concludes, "Money has become our Pavlov's bell, activating the nucleus accumbens and conditioning our behaviour as we salivate at the opportunity to feast on more."[2] What excites people is not what they have, but what they can gain.

Feasting for more and chasing after an even greater high is not a recipe for success or wealthness. Warren Buffet, arguably one of the world`s greatest investors, has famously said, "Be fearful when others are greedy and greedy when others are fearful." A failure to manage reasonable expectations, any temptation to feed the greed, is a sure and quick way of setting yourself up for disappointment. As a discretionary money manager, I make choices for people on how to manage a well-balanced portfolio. In fact, a major part of my job is to manage the expectations of clients who set unrealistic goals for the markets and themselves. Not having a safeguard between you and your money can leave you vulnerable to emotions; buying out of greed, selling out of fear, or just blindly following market trends as they top and reverse.

Impulsivity, generosity, jealousy. There are a whole host of emotions that crop up in our everyday lives and that can impact our behaviour when it comes to money. So if people make their worst mistakes when they get too greedy, fearful, impulsive, jealous, or overly generous, what can you do to get control over these emotions? First, understand that you cannot attack these issues all by yourself, the emotions are simply too strong. Second, unlike karate, where a beginning martial arts student is taught to see each movement as a defensive or attacking move against an adversary, in investing the enemy is an internal force. The adversary is not the market, as some people would like to believe. The enemy is you, and it is fighting you from inside your head. Once you understand these two points, you can embark on fostering a healthy relationship with money through the disciplined approach detailed in this book. This involves meeting your opponent—you—head on and reviewing your situation, taking stock of what you have, defining what makes you happy, and assessing whether your goals are realistic or not. Through lessons from the practice of karate, discipline and meditation—all outlined in this book—you will learn how to control potentially destructive emotions so you can set yourself on a path toward wealthness.

Take, for example, the emotion of regret. Regret is not some scarce commodity in our lives. You find it when the market goes up, and you find it when the market goes down. I should have been more aggressive, or I should have been more conservative. Think of all the money

I'd have now if I had paid more attention to my finances when I was younger. You may regret specific investments, or money spent on people you thought you loved. None of us has always made the best money decisions, but you have to learn to move on, look forward, and not obsess over what did not go right in the past. Part of attaining wealthness and becoming a black belt investor is feeling confident in your long-term plan and not acting based on current or past regret.

As a society we fanatically commit to certain diets and exercise regimens and seek out the advice of self-help gurus promising to better organize our lives and make us more efficient with our time. So why are we not creating the same space to deal with financial happiness that we do for nutrition and attacking our body image? Little effort, unfortunately, is exerted on achieving financial happiness, and nowhere is this dichotomy more noticeable than in the wellness movement. Today's popular mindfulness movement is focused on being appreciative and thankful in the present moment. But money is often the distraction jerking people out of the present moment and having them think about the future, what I call, the future moment of money. Instead of enjoying the money they have, instead of possessing peace of mind that they are well off and do not face any imminent financial troubles, people obsess over future plans for their money, both good and bad. Days can be spent calculating retirement plans and trying to gauge the impact of every future monetary decision, but there is a difference between planning and obsessing. This type of distraction, more than anything, detracts from one's present happiness, yet it's common in the wellness movement, on the whole, to ignore this subject of one's relationship with and attitude toward money. In the yoga and meditation communities, there is little to no acknowledgment of the link between a person's happiness quotient and his or her level of financial contentment.

The extent to which the money factor has been ignored in the wellness movement touches on the story told in the introduction of the yogi's dismissive attitude toward money. Part of the problem is that wellness people tend to not have the motivation to attain a lot of money and most of them don't. In fact, they see it as a badge of honour to be able to live well without much money and dismiss having more money than you need as being materialistic, or having misguided priorities. By almost completely excluding or ignoring the subject, they are attempting to send the message that money is superficial and should not be considered intrinsic to one's happiness. The Buddha's teachings challenge one to overcome cravings for money. This is a worthwhile aspiration if money is a negative source of emotion for someone, if the thought of money conjures feelings of guilt, jealousy, or regret. But what if that same person had the ability to turn money into a positive source of emotion? To paraphrase the late economist Jude Wanniski: The history of men is a battle between creation of wealth and redistribution of wealth. In other words, money makes the world go 'round. Our days are spent making and spending it. All of us are contributing wealth to the world. It is fundamental to our way of life. Therefore, we should be striving to feel we have control over the process and the ability to determine that it is going toward good purposes. We should believe money has the potential for a generally positive outcome. This recognition can be a wonderful source of joy and contentment.

Such reticence surrounding the deeper issues of money and happiness are not limited to the wellness community. In the financial community, it can be challenging for many advisors to talk with clients about emotions surrounding money. They see themselves, first and foremost, as money managers, not psychologists. They will talk about how to save and invest money and the best strategies for generating strong returns over time, but will usually limit any discussion of emotions to how a client should react to volatile markets and losing money. If an advisor notices suspicious activity like excessive withdrawals or exorbitant payments, chances are the advisor will keep his mouth shut out of fear of creating discomfort in the relationship, which is understandable because discussions of addiction, infidelity, or other personal issues can be extremely uncomfortable for both parties. Clients are known to dump advisors if they are not told what they want to hear, or are told things they don't want to hear, and most people, it is assumed, don't want to be told they have a problem. Besides, advisors are not psychiatrists or gurus, and the parameters of the relationship do not call on them to dig deep into the personal lives of clients, which is not to say that the relationship would benefit greatly from such openness. Additionally, in this male-dominant field—fewer than 20% of advisors are women—the role of the financial advisor, traditionally, has always been to create wealth and help the client reach financial goals. Advisor success and competence in this world are measured primarily through numbers—the amount of assets under management and returns generated.

Most advisors probably don't address these deeper issues, because like most people, they incorrectly assume that having a healthy relationship to money is a question of personality. We read that there are different personalities when it comes to money, and sometimes it is thought that Person A is predisposed to be happy about her money while Person B is not. Nobody's financial outcome is predestined. Just because you may have had trouble saving money in the past doesn't mean you'll never manage to save money. You can't take a defeatist attitude when it comes to empowerment over money. You have influence over what's happening to you, especially since there is a clear recipe for success. Like mastering anything in life, though, it requires effort. It requires discipline, too, and the steps are outlined in this book, each belt a different rung on the ladder to mastering your finances and to becoming happier in your relationship to money. One thing is certain: Even imperfect and incomplete dedication to the practice will make you better off than having done nothing at all. Like in the practice of karate, there is no perfect. There is only the constant striving toward perfection.

The achievement of hanging my second Dan black belt on the wall in my office signified, not simply, years of mastering the positions required to obtain that next belt. In karate one is constantly going back to the basics. Whether you are a yellow belt, blue belt or third Dan black belt, the master sensei will always demand you redo everything you learned from the beginning. You are always doing the white belt kata (choreographed movements). In Florence, I remember seeing a quotation on a restaurant door that perfectly illustrates the spirit of karate discipline. "Nothing is ever finished. Nothing is ever perfect. Nothing lasts forever." In karate, you can never be perfect, and you are never finished practicing. One is always sharpening the saw, so to speak. Everything worthwhile in life requires, at the very least, a basic level of discipline. There are no shortcuts around this truth. For me to become a black belt it meant going to the dojo at every opportunity, not giving into laziness, and practicing at home whenever possible. In other words, practice, practice, practice. Soon this high-level of discipline kicked my karate into a higher gear and became part of my character, seeping into all areas of life, from my advisor job to the management of my household.

A complete focus on wellness entails trying to be the best person you can be with the tools at your disposal, and using these tools to keep your body in good working order, feel good about yourself and practice meditation toward the goal of realizing you can have control over your thoughts. Then, you can put in place a practice of healthy money, which means building wealth for the purpose of creating a fulfilling life. Money should never control you. Money, rather, should be of service to you and the ones you love. This is wealthness.

CHAPTER TWO

WHITE BELT

Respect and the Road Ahead

THE WHITE BELT, THE FIRST BELT A STUDENT RECEIVES, is different from all other belts in that a student attains the belt without passing an examination testing technique and deeper knowledge of the art. Unlike the other belts, a white belt karateka does not need to wait a required amount of time or prove consistent training. To receive a white belt a student is simply required to show up to the dojo and express a desire to learn. It would be mistaken, however, to assume that this somehow means the white belt is not earned. The white belt, in fact, is the celebration of a commitment made by the student, the karateka, to embark on the path of karate. The colour white is, in fact, the presence of all colours. Going forward, the karateka will delve into the spectrum of colours that make up the first white belt, wearing six different coloured belts, on the way to becoming a black belt. Lao Tzu, the ancient Chinese philosopher, said, "A journey of a thousand miles begins with a single step." The single step for the karateka is stepping foot into the dojo and opening herself up to the question of what is the art of karate.

Before a punch or kick is thrown, the rules are reviewed with the karateka. Students must bow upon entering and exiting the dojo. The master, who is in the corner doing his warm-ups, does not greet the student, and the student says nothing to him. In Japanese, the master will instruct the senior student to begin warming up. Provoking violence is never tolerated in the dojo. No profanity in the dojo. Higher belts will assist lower belts and lower belts will follow the guidance of higher belts. A student should never be under the influence of any kind of drugs or alcohol, and no food is allowed during class. Students should show up with uniforms washed and nails clipped. When class is finished the student bows. A student must never enter the dojo after class has begun or leave the dojo floor before the end of class without first receiving permission from the sensei. Everyone, from the lowest to the highest belts, is responsible for keeping the dojo clean. This includes mopping the floors and putting the sparring equipment away. If curtains are used to divide the dojo in half they must be pulled back at the end of class. The dojo must be left in impeccable condition.

The rules can vary from one dojo to the other, but essentially they are based on the same principles of respect, discipline, and cleanliness. During a recent training trip to Japan at our dojo's headquarters, I was able to see firsthand how the Japanese sense of discipline is expressed in a karate dojo. The students do not talk or ask questions. Every move is executed by following the sensei's instructions. After the traditional salutation at the end of the class, the assistant instructor invited us all to the corner of the dojo where damp facecloths were neatly folded in a wicker basket. He held out the basket to me and nodded to go ahead. I found it touching that such a courtesy would be offered to students after a vigorous training. However, when I brought the cloth to my face to wipe the sweat off my brow, he held out a hand and shook his head. The cloths were for cleaning the floor. I didn't think it was possible for my face to get any redder, but I left the dojo as red as a beet!

The point of these dojo protocols and teachings is to impress upon the karateka the idea that she is setting on a path, a way of life, a journey that will reshape her body and mind. For the karateka, the dojo becomes the home for this development, the place she will go several times a week to train and practice. The rules regarding respect, cleanliness, and responsibilities consecrate this space for its unique purpose.

Next, the karateka is introduced to the foundational philosophy of karate, even though complete penetration and appreciation of these ideas will take many years of practice. She is taught that the word karate is derived from the combination of two Japanese characters, kara, meaning empty, and te, which means hand. Together, these characters form the phrase "empty hand." Later, the suffix dō (pronounced "doe") was added to the word karate. Dō translates as path or way. So karate-dō is "the way of the empty hand," which again emphasizes how karate is not simply a fighting technique, but an art containing spiritual elements, a practice that is a total way of life. Gichin Funakoshi said, "True karate is this: that in daily life one's mind and body be trained and developed in a spirit of humility, and that in critical times, one be devoted utterly to the cause of justice."

Who is Gichin Funakoshi? Surely, the beginning student will learn the history of the man who founded and introduced Shotokan Karate- dō to Japan. Gichin Funakoshi, the father of modern karate, was born in 1868 in Okinawa, where karate had made its way from China. As a child, he was weak and in poor health, so his parents sent him to a karate master. Soon the training turned him into a well-disciplined boy, as well as a healthier and stronger child. He was fifty-four years old when he brought his style of karate to mainland Japan, lecturing and performing demonstrations across the country. Finally, in 1941, after Funakoshi performed for the emperor, Shotokan Karate gained formal recognition as a Japanese martial art and was introduced into the schools. This was not a simple achievement given that Funakoshi had many detractors. They called his karate soft and believed his focus on katas (choreographed movements) was a waste of time. His critics had him right. Karate, he believed, was an art, not a sport. He stressed self-perfection, decency, and respect for others, and found greater honour in avoiding a fight than in instigating one. Courage, to Funakoshi, meant fleeing from an enemy, not defeating him. His greatest moment of shame stemmed from the one time he used karate to ward off a mugger. He always felt he could have done more to avoid the altercation. Above all, Funakoshi was a man of Tao. The following parable perfectly captures what it means to be a man of Tao: A small man receives his first Dan (first level black belt) and runs home shouting his news at the top of his lungs. After getting his second Dan, he purchases advertisement space in the newspaper to announce his achievement. For the third Dan, he holds a parade in his own honour. The man of Tao, on the other hand, receives his first Dan and bows his head in gratitude.

Receiving his second Dan, the man of Tao bows his head and shoulders. When he receives his third Dan, he bows at the waist and walks home alongside a wall so nobody will notice him. Funakoshi, a symbol of Tao, did not particularly care for competitions or records. In 1957, he died at the age of eighty-nine, leaving behind *The Twenty Guiding Principles of Karate: The Spiritual Legacy of the Master*; a text also known as the niju kun or Funakoshi's philosophy on karate training. A beautiful translation of the book by John Teramoto, purchased at the Japanese pavilion at the Epcot Theme Park at Disney World, has had a permanent spot on my bedside table for over fifteen years.

Guiding principle number one of Funakoshi is absorbed the moment the karateka steps into the dojo for the first time. The principle states, "Do not forget that karate-dō begins and ends with rei." Rei refers to the custom of bowing, but its literal meaning is "an expression of gratitude or respect." It means showing up to the dojo with respect for the sensei, the training partners, oneself, and the work ahead. According to Sensei Hirokazu Kanazawa, "The term [rei] refers to the act of two people facing each other and bowing in a display of mutual trust and respect…displaying respect for a person's character, contribut[ing] to well-balanced relationships between people, and provid[ing] a way for preserving social order." Martial arts are forms of violence if they are not practiced with reverence and respect. Through rei the student displays respect not only for the master and the other training partners, but also for herself. She is proclaiming to herself and others that she is worthy of participating in this relationship.

First steps are fundamental to taking the steps that follow. Admiral Bill McRaven's commencement address at the University of Texas dispensed the following advice to the graduates: "If you make your bed every morning you will have accomplished the first task of the day. It will give you a small sense of pride and it will encourage you to do another task and another and another. And by the end of the day that one task completed will have turned into many tasks completed." (He adds, "If by chance you have a miserable day, you will come home to a bed that is made, that you made, and a made bed gives you encouragement that tomorrow will be better.")

Once you've determined to take control of your finances and set on the path toward wealthness, there is a philosophy and rules to submit to in order to increase your chance at success.

First, take stock. Chances are you are already reading this book because you have an interest in improving how you currently handle your finances. Perhaps you agonize over purchases, or find yourself unable to save money and grow your retirement fund. It also means you have an open mind about the process, a willingness to learn how meditation, discipline, and building better communication skills can help you master your money.

Second, identify the opponent. Here's a helpful hint: Stand in front of a mirror. That's right. It's you. Blaming others for your financial shortcomings is convenient and easy. Your spouse is a shopaholic. Your children won't take no for an answer. Too many people depend on you for money. Your advisor did a lousy job. Blaming others for your problems is defeatist and will not fix your problems. You are not powerless. There are actions under your control that you are not taking. You may not, at this stage, be ready to execute solutions to these problems, but acknowledging personal control and responsibility over the matter is an integral first step. You have the power to talk to your spouse about his spending habits. What you lack is will and the language to articulate your concerns in a constructive manner. Use this initial moment of self-reflection to examine your goals. Figure out what happiness means for you and how that is expressed financially. Are your goals realistic, or the product of a fantasy? Do you believe you might be setting yourself up for disappointment and unhappiness by establishing unrealistic aspirations? Early in the process it will be difficult to change your mindset or behaviour, but you are taking a giant first step merely by articulating your problems.

Third, be serious. Achieving wealthness is not a matter of completing eight easy steps and being set for life. This is not some how-to book where you can pick and choose whichever suggestions seem personally relevant. While reading this book you're not going to have a sudden epiphany that will fix your problems. Instead, this book is a recipe for a lifelong development whose end goal is to help you lead a happy and healthier life. It will invite you to examine some of your deepest emotions in hopes of gaining a better understanding of the choices you make when it comes to money. To achieve wealthness, you must invest time and effort in order to implement the process detailed in the book. Apply the karate concept of rei to your finances and take satisfaction in seeing yourself as a participant in the process, striving to rise above destructive emotions like fear, greed, and envy to achieve an honourable outcome with your money.

Having completed the above steps, you are now ready to step into your wealthness dojo, the financial space in your home where you will work on all financial matters pertaining to becoming a black belt investor, everything from paying your utility bills and developing a monthly budget to speaking on the phone with your financial advisor. Every home can accommodate a wealthness dojo; it is up to you to create your own.

In this advanced technological age people feel liberated by the ability to work with a multitude of devices. Gone are the days when people were tied down to a specific place because of work. Now, they can work from home, the office, bed, or the car. I, however, take an opposing view. This itinerant working style—I know from personal experience—leads to disorder and confusion. If you are moving from place to place, you don't necessarily have all the tools at your disposal. It is the equivalent of a handyman keeping his hammer and wrench in one place and his nails and screws in another. For example, you decide to spend the weekend at your cottage. On your way out of the house, you snag a couple of expenses you want to record, but you remember afterwards that your laptop doesn't have all your recent financial information and you brought the wrong USB key. Now you have the burden of remembering to log your bills into the system when you return home in three days. Also, you are scheduled to have a phone conference with your financial advisor and you had questions about a recent statement, but lo and behold, you forgot your newly changed login password, and that got left behind as well. This leads us to...

Rule number one: Have a dedicated space for your wealthness dojo; it centers the mind and facilitates productivity, like having a set space for your meditation cushion, which we'll discuss later. The kitchen table, in other words, is not a desirable choice. Your tools need to be in a fixed spot, and you can't run the risk of people moving papers without your knowledge. This is a sure recipe for disorganization. It's preferable you choose a desk or table that is not used by other members of the family, or, at the very least, dedicate a desk drawer for all your financial materials.

Rule number two: Keep your wealthness dojo clean. People tend to create piles of paper, and what these piles signify is an unwillingness to deal with issues. You don't want to think about paying a bill, so you toss it onto the pile. You're not ready to contact the financial advisor your sister-in-law recommended. Pile. The forms to fill out for the insurance company feel onerous. Pile. To keep your financial space clean and orderly, use trays or folders for bills and other papers. Pledge to yourself that any document you bring into the workspace will immediately find a proper place. Except for your computer, keep the table clean of anything else. Once that first loose paper finds a resting place on your desk, others will soon follow, and it is only a matter of time until the pile builds. Disorder works against clear thinking. If others are using your wealthness dojo, insist they leave it as they found it, so you do not have the added frustration of cleaning up someone else's mess before you start working.

In this age of technology, paper can be easily replaced by downloads and saved files. Use technology, as much as possible, to simplify and streamline. This advice, however, comes with a warning. Some bills should be received by mail. Credit cards, for example. If these bills are received electronically, there is a much higher probability they will go unopened. A paper copy, easily accessible, ensures you review your expenses on time, with memories of the recent past still fresh, so you can identify all charges. Lastly, make sure you have a foolproof backup for all computer files related to your wealthness dojo. As someone who has dropped a cell phone, not once, but twice, into water (once into the water tank of my espresso machine—believe it or not), I can attest to the fact that fire, water, and fools are the enemies of the techie.

Rule number three: Be on time. It's unacceptable for a karateka to arrive late for class. If she does, she must kneel on the side of the dojo floor and wait until the sensei grants her permission to enter. In addition, the karateka can't pass a belt unless she's been coming regularly to the dojo. When it comes to the wealthness dojo, you should establish a set routine to prevent your financial matters from piling up. Designate a time to sit down every month to review statements and bills, enter into your computer the money coming in and going out, and work on all other calculations you've worked into your financial routine.

You should pick the same day and time so it becomes sacrosanct. Treat it like you would any other important work appointment, one whose time you would never miss or change. Minimize any chances for disruptions or cancellations. If you have children, schedule the time for after they are asleep.

Discipline means freedom. Therefore, a lack of discipline is a form of bondage. Establishing rules for yourself (when bills are paid, budgeting your expenses) frees you from the constant harassment of unfulfilled obligations (unpaid bills, wondering constantly whether you'll meet your savings goals at the end of the month or year). If you take care of these tasks at the appointed time you will have a certain peace of mind for the remainder of the month. If something cannot be addressed in a timely fashion, create a filing or task system so that this item is completed at your next wealthness dojo session. To-do lists are great for freeing the mind, but these lists must be managed, or they risk becoming an additional source of stress.

Avoid the late hours of the night. When working on your money, you want to be fresh, thinking clearly, and focused. Entering the karate dojo, the karateka bows and kneels to the master at the start of each class. Then, the students shut their eyes and briefly meditate. This is in the spirit of the famous saying, "In order to train successfully in the dojo, you must have a dojo mind." Likewise, it's crucial to make sure you have the proper mindset before entering your wealthness dojo, which takes us to…

Rule number four: No alcohol or drugs. In the late 1970s, Jackie Chan launched a successful film series The Drunken Master. The movie's protagonist, played by Chan, studies karate under the tutelage of an intoxicated master, who teaches the practice of Drunken Boxing, a wild style full of swaying and falling that makes the practitioner appear off-balance. Attempting to perform such moves while drunk is actually dangerous, if not impossible. The techniques are highly acrobatic and require tremendous balance and coordination. "A drunk mind speaks a sober heart," the French philosopher Jean-Jacques Rousseau said. Some evidence backs up this claim, but what's also true is that drunken people care less about making mistakes and feeling shame, embarrassment, and guilt. An altered state of consciousness can lead to loose thinking around money. You may feel like you have it all figured out, but you will be as mistaken as the person who thinks that the Drunk Master was actually performing his karate drunk. Try hard to think of one other area of consequence in your life where it is advisable to show up intoxicated.[3] A karateka should never be under the influence during class, and you should never work on your finances, pay bills, or talk to your financial advisor if you've been drinking.

Some people drink before working in their wealthness dojo because they are scared of confronting certain financial realities. Or they may drink simply because of a mindset that does not place importance on their finances; paying bills, budgeting, or investing are merely tasks to be completed at the end of a long day, the last thing to do before heading to bed. If you are the type of person who would finish a bottle of wine at dinner, followed by a nightcap, before heading to your wealthness dojo, there is one question to ask: Would you ever adopt such a cavalier mindset when faced with other important tasks in your life? A client once confided that, after a few drinks in the evening, an expensive vacation was purchased with the click of a mouse. It felt right at the time and wrong the next morning. If you've ever shopped in an expensive boutique and been offered a fine wine while you're thinking over your purchases, you know how much easier it becomes to say yes to the overpriced suit after a glass or two.

Additionally, you should never work in your wealthness dojo if you are too tired. Your finances are not work for when you wake up in the middle of the night and can't fall back asleep. Tiredness is a form of impairment, too. We live in a world where we are one press of a button away from making catastrophic mistakes. (Or embarrassing ourselves.) When we are tired or drunk the risk of that happening increases exponentially. You should never, therefore, send an email to anyone having anything to do with your money if you've been drinking alcohol or taking any other kind of drug that cause drowsiness. In my years as an advisor, I've woken up to some questionable emails sent in the middle of the night by clients. Even worse are the emails from clients asking me to take ill-advised actions. Money is what we get for the work we do, so doesn't it deserve the same quality attention and care we give our jobs?

("Don't put it off until the end of the day," not treating your financial affairs as an afterthought, a matter to be taken care of at night before you head to bed, has a second meaning. Don't wait too long to gain control of your financial situation. Of course, better late than never when it comes to achieving wealthness, but better twenty years before retirement than two years into it.)

Rule number five: In the karate dojo, criticizing either yourself or others is never tolerated. So, too, you should not use your allotted time in your wealthness dojo to confront people about their finances. If you discover an alarming or upsetting expense, take note of what needs to be discussed, then finish your work. What you don't want to have is your family ducking for cover every time they see you entering your wealthness dojo because they know in a matter of minutes you will be shouting about the family needing to tighten its belt. (Later, in the chapter Yellow Belt: Master Basic Techniques, we will discuss the challenge of better communication with your loved ones.) Also, the spirit of the work you do in the wealthness dojo should be positive. Everything you do here is moving you in the right direction, so do not use this time to get down on yourself or criticize yourself for how you handle money. If it turns into a negative experience, you will seek to avoid these sessions or be tempted to self-medicate before undertaking the work you need to do. Enter your wealthness dojo with an open and positive mind. Work from a good place and good work will ensue.

Rule number six: Make sure all of your equipment is in working order. A karateka would never show up to a fight with equipment that put her safety at risk. Computer and printing problems in your wealthness dojo can lead to frustration and prevent you from wanting to work on your wealthness. Not having the right pens, highlighters, file-folders, erasers, and paper will slow you down. Personally, I am a stickler about using a good old-fashioned pencil and eraser. I try to make sure I have a good sharpener to go with that.

Neglect and laxity, especially at the beginning, before the routine has taken hold, are to be expected. Not every karateka, in the initial stages, comprehends the mindset needed to practice a martial art. Only after constant practice does the practitioner begin to embrace it. Guiding principle number two of Funakoshi states, "There is no first strike in karate." For some time, the martial arts world has debated the meaning of this tenet, but the basic understanding is that as the karateka practices and studies karate, she becomes more confident in her skills and is less likely to be the one who initiates confrontation. She does not react hastily, allowing impulsivity and unchecked emotions to take over. (Studies show that practicing martial arts actually reduces aggressiveness and anti-social behaviour.)[4]

The above underscores how routine, regular practice and treating your wealthness dojo like a sacred space can lead to real change. Children, and some adults, start karate and the first thing they want to do is learn how to kick butt, but the deeper they get into the culture and the more they practice, the further they appreciate that true strength means the freedom from never having to fight. So, too, you the financial student will blossom as you digest the first step that is foundational to your financial training. Establishing your wealthness dojo is about showing up and confronting elementary financial tasks. The same way a karateka learns the contradictory lesson of learning karate in order to not have to fight, you will transform from someone who is perhaps anxious around money—fear of opening bills, fear of having delicate money conversations with loved ones—into a wealthier, more charitable person.

CHAPTER THREE

YELLOW BELT

Master Basic Techniques

THE YELLOW BELT LEARNS KIHON, WHICH IS A JAPANESE term meaning “basics” or “fundamentals.” The term is used to refer to the basic techniques that are taught and practiced as the foundation of most Japanese martial arts. At the yellow belt level, the karateka’s kihon is an extension of basic stances, blocks, strikes, and kicks that were introduced at the white belt level. The goal is to execute these movements with proper balance, technique, and strength. The sensei will be looking for further refinement of technique, speed, and power with each progression of belts. Once the karateka assimilates the basic techniques into her practice, she is ready to incorporate these movements into kata.

Kata are choreographed movements simulating a fight and are executed either solo or in groups. Team kata competitions are extremely impressive, and it's not just the Japanese who bear watching. A fine example of this is the Italian team in the 2012 World Karate Championship, which performed a kata with such sublime technique that it made the three karateka appear as if they were moving as one. Following the kata is a bunkai, which looks like a real fight and illustrates the purpose of each kata movement. The highly structured patterns mirror methodical and efficient combat tactics. Through constant practice, kata routines become second nature to the student, performed with little conscious effort. As the karateka advances and begins sparring, she will, without thought or hesitation, slot the sequence of movements into her fighting, or kumite. The style and skills of the karateka's kata are what elevate her karate to a true martial art. As our master sensei is fond of saying when evaluating kata performance, "I see the martial, but I don't see the art."

Finance has its version of basic techniques, which are frequent calculations for you to perform in order to access basic information that will help teach you about your relationship to money. The three calculations are as follows: estimating net worth, outlining and maintaining a budget, and drafting a financial plan. Calculation and analysis of these figures must become second nature as you continue on your path toward wealthness.

Net worth is who you are from a money standpoint, your financial imprint and profile, and you should always have an up-to-date idea of this number. Net worth is essentially the value of everything you own, minus the value of everything you owe (your debts). Often people will know what they are worth before taxes but you should also know what you are worth after taxes, and what you would be worth if you suddenly passed away. These numbers will assist you greatly in evaluating your current relationship with money. If your net worth is negative, it doesn't have to stay that way. First, acknowledge the situation. Then, focus on launching a plan to start saving. A positive net worth is an excellent starting point, but the goal will be to increase that number over time. The work you will do later with an advisor will help put into context the importance of your net worth in relation to your future plans. Is the money sitting in a savings account, or are you putting it to work to meet your long-term financial goals? These numbers are saying something meaningful to you about your relationship to money. Keeping proper perspective when analyzing net worth is important. A young person has not had as much time to build up wealth and may be saddled by finite expenses like school debt. The important thing is to do the work. If you are older and have not had many opportunities to create wealth, anticipation of a negative or borderline number can prevent you from sitting down and doing the calculations. It can be discouraging to face reality and see piled up debt on a balance sheet, but you've shown up to the dojo, which means you are ready to acknowledge and work with your financial numbers. The first step to improving your financial health is assessing your budget.

Working on a budget can have the most immediate impact on your financial profile. It gives you the opportunity to see the money coming in and the money going out. Any negative difference is debt; any positive difference is a savings opportunity. You will quickly see whether you are saving enough or spending too much. Noticeable patterns in spending will force you to question your behaviour. Perhaps, you observe how taxes have gone up significantly on that second home you barely use now with the children out of the house, or you are paying for a tennis membership that you never use, because karate now takes up all your time. Maybe you don't need two lattes a day and you could increase the monthly amount you are giving to your favourite charity instead. Perhaps, you are saving each month and the cash in your savings account has now reached a point where it could be invested at a higher rate. Budgets are an excellent personal and/or family spending and savings tool, but it takes the full participation of everyone involved, which requires healthy lines of communication, an issue we will discuss later in this chapter.

You can thoroughly detail and scrutinize your expenses, but if you are not honest, your numbers are meaningless, and all you are left with is the financial profile you wish you had. People have a tendency when they are in the red to dismiss certain expenses as anomalous. “My husband had a bike accident and needed expensive dental work, but that won’t happen again, which means we will soon be back on track to hitting our savings goal.” Realistically anticipating future spending means planning for extraordinary events, as well as having emergency funds available. If it’s not dental work next month, it will be an unexpected plumbing repair, a dented fender, or a trip to see an ailing relative. Life is constantly changing and sometimes in profound ways. You change jobs, you get married or divorced, your child decides to become a doctor and you’ll need to support her financially for many more years than anticipated. You can get a smaller inheritance than you expected, or, hopefully, a larger one. These types of developments can alter your financial plan, and it’s for this reason you need to constantly perform these three basic calculations in order to see how your plan is working out for you and whether any changes are in order.

Take “Alexandra,” a client referred to me after her father passed away and left her a fairly substantial inheritance. A single woman in her twenties, Alexandra had her entire life in front of her, and normally I’d want to focus on short-and long-term goals. Like I do with all clients, I started by asking if anyone depended on her for financial assistance. Surprisingly—she did not have children, after all—she answered, yes. Her mother was not self-sufficient, and although she did not assist her prior to receiving the inheritance, the daughter now wanted to use a portion of her funds to this effect.

Any person in your life who is dependent on you for money becomes a line in your budget. The person's financial profile—calculations of net worth, budget, and retirement plan—must be assessed and incorporated into your profile. This is the area where I see many clients misjudge their financial situation. They don't anticipate people in their lives who may need help down the road, whether it is a child or parent, and they don't appreciate how they will be forced to confront and absorb that person's relationship to money. Few people possess the temerity to declare, "This is my money, and I'm the only one spending it." It is certainly not my role as a financial advisor to speak with Alexandra's mother and ask her how much money she will need in the future. She is not my client. But Alexandra can have that conversation with her, and then can speak with me about how it impacts her budget and what amount of money is realistic for her to offer.

(The Internet has a variety of free resources for both calculating net worth and drafting a budget. Type into your search bar "Net worth worksheet" or "budget worksheet," and you will see many fine options. Often, financial institutions provide resources for this purpose and allow you to link your account information straight into the calculator.)

Outlining your financial plan is the final reckoning to perform. In essence, how do you see the remainder of your life unfolding? When do you want to stop working? Do you see yourself reaching a point where you will cut back on your hours? Then, what is your plan once you retire? Do you plan on travelling the world, or buying a condo near the sea? To what extent do you want to provide for your children and grandchildren? The answer to these questions will determine what key financial issues in your life must be addressed moving forward. Once again, your desires and priorities will undoubtedly evolve over time, but you have to start somewhere, and if you don't sit down and put your financial plan to paper, you won't have any sense how certain negotiable and nonnegotiable life changes will impact your opportunities.

These calculations should reveal whether your net worth is aligned with your expenses and you are creating the wealth necessary to execute your financial plan. Despite the obvious importance of these exercises, uncovering your financial profile can be quite an eye-opener, and the resistance you encounter to complete the work might be hard to overcome. Maybe you've had a few months of poor discipline—your children really wanted that vacation—spending is up, and you are terrified to see the damage. Maybe you aren't afraid, but you haven't done a good job of maintaining your wealthness dojo, so the task of compiling the numbers and calculations feels overwhelming. There is a reason people are said to spend more time planning vacations than their retirement. But there is no reason your journey toward meeting your financial goals should be full of angst and uncertainty. The idea behind this book is to have a better relationship with your money, to feel good about it. The road to realizing your financial plan, therefore, should be a joyous journey, and there is nothing more blissful than having a sense of control over this potentially stressful exercise. It's a matter of simply taking these small, though sometimes painful, steps.

Given the possibility of resistance, here is where you can benefit greatly from working with a financial advisor who can coach you on the reasonableness of your goals and analyze whether they are well aligned with your savings capacity. A financial advisor will keep you honest, and this honesty is needed to help clarify your relationship to money. Honesty, of course, hinges on open communication, and this is why I consider communication one of the basic techniques of finance, because a thorough and candid financial profile is unattainable without strong and open interactions between you and those who play a part in your financial life.

In karate, kiai is the ultimate, if not the only, spoken word. You have heard this word before if you've ever seen a martial arts movie. It is the loud shout made when executing an attacking motion. The word is made up of the ideogram ki, which means energy or spirit, the force that flows through all things, and ai, defined as matching or unite. The word kiai, therefore, means "harmonizing ki," or "uniting the spirit." E. J. Harrison, an English journalist and practitioner of judo, wrote a book, *The Fighting Spirit of Japan,* in which he describes kiai as "the art of perfectly concentrating all one's energy—physical and mental—upon a given object with unremitting determination so that one achieves one's goal." In finance, you concentrate your energy through communication. Communication is the kiai of finance, since the ability to express your relationship to money is foundational to your happiness and inner peace. Poor communication with your advisor can mean a totally imprecise profile.

The importance of communication is something I learned firsthand early in life. In my quest for the finishing school experience I could not afford in high school, I applied for and received a scholarship to study at a French university in northern Quebec. Not exactly Lausanne, Switzerland, but still very nice. I boarded with fellow students, a group of young, French-speaking women and a couple of foul-mouthed guys. Communication can be at its most challenging and frustrating when learning a new language, but I felt proud of my ability to skate by employing colloquial expressions I had picked up at my boardinghouse. Until, one day, when a fellow student pulled me aside to politely correct one of the expressions I had been using. "People have been asking you how you are doing," she said, "and you keep answering that you are 'f—ked up.' Nice girls don't say things like that."

The above is a somewhat humorous, innocent story, but it demonstrates how a slight miscommunication can change perceptions and paint a less than full picture. One faux pas transformed my reputation from studious, struggling Anglophone with a bad accent to a potty-mouthed Anglo loser. To this day, I am careful of the words I use, especially when talking about money, and I encourage the same carefulness and precision from my clients when it comes to discussing their financial situation. There is no room for ambiguity and half-truths when it comes to money.

Resistance to engage honestly with one's financial situation is understandable. People don't like to discuss money. Daniel Crosby, a behavioural finance expert, sums up the challenge: "Money is shorthand for happiness, power, and personal efficacy, so it can be very scary. When money is short, it can be seen as a deficiency on the part of the breadwinner, and when there is lots of money, there can be fears that greed takes the place of genuine love."[5] Most people don't communicate well with partners or loved ones about money. Generally, they opt for silence, and if they do broach the subject, it often leads to snide comments and bickering.

"Sharon" was a client who had a radically different upbringing from her husband. She came from a wealthy family and took a prudent approach to spending. "Peter," on the other hand, grew up solidly middle-class and was viewed by all as fun loving, a man who lived life to the fullest. He was also a spendthrift. The different attitudes toward money created friction between the husband and wife. Unable to openly discuss their anger over the other's approach to money, they ended up painting cartoonish versions of one another. Seeing someone from such modest means having such little respect and appreciation for money left Sharon bewildered, she would tell him. In turn, he disapproved of her pushing off the happiness of the family by tightly holding on to her money. Peter saw Sharon as a miserable miser, the financial killjoy of the family. He could not open his mind to the possibility that she was acting responsibly and ensuring the futures of their children. Yet, this is not a case of one spouse being in the right. This is about communication allowing for compromise. Where there's no communication, the parties don't know how far they need to extend themselves to reach a happy medium. They ended up divorcing, and this is when Sharon became a client. She regretted not sharing with Peter her views on money, explaining to him why frugality is important to her. If feelings about money aren't being expressed, they're probably being misinterpreted.

Often the tragedy lies in poor communication. In the earlier chapter "What We Talk About When We Talk About Wealthness" we met several of my clients whose lack of wealthness created major instability in their lives: Rosalie separated her inheritance money from the family funds; Gerard's spendthrift ways put pressure on his family and work relationships; Bernard's legal troubles prevented him from assisting his daughter, leading to a terrible rift. What these clients all share is the benefit they could have gained from better communication practices.

Two lines of communication must be improved in order to achieve wealthness. First comes self-communication. You can't open up to others without mastering honesty with yourself. This means you shouldn't pretend you don't want your parents' cottage if you do. Are you saying you don't want the cabin in order to defuse the tension with your siblings? Likewise, don't convince yourself you want the fishing cabin up north because you remember the fun you had there when you were a child. Will you use it, or is it a mere expression of some type of separation anxiety? Also, if your husband envisages a retirement full of exotic travelling, don't say you're game when you know you hate planes, trains, and automobiles. Certainly this connects to what we discussed earlier regarding emotions—greed, fear, jealousy—and how they can impact your decision making. You should be honest with yourself about what you really want before you express it to others. Apart from working to separate emotions from your financial decisions, there are other types of questions you should be asking yourself: How do I feel about my money? Do I believe I'm in control of my financial world? Does thinking about money cause frustration and anxiety or satisfaction and peacefulness? This question and answer exercise should be facilitated by the work you do on your net worth, budget, and financial plan. Before you can convey your feelings to others, you need the ability to express them coherently to yourself.

In some cases, secrecy is an alarming facet of one's financial situation. Know that there's a difference between being discreet about money and being secretive. A red flag should go up if you are keeping a major expense from the people you love. This type of secrecy can lead to anxiety, stress, and breakdowns in relationships. Money and secrecy are a toxic mix that must be immediately addressed.

Once you've achieved honesty with yourself, you can work on an even greater challenge, bettering your communication with your family. Good communication means ceasing to repress thoughts and feelings and putting your issues out in the open. This doesn't mean you will reach unanimous agreement with every loved one, but, as I wrote earlier, transparency allows for compromise and lowered tensions. You can't have a great relationship with your partner if the two of you can't talk freely about money. Often I meet with one member of the family—usually the man—and it is understood that this person is in charge of the family's finances. Industry statistics reveal, however, that more than 70% of women will change their investment advisors after their husbands pass away, a signal that they do not feel as if they had been integrated into the financial conversation.

Another common pattern I see in couples is one spouse saying yes to the other even though they are thinking privately, no way, no how. Over time this leads to nothing but enmity. A survey found that arguments about money—not sex or household chores—are what couples between the ages of eighteen and forty fight over the most. Eighty-two percent of the respondents admitted to having hidden shopping bags and other purchases from their spouses.[6]

Since discussions about money are moments ripe for conflict, I suggest dedicating a specific time during the week, or month, to discuss such issues. Family supper, a sacred time, is not the right time to address prickly issues. You don't want your teenagers to stop showing up for meals. Instead, call a family council and let the participants know the agenda ahead of time so they don't feel ambushed and have time beforehand to gather their thoughts. Warned ahead, the participants are prepared mentally to talk about money and this will allow the conversation to proceed calmly and thoughtfully. Your aim in leading the meeting is transparency, to convey to the rest of the family in an open manner what you can afford and what you can't and what decisions you will need to make as a unit. The range of topics can include anything from the food you buy and your investments to estate planning and powers of attorney. (I have clients who will lose a parent and it will take days of rifling through drawers and papers to learn of the deceased's wishes, but we'll talk about that in the next chapter.) I know from having teenagers that they will come to a family council on money as long as you tell them it's important and specify the time, place, and how long you anticipate it will last. Emotions may run high, and it's important that the conversation ends at the meeting's conclusion. If there is more to discuss, then find another suitable time to sit down in a calm, collected manner.

Family councils are important, especially for the children's long-term financial health. "'What we know about money, we generally learn from our parents,' says Wells Fargo's (Karen) Wimbish (the bank's director of retail retirement). 'If you are a parent and you are not having money conversations with your kids, you are handicapping the next generation of savers and investors.'" This is why it's crucial you devote time to discuss with your children the many financial decisions that directly impact them, like why a much talked about vacation is too expensive right now, or which prospective universities are affordable for the family. When your child gets his or her license, he or she should learn how much it costs to drive a car. Consider it an opportunity to teach the child about important financial issues like upkeep and insurance. When you flippantly tell a teenager in passing that you called the insurance company and added his or her name to the policy for a few extra dollars, he or she believes it's a perfunctory matter that comes at barely any cost. Sit them down and explain costs in relation to the costs of other products and experiences so they begin to establish reference points.

Financial issues between husband and wife should remain private, discussed in a setting similar to family councils. You don't want to bring it up after you've finished watching television, and then have your spouse say he is too tired and you'll talk about it the next night. Tomorrow night he'll just find another reason to push off the conversation. When engaging your spouse in a conversation about money, you should be trying to answer the question of what he knows about your attitude toward money and vice versa. As a couple you need to reach decisions, and sometimes compromises, about such issues as basic spending, powers of attorney, financial planning, insurance, and estate planning. Achieving effective communication with your spouse, and family, takes practice. You will face great resistance to articulating your concerns out loud, as we discussed, and it will take a degree of conditioning, which can only be accomplished through discipline and consistency.

A breakdown in family communication is guaranteed if you come into the family council as the father or mother ready to lay down the law, so you and your spouse should always enter as a unit, your issues already ironed out. The children should receive the information as a joint message from the parents. This is especially important for families of divorce. For obvious reasons, you wouldn't want a situation where you tell your child one thing, and she answers that the other parent has told her differently.

This is also an area where you need to be in control of your emotions. Don't be tempted to spoil your child to spite your ex. Connect with your former spouse and agree on a consistent financial message to deliver to the children. No question, it is a challenge. Remember, you are planting the seed for how your children will feel about money.

Clearly, the conversation you have with your five-year-old daughter will be different from the one you have with your fifteen-year-old son, but it's never too soon to impart to young children the value of money, lessons about waste, and respect for their toys and belongings. Also, there is no reason children, of all ages, should not have financial plans of their own design. They, too, have hopes and desires. At ten years old, I had my first job delivering newspapers. Growing up in a single-mother household, we were not poor or wealthy, yet all of my plans had a dollar amount assigned to them because it was clear I would need to make them happen on my own. I learned great lessons by having access to a source of income and having complete control over how the funds would be spent. It helped that my mother was never involved. Not once did she chastise me for silly purchases. It was empowering, even if I ended up squandering much of it. Before long your small children will become teenagers who are thinking of college and career plans. They should have the tools to understand how such choices will impact their future lifestyles.

Peer pressure is important, especially for adolescents. If you do not encourage your child to develop her own financial identity she will most likely adopt one from her peer group. My daughter has a high-school friend who every year has a joint birthday party with her sister. She holds a skating or volleyball party and invites the entire class. In lieu of presents, she asks for donations to our local children's hospital, where over time, her fundraising page shows that she and her sister have raised several thousand dollars. This type of generosity at such a young age is truly impressive. I would hazard a guess that this young girl will be successful in creating, managing, and owning her own unique financial profile.

Although we already discussed the value of honest communication with your advisor, and we will dig deeper into the subject in the brown belt chapter, there are several points to mention as they relate to healthier communication.

The "Tremblays" are clients. Both husband and wife are lawyers who are set up well for the future, but I pressed them to establish a more formal retirement plan. They refused, believing there was no need. Out of the blue, "Marie" called and asked if she could come to the office to work on a plan. She said her husband was still not interested, but he thought it would be a good exercise for her, given her spending habits. All I could do in my role as advisor was tell her, yes, this is something we can do with or without your husband's participation, although it would be advantageous if he participated. The advisor's job is not to lecture couples on morality or common sense. We can't force you to take the correct route. The responsibility of the advisor is to encourage you to ask the right questions that will facilitate open and honest conversations about your money. How do you feel about having this much debt on your house? Did you take into account the cost of moving? How long do you plan on supporting your son? We can also help you identify which numbers don't add up and assess if your goals are unrealistic in certain time frames. Taking the necessary actions after the questions have been answered is on you. We will never instruct you to cut your child off. We will never tell you which job to take.

Accomplishing this belt and owning your relationship to money will greatly enhance your life. Don't wait until you are sitting in couples' therapy or on your deathbed to learn the basic techniques of establishing a financial profile and communicating effectively and openly about money. Releasing all that internal angst surrounding money at the right time will feel like a good kiai in the middle of a kata, and a kiai at the right time can make the difference between winning and losing a battle. These are major steps toward wealthness for you and your family. Like your kata, if you keep practicing these tools, they will become second nature. Your financial profile should flow off your tongue with the same ease as when a police officer pulls you over and asks for your name, phone number, and address. If you get no farther than mastering the basic techniques, you will have vastly improved your wealthness and the financial health of your family.

CHAPTER FOUR

ORANGE BELT

Protect Yourself

AT THE ORANGE BELT STAGE, THE KARATEKA WILL ASSIMilate new katas and kihon. Defensive techniques will be an integral part of kihon, sometimes combined with forward and backward strikes. She will learn, in short, how to protect herself. The karateka begins recognizing that she is learning martial arts to build character, hoping to become a person who aspires to be outwardly gentle but inwardly strong, someone with humility who does not become overconfident because she has learned the basics of fighting. She understands she should not seek conflict, yet should be prepared for the possibility of adversity. Overconfidence, she is taught, fools us into thinking our strength and abilities can protect us even against the unexpected. It lulls us into a false sense of security. Protection is not something to consider only once an attack has begun. For this reason there is no inconsistency in the idea that the karateka learns a martial art in order not to use it.

Funakoshi's guiding principle number twelve alludes to the benefit of focusing on protection. He wrote, "Do not think of winning. Think rather of not losing." Explaining this principle, he added, "Practitioners who think only of winning lose their sense of humility. They begin to ignore or disregard those around them, an attitude that can create many enemies." This passage, as I understand it, is an admonishment to not underestimate the possibility of misfortune. In Funakoshi's niju kun, his book of the twenty guiding principles, an anecdote used to illustrate principle number sixteen—"When you step beyond your own gate, you face a million enemies"—helps shed light on the need of vigilance in the face of bad luck. The tale, told by karate master Kenwa Mabuni, is about Master Yasutsune Itosu, a karate expert and teacher of Funakoshi, who had the custom of pausing at his household shrine and bowing reverently before departing his house. One day, Mabuni overcame his reticence and asked his sensei what he requested from the gods when he prayed. Master Itosu answered, "When an old man like me goes out, it is thanks to the gods I do not get kicked by a horse or run over by a carriage and that I can return home safe and sound. So I asked them again today to please protect me and allow me to finish my business and return home safely." Even a karate master never takes his life for granted and acknowledges the possibility of misfortune striking as he walks the streets.

There are numerous examples of how karate-dō training disapproves of offensive postures. Through repetition of kata, basic techniques become second nature to the karateka, so they become an automatic defensive response. In the dojo, kumite, the techniques a karateka learns to use for fighting, are designed so no harm is done to a sparring opponent. Even in competitions, contact with certain body parts, like the neck and groin, can result in a penalty or immediate expulsion.

While karate philosophy prepares the karateka to look out for danger, to look both ways as she crosses the street, if she is attacked on the street, a karateka is free to do whatever is necessary to achieve victory. Speed, agility, strength, and judgment are what count in the street, not technique. Guiding principle number eighteen states, "Perform kata exactly; actual combat is another matter." In a fighting situation, the karateka is expected to transcend kata, moving freely according to the opponent's strengths and weaknesses. This aggressiveness seems at odds with the philosophy of how karate-dō is practiced inside the dojo, but the idea is rather simple: Do not seek conflict, but prepare yourself for misfortune. As stated above, the karateka aspires to be outwardly gentle, but inwardly strong. Sun-Tzu, in *The Art of War*, writes that a strategy in commanding troops should not depend on the enemy not coming, but rely on one's own ability to meet him when he does come.

(I should add that I have never had to use karate to defend myself in the streets, although it would have come in handy when, as a teenager, I was travelling through Europe as part of my personal finishing school experience, and I was assaulted on a Paris subway. Unfortunately it would be another twenty years before I would step foot in a dojo. The ordeal did stick with me, and I half-jokingly told my daughter that she wouldn't be allowed to date until she received her black belt. She got her black belt at fifteen, and I got my peace of mind.)

In finance, you need to learn how to protect yourself and loved ones from the unexpected. This means respecting the wealth you are building and not becoming overconfident and irresponsible in your investor attitude. Also, understand the investment strategies you've adopted and never take unnecessary risk. Assuming bad things happen only to other investors is a classic investor miscalculation. If it sounds too good to be true, chances are it is. High reward equals high risk, and a fool and his money are soon parted.

Early on in my career, I had a colleague who professed to be making good money investing in naked options. (Options contracts are a promise to buy or sell a security at a specific price within a certain period of time. In a naked option strategy, the trader does not own the underlying security.) This colleague convinced me I would make a lot of money by copying his options strategy. The first attempt was a success, and I made a decent amount of money, and that was all it took to encourage me to make bigger bets on the market. Before long I executed a losing trade that erased all the gains I had made. As a matter of fact, it represented the exact amount of a monetary gift my mother had recently gifted me for my birthday. In my mind, it was as if I had taken this gift from my mother and flushed it down the toilet. Disgusted, I promised myself I would never do naked option trades again and didn't tell anyone about my slip-up, not even my husband. (He'll find out when he reads this book, I guess.) The first mistake I made was making money. The second mistake was losing it. It's the second time that especially tests our relationship to money, because after tasting success, we tend to invest in greater amounts with larger expectations. The trauma, for me, in this instance was short-lived, but

I have countless clients who come to me after having endured similar losses, and they harbor deep-seated regret, disappointment, and low financial self-esteem, sometimes for years. The lesson to learn from this episode is to never chase foolish, get-rich-quick plans, and to not allow your short-term emotional swings, the euphoria of having gotten lucky once, to sabotage your long-term goals. Our weakness is that we tend to operate according to our current mindset. When healthy, it's difficult for us to imagine ourselves suddenly unwell. (We will talk more about this in the blue belt chapter). In the back of our minds we know disaster can strike our families or us at any moment, but we ignore the risk as remote and assume it happens only to other people. After all, I feel strong at this moment. People do get sick, people do get in accidents, and are you ready if it is you or a loved one?

Blaming others for misfortune or chalking it up to bad luck will not bring back lost wealth. Right now there are numerous protections you can put in place to guard your finances in the event of a calamity. Think of the risk of not protecting yourself and your family. Think of how it will only increase any misery if misfortune strikes. The recommended steps take little effort or money. The only difficulty lies in facing the fact that you are indeed mortal and that shit does happen.

This leads us to what should be your first order of business: preparing powers of attorney, a simple process you can accomplish through a lawyer or notary. Note that there are many types of powers of attorney and different documents for each kind. Some powers of attorney are limited to allowing the appointed party to pay bills and manage investments in the event you were to lose mental capacity. There are separate medical powers of attorney should you become too ill or injured to speak for yourself. With this document, the selected person will make all medical decisions on your behalf. I would encourage you to draft a "living will," which will provide detailed instructions to your surrogate as to the type of care you'd like to receive in various situations, such as the end of life. You should prepare separate powers of attorney to appoint an agent to deal with all financial matters if you become incapacitated. You need to spell out in detail the person's responsibilities. Do you need them to file your tax returns? Do you want them paying your bills? Find an honest person you completely trust, who is physically and mentally capable of handling a potentially demanding task. In vulnerable moments, family members and business associates may make claims on your finances, and you need someone who will represent and protect your interests. This person must be fully informed of your wishes, accept the given responsibilities, and, usually, live nearby. If an executor or someone with power of attorney should move away, then it is probably best to appoint someone else. These types of responsibilities are not easily taken care of at a distance.

Recently, a client of mine passed away. He was a man of considerable wealth, and his wife, who was privy, at one time, to his financial matters, had advanced dementia. Meanwhile, the children could not even get the money for the funeral because they were not authorized to access the deceased's bank account. This demonstrates the importance of powers of attorney, but it also proves the need to continuously check that documents are current and relevant. Powers of attorney will not help if the agent has dementia, or if he or she has moved to the other side of the world.

Another client, "Florence," was an only child. Her wealthy widowed mother developed dementia in the later years of her life. Florence assumed that as next of kin she would assume responsibility over her mother's care and finances, but she soon found out that even as the only child, without a valid power of attorney she had no real authority and the government became her mother's official guardian. Suddenly, on top of caring for her mother, Florence had the terrible administrative burden of reporting to a government agency. It was as if, overnight, she had become a financial auditor, trying to hunt down her mother's various accounts and documents. It became an overwhelming responsibility for the woman, and all because the important powers of attorney had not been prepared in favor of the daughter before her mother's dementia set in. Never assume anything when it comes to delegating financial responsibility. Make sure your intentions and those of your loved ones are in writing and will be recognized by a court of law.

Insurance is a practical way to protect our finances as we move through life. A qualified insurance advisor is able to counsel you on the various types and amounts of protection you might need to protect your assets. This person is often part of the financial advisory team that manages your money and, as such, will know your financial profile and objectives, as discussed in the yellow belt chapter.

Like money management, insurance is a vast subject. To simplify the discussion, we can divide the subject into several types of insurance. One protects your home and belongings, like property and casualty insurance, while another insurance protects your ability to generate an income, like disability insurance. Last we have life insurance to protect the family in case of an untimely death. Since people are living longer and medical expenses can have an important impact on financial plans, critical illness and long-term care insurance are increasingly popular coverage options. Once again, a qualified advisor will guide you through the myriad of choices applicable to your situation. Some types of policies will be term or temporary coverage, while others are payable over a lifetime. With some types of insurance there is even an option for premium reimbursement if no claims are made after a certain number of years. It is important to be well guided in this area and to have a basic understanding of what you're buying. Sometimes, in lieu of reading all the fine print, it's easier to ask the question, "What am I not covered for?"

If you want to make sure you have an insurance policy that respects the terms of coverage, you need to tell the truth. You can get certain types of insurance, like life and disability, only if you are in reasonably good health. If you wait until something happens, like a cancer diagnosis, before applying for insurance, rejection is a real possibility. As the saying goes, "Insurance is great...if you can get it." Don't ever think about hiding health issues that may affect your insurability. Concealing information could come back to bite you when it's time to make a claim.

Also, if you have a group insurance plan at work that covers life, disability, and a portion of medical expenses, you should consider yourself lucky, while understanding that this is not the end of the story. Most people change employers several times in a lifetime, and there is no guarantee that group insurance will be an option with every job. Even if it is, there is no guarantee that you will still be insurable. We advise all clients to have an insurance checkup at the onset of our client relationship, and to update this periodically. As your life evolves, so do your insurance needs.

The continuing work done on basic techniques, the calculations of net worth, budget, and financial planning, are critical in determining the types of insurance required to protect your wealth. Don’t compromise your financial goals or the wealth of your family because you don’t have sufficient protection in place. You don’t get to decide when misfortune strikes.

At all times, you should have quick and easy access to cash in the event of job loss or a medical emergency. Three months of funds is usually sufficient, but up to half a year is preferable. When I say cash, I mean cash or cash equivalent, which is money sitting in a bank account, as opposed to investments that can be sold for cash. The timing may not be right to sell a security, or it may be you will incur certain tax penalties or higher rates for selling too soon after a purchase. Don’t run the risk of piling loss on top of loss. An emergency fund is intended to give you peace of mind. You should not have the additional worry about whether or not it’s the right time to sell an investment. Also, I advise setting up a prenegotiated line of credit, which will allow you to borrow a pre-approved amount as needed. This is different from a loan, where you get one lump payment. Here, you use only what you need and interest is charged accordingly. By now you are on the path to a healthier relationship with money, so there is no need for me to caution against using these funds frivolously. You should negotiate a line of credit with interest rates and a repayment schedule that fit your needs and budget. Start at the financial institution where you do your banking. Chances are you will receive more favorable terms and the application process will be less cumbersome. If not, don't be afraid to shop around.

Benjamin Franklin said, "In this world nothing can be said to be certain, except death and taxes." Most people are extremely disciplined when it comes to paying taxes, aware of the larger headaches noncompliance brings. Preparation for death deserves the same level of participation, yet some people face resistance when it comes to putting the correct measures in place. "Thomas," an extremely wealthy man, had an emergency quadruple bypass. It was a touch and go situation for months, and I reminded him to check that his affairs were in order. It turned out he did not even have an updated will. I warned him of how his family would suffer needlessly if he passed away without one. This man has a personal lawyer, and I assumed he would rectify the matter. His health improved, and he headed to his house in Arizona to convalesce. One night, shortly after his arrival, he suffered terrible chest pains and collapsed. They rushed him to the hospital where doctors performed a life-saving surgery. When he told me the story I remarked that it was good he finally put his affairs in order. At that point, he confessed to still not having addressed the issue, and he changed the subject quite abruptly. It occurred to me that he would never call the lawyer. A superstitious fear of death had paralyzed him from taking action. Also, my nagging, it seemed, had turned me into the harbinger of death, and I had better back off if I expected him to continue our business relationship. Emotions, not only in investing, but also in communicating about money and sensitive issues like death, keep people from doing what is best for them and their family.

Yes, death is one thing none of us will escape, no matter how much money we have, and you shouldn't add to your grieving family's strain by not tidying up your affairs. Don't die unless you have a will! Easier said than done. In best-case scenarios, where a will is drafted and intentions are made clear, conflict still may ensue; certain family members feel slighted; the pace of the disbursement displeases others. Imagine the mess when the deceased's wishes are completely unknown and the paperwork is not in place. Most families have a story of a legal battle over a will resulting in sisters or brothers not speaking to one another. Increasingly, many family members are no longer waiting until death to collect the inheritance, going to questionable lengths to access what they feel is their deserved portion. With proper communication and paperwork you can prevent many of these issues. In the Buddhist tradition, the contemplation of death is one of the classical meditation subjects. It helps people face the end of life without fear. But it certainly doesn't include the paperwork. Even if you don't believe in the afterlife, your preparations for death will determine how you live on in the minds of the people you love. Don't be the person who bequeaths suffering and enmity to subsequent generations because of laziness or a fear of confronting death. In addition to drafting a will, you should speak openly and clearly to heirs about your intentions in hopes of avoiding confusion and misinterpretations after death.

Another matter to consider is that as you accumulate wealth, your tax situation becomes more intricate. Owning companies or involvement in partnerships can further complicate the matter. You need to take the necessary steps ahead of time to minimize the financial impact and stress in the event of your death. Some tax-savings options are available only if taken before death and will greatly impact how much money you will leave the government as opposed to your family and charitable causes.

By now you've set up your wealthness dojo and, hopefully, it's well organized, but does anyone besides you have the keys? Ostensibly, your wealthness dojo is the place you will store any documents that will be needed in the event you pass away, or become ill or incapacitated. Like much of what has been discussed in this chapter, this ties into the issue of communication. In the case of an emergency, does your family know how to access your important documents like power of attorney, insurance policies, and wills? Do they have the contact information for your lawyer and financial advisor? Instructions on where to find these documents are not something to be muttered to your spouse as you're falling asleep. Take the time to prepare a document with instructions and locations of all documents and review it with a loved one or confidant, or at a family council. We never think we are at that point where we need to think of illness and dying, but this peace of mind should not come at the expense of you and your family's protection.

CHAPTER FIVE

GREEN BELT

Separate Action from Emotion

THE STUDENTS FILE INTO THE DOJO AND LINE UP ON the edge of the mat in order from lowest to highest belt. They face the back of the master, who has turned to face a portrait of the grandmaster, Gishin Funakoshi. The students kneel and ask to be taught. The senior student at the head of the line, the highest belt and, usually, the assistant teacher, will instruct everyone in Japanese to close their eyes. A period of silent meditation begins. The length of the meditation varies from class to class, but it can last several minutes. During this time, the karateka brings her mind and body to the practice of karate, leaving her everyday concerns outside the dojo and trying to ignore any pain she feels in her body. The beginners and younger children find this exercise difficult. They squirm and fidget in place. Out of the corners of their eyes, they study their classmates. The meditation ends, and the sensei turns to the class. The students bow. Great emphasis is placed on bowing correctly. For the final bow, the karateka's forehead and hands touch the floor. Now, she is in the moment of practicing karate.

A green belt now, the karateka has a deeper understanding of karate-dō's foundational philosophy. She has proven her dedication, and the basic techniques have become second nature, a transition that fills her with confidence. She's also begun to appreciate the power of mindfulness, how clear awareness, not allowing destructive emotions to control her actions, is key to freedom in all areas of her life. By learning how to settle the mind she hopes to gain control over her emotions, especially if she will be sparring in class. By design, kumite, a form of sparring similar to freestyle fighting, is practiced in the dojo so nobody gets injured. However, in the course of blocking punches and kicks, the karateka will get bruises, and she will feel pain, but she must not recoil or feel anger. Fear of possible contact—especially after having taken a few lumps—is not uncommon, but the karateka must meet the fear head on so she can focus her thoughts to fight effectively and successfully. If someone gets hurt, it is usually at the hands of a coloured belt (non-black belt), a student who has not yet learned control and proper technique. Highly experienced practitioners, not surprisingly, execute the finest and most proficient kumite. A true master, in a combat situation, is fully present in the moment and demonstrates uncanny precision in movements.

Funakoshi's guiding principle number six states, "The mind must be set free."

The Confucian philosopher Meng-tzu, or Mencius, said, "The way of learning is none other than finding the lost mind."

Both quotations illustrate the centrality of the mind, its position as master of the body. In addition, they highlight the potential for an outside force to entrap or overcome the mind.

Funakoshi wrote, "Just as it is the clear mirror that reflects without distortion, or the quiet valley that echoes a sound, so must one who would study Karate-do purge himself of selfish and evil thoughts, for only with a clear mind and conscience can he understand that which he receives." A calm mind is intrinsic to the practice of karate, which has been described as the outer manifestation of Zen. A true master has a relaxed body, an aura of quiet strength, and a piercing gaze.

Much of what we've discussed so far in this book is about overcoming fears; the fear of opening a bank statement; the fear of calculating your net worth; the fear of sitting down with your family and explaining to them the contents of your will. I'm a firm believer in conditioning the mind to overcome fear, the need to regularly push oneself to confront situations that test one's limits. If you do something fear provoking every day, you will soon see that many of your fears are, in fact, unfounded. As Mark Twain said, "I've had a lot of worries in my life, most of which never happened." I'm not suggesting you are required to bungee jump or skydive. Rather, it could be making a call you've been dreading, confronting a colleague over a bothersome issue, or contacting a lawyer to draft powers of attorney. The older we get, the more we settle into routines, and our appetite for friction diminishes. We think we are physically and mentally incapable of taking on new challenges, when in actuality we are quite capable. A yoga teacher of mine once said, "Respect your limitations, but push yourself to your limits." When we do so, our limits get pushed out farther and farther. We should strive for this mindset.

I started karate relatively late, and I didn't receive my black belt until I was in my forties. Because of my age, the sensei discouraged me from entering tournaments. He no doubt feared I'd get hurt. I wish I could have fought in my twenties, I told him, but life didn't turn out that way. I didn't want to abandon the dream to fight, so I entered my first tournament when I turned fifty.

Despite its many rules, kumite in a tournament setting mirrors the rhythm of freestyle fighting. For me, it was the way I could finally put all of my training to practice. It was as close as I'd ever come to real life combat, and I felt the true exhilaration of being engaged in a physical battle. According to the Buddhist tradition, experiences like comforting someone on the brink of death will draw you into a unique state of awareness owing to the enormity of the life transition you are witnessing. In my first tournament, although there was not the possibility of death, the fear of bodily harm and real pain drew me into the moment and was accompanied by a rush of adrenaline that sharpened my focus. It was like nothing else was happening in the world, which was good because otherwise I would have gotten hit. The kicks coming at me were real kicks, the punches real punches. This was a tournament. I was fighting to win and take home a medal. For hours, even days, after the fight I was left in this heightened state of awareness, my entire body electrified. It made me want to go back for more. Having this mental clarity validated my conviction that one can train the mind to have full present awareness void of the distractions and thoughts that keep us from the present. It was my training of body and mind through karate and meditation, after all, that had brought me to that moment. What I took away from this encounter was the desire to maintain this level of focus as much as possible in everything I do, and this is what I seek in my meditation practice.

Meditation is what I have failed at the longest. I'll often joke that I've been an investment advisor for thirty years, a karate practitioner for twenty years, a yogi for ten years, and I've been meditating forever, but not well until recently. University is where I was introduced to transcendental meditation, but, unable to afford the initiation fees, I could never attend classes. Luckily, a friend shared her "secret" mantra with me, so I could practice on my own. In subsequent years, I set on a course to study meditation, much like how I created my own personal finishing school. I attended classes wherever I could find them—churches, synagogues, community center basements. I studied Buddhist meditation with a Zen master and traveled to yoga ashrams across the world. To further my meditation, I tried mantras, wellness messages, and religious texts and even practiced candle gazing and meditating on the breath, but twenty years into my efforts, I continued to fail at making it a regular practice, which meant I could never attain the awareness of mind I felt during that tournament. The failure, I explained to myself at the time, was a result of having three children and a demanding job. In the morning, I could barely get everyone out of the house, let alone find time to practice, and I was totally exhausted by the time I came home from work, finished supper with the family, and saw the children off to bed. Not to mention my karate practice, which took up any free time.

Then, the financial crisis of 2008 struck. For me, like everyone else in my field, it was the most challenging time of my career. The bottom seemed to drop out of the stock market as it fell lower and lower each day. Disbelief over the magnitude of the situation was widespread. Credit evaporated, nobody wanted to lend money to anyone and, most importantly, nobody seemed to know how this would turn out. The media warned that the entire global banking network was in peril. Many clients, naturally, were in a state of panic. For some clients, we, the advisors, had become the bad guys. Wasn't it part of our job to foresee such things? If I allowed stress, fear, and other emotions to get the better of my judgment, it would be difficult to help my clients keep their focus and prevent them from acting rashly. I've always been open to dealing with stress and understand that maintaining wellness is a constant battle. It doesn't fall into your lap because you are a pleasant, optimistic person. In this instant, however, I was struggling to block out negative thoughts.

To right my mind, I took the opportunity to visit a yoga ashram for a rejuvenation retreat, where I consulted with an Ayurvedic doctor. The stress in my life, I told her, was becoming difficult to manage. First, she gave me a long list of things I needed to cut from my life. One look at the list, and I knew none of those changes was going to happen. I liked my meat, I liked my coffee, and I liked my glass of wine with dinner. You're not taking any of that away from me, especially as the markets continue to slide. Then, she suggested I try meditating at night after supper, karate, and homework help. This surprised me since I had told myself that meditating late at night would disrupt my already fitful sleep. Her recommendation opened up a whole new window for me. In fact, I did have time, if I made the time. It was as if her prescription undercut and dismissed the countless excuses I clung to in order not to meditate. A push from this Ayurvedic doctor opened a portal to calm and serenity. Only with regular practice, I soon learned, can you develop the benefits of meditation.

Currently, I meditate seven days a week, at night, usually after 9 p.m. Even if I return home late, and I'm not in the mood to meditate, I will still make a point to enter my dedicated meditation space and sit on my cushion for several minutes. It recalls a musician's advice I once heard, on how to master an instrument. Make the pledge that you will, at the very least, touch your instrument every day. It is said of the Japanese Samurai that before battle they would meditate next to their swords, so as to give them the feeling of being as one with the sword. Just the act of sitting on the cushion invokes a peaceful awakening, and many times I surprise myself and get in the mood to have a full session. Now, I've been visiting the cushion for years, like a dog and his bed, or a horse running back to the stable.

Often, people get discouraged from meditating because they don't feel a transformation when they are on the cushion. Certainly, for me, on the cushion there are tremendous moments of calm and clarity, an awareness of the present moment and my body, but the real benefits of meditation are felt after I get off the cushion and go out into the world, and suddenly I am able to step back from emotions. I recently underwent a functional evaluation with a trainer, so he could design a fitness program for my karate. He seemed bemused by my lack of stress. After all, I have a busy house and a stressful job. The answer, to me, was obvious. It's because I meditate. Without regular practice, I begin to feel agitated, my mind's way of telling me to get back on the cushion.

With my years of meditating, I've become more appreciative of the idea that we are not our thoughts. Ninety percent of the thoughts running through our minds at any time of the day are a rehash of thoughts we had the day before. That's not thinking, it's ruminating. For many of us these thoughts are sources of suffering, linked to negative emotions and cravings for things we don't have. Learning to step back and see them only as thoughts gives us more control over the present moment, our personal environment, and enjoyment of life. Most people mistakenly believe that meditation is about reaching a point where you have no more thoughts. The thoughts will always be there, I regret to inform you, but as a meditation teacher once said, "You can watch the boat sail down the river, but you don't need to get on. Watch it go by, acknowledge the passing, but don't let your mind board this vessel."

My husband is a pragmatic, scientific person who enjoys being with his thoughts. He has not yet developed an interest in meditating. Until he decides to join me on the cushion, I see my job as gently pointing out to him all the times when meditation would be helpful, like when dealing with grumpy teenagers, or confronting messy kitchens and bad drivers. Gradually, I believe, I am selling him on the benefits.

Through my journey as a spiritual tourist, I dabbled in different forms of meditation before eventually embracing the mindfulness meditation of the Vipassana practice. Gil Fronsdal, the guiding teacher of the Insight Meditation

Center in Redwood City, California, describes mindfulness as taking the very ordinary capacity of awareness of our surroundings and heightening it.[7] How aware are you most of the time you are doing anything? The idea is to wake up to the fact you are aware, while you're aware, and to not get swept away by emotions like fear, resentment, and doubt. When you start thinking about the invasion of these other emotions you can begin to see the mechanism of how they detach you from the present moment. You understand how the mind works, how an emotion is sparked and turned into a blaze. Such an understanding puts us in the driver's seat, allowing us to steer clear of the utterances and actions that may lead to negative thoughts. As Bruce Lee said, "It's not a daily increase, but a daily decrease. Hack away at the inessentials."

If you could do one thing to change your life, it is meditation. It seems such a simple, ordinary thing. It's hard to grasp its immense potential to change your life, yet current research has demonstrated its ability to help achieve many of the same objectives of clinical psychology, psychiatry, preventive medicine, and education such as treating depression, chronic pain, and developing a sense of overall well-being. Research has begun to show that meditation even has the power to rewire brain circuits and produce beneficial effects on the mind, brain, and entire body.[8]

Meditation is truly valuable for a healthy relationship with money because it is an efficient tool to help you recognize the emotions affecting your financial decisions and happiness. When we take on new clients, we try to gauge their risk appetite. This is far from an exact science because most people have trouble identifying their true thoughts. Often, investors like to believe they are aggressive, but the moment the market swings, they complain about wild gains and losses keeping them up at night. Or, they like to think they are conservative, but every day the market is setting a new high, their neighbors are boasting of huge returns, and they want to know why they aren't making more money. This comes out of failing to recognize your emotions clearly, so you can convey them to the person working with you on your financial goals. Issuing inconsistent, conflicting directives based on your mood of the day is no way to manage your money. Knowing your emotions means being able to step back and identify each one. This is jealousy talking me into this purchase, or anger, spite, or greed. Naming them for what they are creates the detachment necessary for you to overcome them.

Careless spending is a classic example of people acting based on emotions. For many, it is a form of self-medication. The spiritual guru Deepak Chopra tweeted several years back: "To feel financially secure begins by not spending money you haven't earned, to buy things you don't need, to impress people you don't like." The French philosopher Frederic Lenoir put it more bluntly. Individuals often desire things, not because they want them, but because someone else has them, a problem magnified in our global world, where we see what others possess, leaving us never satisfied with what we have.[9]

A few years ago, a colleague of mine shared that a therapist she was seeing diagnosed her as suffering from garbage bag syndrome, an irrational fear that she would end up on the streets living out of a garbage bag. To overcome this fear, to prove she was well-off and, in fact, not homeless, she would make extravagant purchases, but then when she'd get the credit card bill, she'd feel lousy over the money wasted, making her fear once again that she was destined to end up on the street. A vicious and expensive cycle. The therapist recommended the woman freeze her credit cards in a block of ice. The point of such a prescription is to force the person under treatment to step back and use the time it takes for the ice to melt to assess whether the purchase is necessary or a mere reaction to certain emotions.

I believe people who meditate spend less money. In my own experience, the more I meditated the less I felt I needed. Granted, I've never considered myself a compulsive shopper, but the answer increasingly became "no" whenever I took a step back to consider a purchase, and without regret minutes, or months, later. When you start to eliminate the clutter of the mind, you will see more easily the clutter in your life.

The Zen monk Shunryu Suzuki talks about this cleaning of the mind in his book *Zen Mind, Beginner's Mind*: "So we say true understanding will come out of emptiness. When you study Buddhism, you should have a general house cleaning of your mind. You must take everything out of your room and clean it thoroughly. If it is necessary, you may bring everything back in again. You may want many things, so one by one you can bring them back. But if they are not necessary, there is no need to keep them."[10]

Marie Kondo has become a "decluttering" guru following the success of her books, which include, *The Life-Changing Magic of Tidying Up: The Japanese Art of Decluttering and Organizing*. She believes in throwing out the things that do not bring joy into your life. One does this by touching the item to feel if there is still a joyful connection. She then insists on thanking each item for services rendered before it is discarded.

Preparing your budget and financial plans with such a mindset will contribute to a more realistic and accurate portrait of you. By not understanding what makes you happy you cannot know how to spend your money. Quoting Shunryu Suzuki again, "The best way is to understand yourself, and then you will understand everything."[11]

When you succeed in bringing the present moment to mind, you slow down in your handling and spending of money. Think of it as your way of putting the credit cards in ice. It's unfortunate that many of our financial dealings are now electronic. It makes slowing down difficult. We've lost moments like standing in line at the bank with a paycheck in hand, seeing the amount we are about to deposit. Maybe it puts a smile on your face, gratification over the hard work you put in to receive that money, or it is gratefulness that you have a job. Similarly, when you go to buy a $200 sweater, you now tap your card on a machine and don't even see the money leaving your wallet. You don't see the loss. We no longer know the value of what things cost, what is expensive or cheap relative to other articles. If you want to leave people dumbfounded, ask them how much they spend each month on electricity or gas. How do we get back these moments of reflection? I'm not a Luddite here to tell you to stop using your credit cards. What I'm suggesting is that meditation will help open those extra windows of awareness so you will have a chance to stop and think about your cravings. Do I truly need this watch, or is this a passing moment of envy because my colleague at work has a new one?

A classic example of emotions getting the better of people is the tendency to implement drastic life changes after suffering a personal crisis, such as losing a parent. Emotional strain can lead to people reconsidering jobs or relationships, and it's important that this person can pause and say they know it is grief pushing them into action.

Here are some practical tips to help you begin your meditation practice. The Internet is an excellent resource to watch instructional videos and introduce you to the basics. *Headspace* and *Calm* are some apps that provide guided meditation sessions and mindfulness training. Dan Harris has released a book and app called *10% Happier* with the intention of providing not only instruction but also a support network for meditators. You can have these resources on your phone, so whether at work or on vacation, you can take a couple of minutes to slow down, focus on your breathing, and quiet the mind.

Warning: Experience has taught me that there is a greater chance you will give up if you go at it completely alone. It's difficult to stay self-motivated in the beginning, and like almost everything, meditation is enhanced when you have a community. At my house, I'm the only person who meditates, so it's nice to get out and meditate with like-minded people. Also, because of common misconceptions about meditation, many beginners believe they are doing it incorrectly, which makes support even more necessary. You can start meditation online without ever attending a class, but eventually you want to find a group that includes a teacher who will answer your questions and teach the correct and healthy posture. Given the choice between an hour with a teacher and a month by myself, I choose the teacher option. In most cities there are many choices when it comes to finding meditation groups. You can find them attached to yoga studios, or offered by the local community center. Certainly you can do a search online for classes in your area. Many religious communities now have meditation groups that incorporate the religion's texts and teachings. Still, the best way to find a group suited for your needs is through trial and error. The energy from a group setting is not negligible, and soon, like me, you will be booking weekend-long meditation retreats.

My final piece of advice: Get on the cushion today. Don't wait until all of your financial affairs are sorted out. Calming the mind allows you to work more constructively and will help bring happiness to your money by encouraging you to step back from the emotions and impulses that surround spending. In their book, *Happy Money*, authors Elizabeth Dunn and Michael Norton demonstrate through their research that experiences trump material possessions when it comes to true happiness. I'm not surprised, especially when I think of my own relationship to money.

Seeing those girls in high school go off to Lausanne gave me my first lesson about wealth and money. Feeling unwealthy at that moment was not based on my inability to obtain a possession. Rather, it was about the ability of these girls to buy an experience, and the pledge I made to create my own finishing school was a pursuit of this experience, not about a determination to acquire material objects. This has been true my entire life. I like to wear nice clothes and have nice things, but I'm not a collector of possessions. I much prefer unique experiences. This, and I speak humbly, is what it means to achieve wealthness. The real secret to happiness is to want what you have, but first you must discover what it is you really want. Such a discovery takes a fair amount of work and a lot of time on the cushion, but you don't need meditation to know that you will never feel good about your money if you use it to serve emotions that conflict with your core values.

I'd like to end this chapter by sharing one final story. I've always worn to work the same Fendi gold watch my husband gifted to me over twenty years ago. One day, a colleague remarked that I should invest in another watch. She was a self-professed watchaholic and seemed to have a different watch for every outfit she wore. The idea of purchasing a second watch had never crossed my mind, although after so many years it was getting difficult to tell the time on the tiny face of my beautiful Fendi watch without the right lighting. Then, on the way home from a yoga retreat on Paradise Island, I killed time at a duty-free shop in Nassau, Bahamas. The store's shelves were stocked with good watches at discount prices. Caving in to my material cravings felt like the last thing I should be doing after a week of yoga, so I took a step back and focused on what was really important in life. After that, I bought a watch with a nice big face, and I can see the time better now.

CHAPTER SIX

BLUE BELT

A Healthy Mind in a Healthy Body

AS THE KARATEKA'S COMMITMENT DEEPENS, SO DO THE physical demands. The training becomes more demanding physically, emotionally, and mentally with each belt. There is an increasing awareness that her conditioning must improve if she is to reach the black belt and compete in tournaments. She must think about the impact her life outside the dojo has on her body and mind the moment she bows to her sensei and training begins. If she is to achieve success, she must conform her everyday life to the demands of the dojo and her karate goals. She cannot be held captive by emotions outside the dojo and expect to suddenly calm her mind when she practices her katas. Neither can she ignore her diet while still expecting to pull off the rigors of training for exams and competitions. From now on she must show up to the dojo in fighting form. Getting the karateka in shape is not the instructor's job. His job is to teach her karate.

Funakoshi's guiding principle number eight states, "Karate goes beyond the dojo." He explained this in the following way: "The objective of karate-do is to polish and nurture both the mind and body. The cultivation of one's spirit and mental attitude begun during practice in the dojo should not cease after the physical and mental exertions for the day. Rather, this should continue outside the dojo, in our daily routine."

Funakoshi knew firsthand the importance of a well-maintained mind and body. As mentioned earlier, his story is like that of many of the greats. He began as a weakling, sickly and in poor health. To strengthen him, his parents, who did not have much money, sent him for karate training, where in Okinawa, Funakoshi's homeland, it had been secretly taught since ancient times. Combined with the herbs prescribed by his doctor, karate instruction strengthened young Funakoshi, and he would eventually blossom into the man who demonstrated his art for the emperor and introduced Shotokan karate to mainland Japan.

Before we improve our minds and bodies we must take the time to appreciate that not all minds and bodies are created equal. Being in fighting form can mean different things for different people. This chapter does not offer four easy steps to rock hard abs, or ten tips to have you running a marathon by the end of the year. What we will explore in the coming pages is how your state of wellness affects your relationship to money, and how you can work to adopt a healthy lifestyle suited for your individual body and mind.

I would like to share a story from a defining moment in martial arts history. The tale of Bodhidharma is one of a monk who made a lasting connection between meditation, yoga, and martial arts. We do not know how much of Bodhidharma's history is based on fact, but the legends about the man have become central tenants of martial arts culture, kung fu in particular. There is a tale, for example, of him burning holes in the walls of the cave with his piercing eyes, and another story of how the sun would burn a silhouette of the man directly onto a rock while he meditated, testifying to his utter stillness and focus.

Bodhidharma travelled to China from India after the emperor requested his presence. The emperor was a pious man who believed enlightenment could be obtained through good works being performed by others in his name. He had recently set about translating Buddhist scriptures from Sanskrit into Chinese so the common people could practice the religion. Bodhidharma disagreed with the Emperor's interpretation of the religion and soon parted ways with the man. He headed to the nearby Shaolin Temple where he was refused entry on account of his disagreement with their ruler. To prove his worthiness, he sat in front of a wall in a nearby cave and meditated for nine years. They eventually granted him admission after witnessing his dedication and great wisdom.

As a guest at the temple, he observed how long hours spent by the monks hunched over desks translating texts had left them in poor physical condition. Due to fatigue, they often fell asleep during meditation routines, meaning they could never achieve inner peace. Further, the poor conditioning risked their safety. The monks' monastery was located in the mountains where dangerous animals and bandits lurked, making every trip through the area's roads a question of life or death. To remedy the problem, the Bodhidharma committed to teaching them the Buddha's practice through physical training and meditation, a program that would empower them to meditate more effectively, strengthen them physically, and enhance their self-defense skills. Many of the exercises emanated from the *hatha* and *raja* yoga practices brought from his native India and were based on the movements of eighteen animals, which included the tiger, deer, snake and leopard.[12] Much of what they learned functioned as an effective fighting method and would become the foundation of kung fu, the Chinese martial art. The Shaolin monks were, in fact, the ones who authored the adage, "One who engages in combat has already lost the battle."[13] After concluding this successful engagement, Bodhidharma's Buddhism continued to spread and influence the philosophy of martial arts, not only in China, but also in Japan and other Far East Asian countries, where it took on the name Zen.

Let us note the connection the Bodhidharma makes between meditation and martial arts, his understanding that for good meditation one needs a strong body and vice versa. The longer one sits, the more the person's body must be in shape. The passion, commitment, and expertise of the monks were beyond question, but their weakened bodies prevented them from fully actualizing their devotion. Know-how and execution are two separate undertakings, and the latter requires putting in place the right structures to ensure success of the former.

We are past the halfway mark of this book, and, hopefully, I am succeeding in conveying this exact message to you, the reader. No question there is a recipe to steer you toward wealthness, and each ingredient I've listed is crucial, but the measurements are not firm. Some like it spicier, while others prefer it sweet. They are to be determined by you, the future black belt investor. The key ingredient is a heaping tablespoon of honesty. Build your wealthness dojo so it comports to your lifestyle and tendencies. Choose powers of attorney and insurance policies that best protect your unique financial profile. Find meditation or self-awareness practices suited to your style and beliefs, and custom design an approach that will produce a healthy mind in a healthy body. No two minds or bodies are the same. Each one needs its own unique blend of nourishment to achieve peak performance. The Shaolin monks discovered wellness and it led to a movement, and if you take on the same challenge you can enhance your chances for achieving wealthness. Not paying attention to your health, however, poses a serious risk to you and your financial well-being.

Sadly, some people suffer from chronic illnesses and debilitating syndromes, and we must acknowledge that feeling good for these people is difficult, if not nearly impossible. As a yoga teacher of mine often says in class, "We do the best we can with what we are given on the day of our practice." This is about treating your body in the finest possible manner in order to avoid health scares to the best of your ability. Some of us take a defeatist attitude by using slight physical limitations and challenges as an excuse. This is me, you say. This is my body. This is my weight. Fitness has never been my thing. I'm never going to be a disciplined eater. Sleeping well has always been difficult for me. If you honestly assess your daily life, you can easily identify the actions that make you feel physically and mentally well and the ones that do not. If you're putting too much of a bad thing in your body, you won't feel well, physically or emotionally. The first piece of cake is divine, but you take seconds and feel overly full and disgusted with yourself for not demonstrating better control. When exercising it is easy to stop running after a mile and feel you've gotten a good workout, even though in the back of your mind you know you could have pushed yourself to continue running for another fifteen minutes. Bruce Lee said, "If you always put limits on everything you do, physical or anything else, it will spread into your work and into your life. There are no limits. There are only plateaus, and you must not stay there, you must go beyond them."

If you are healthy and feel reasonably well, your outlook on money is more likely to be positive. If you are not physically well, however, it will impact how you think about money and what happens to it. A friend of mine developed frozen shoulder. On disability for three months, she basically withdrew from her normal life. When we finally touched base, she updated me on her condition. Had the pain in her joints been so bad that she couldn't pick up the phone when I called, I wanted to know. She said the condition had put her in a deep funk, and she could not gather the energy to even open her mail and pay her bills. The emotional toll, she maintained, was greater than the physical handicap. This susceptibility to fall off the face of the planet when ill is common. If a person is laid up in a hospital room with a broken leg, or is undergoing cancer treatments, chances are she will scale back on the number of people she lets into her life. Certainly, the person is probably not in the right frame of mind to agonize over needing to contact her financial advisor or to make sure her investments are being properly managed or bills are being paid on time. Even if the situation is temporary, such negligence can lead to undesirable outcomes down the road.

We owe it to ourselves to be as healthy as we can be, since we never know when health problems can arise. Jacques and Edith, who have kindly granted me permission to include their story in this book, are a poignant example.

For years, Jacques worked hard as a high-level professional. Without children, he and his wife were avid sailors who vacationed by taking exotic sailing trips, conquering the most challenging seas and oceans. They prepared for the day when they would sell everything and live on a sailboat for the rest of their lives. During that time, I helped prepare them financially for this ultimate goal. It involved much more than just wealth creation and financial planning. We looked at the logistics of their dream from several angles. When it finally happened, I began receiving a multitude of pictures and stories of their blissful adventures. Until, one day, when I received an email saying Jacques had only months to live. Diagnosed with pancreatic cancer, he was told there was no cure. From that moment, his correspondence with me always ended with a reminder to enjoy my health and have fun. He returned to his sailboat after his diagnosis, refusing treatment, content to live out the last days of his dream with his wife, who became the captain of their vessel, and continues, to this day, to sail on her own.

Most health scares are precisely that, a scare, something that momentarily turns our lives upside down. But days can turn into weeks, and weeks into months, and when the situation stretches on, the consequences can be financially serious.

Take "Jane." A woman in her fifties, she appears trim and healthy despite never having put a premium on taking care of her body. She eats what she wants when she wants, and occasionally takes leisurely walks with her girlfriends. At a routine physical the doctor discovered a blockage, which could have led to a stroke at any moment. The surgery was relatively minor and she was out of the hospital after several days. She was in greater discomfort than the doctor predicted, and the scare left her depressed over the sudden realization of her fragility. For several weeks after she returned home, her advisor had been trying to contact her for consent to sell a stock that had been dropping over the previous week. She was not answering her phone or checking her messages. The stock dropped more. Meanwhile, the advisor continued calling. Finally, she heard the message but money was the last thing she was thinking about, so she told herself she'd call in a few weeks. This missed opportunity ended up, no doubt, having a significant impact on her finances. Meanwhile, her son's university had been trying to contact her because the latest tuition payment hadn't gone through. There would be late fees and interest charged, they warned. Unbeknownst to Jane, the credit card company had put a hold on the card because someone in Ireland was using her number. The bank had left messages on the phone and sent emails and postal letters, all of which went unanswered. When it rains it pours and during her time of withdrawal her yearly gym membership renewed even though she hadn't gone in nine months. This was the only positive development of her disregard because at her most recent appointment, the doctor told Jane that although scares like this can happen to anyone, she should be thankful it didn't result in a stroke, and he made her promise that she would begin, at once, to start eating healthier and exercising regularly. You might think this sounds a bit over the top, but when you are sick everything becomes a chore. I have seen first-hand how several weeks or months of neglect can make a serious dent in people's financial situation. As we will see in the brown belt chapter, if you have not delegated the management of your portfolio to an advisor, then the management of your investments stops when you are no longer engaged.

Misfortune can strike anyone—as we discussed in the orange belt chapter—but you must strive to not allow illness and poor health to cause chaos in your life. Just consider how lost money and disorder can cause increased stress and lead to a further deterioration of your health. Correspondingly, a healthy mind means you will make better financial choices and not give in to greed and fear. There is less chance you will panic, and a greater chance you will listen to the common sense of your advisor. If we look at the last thirty years, investor underperformance was most acute in October 2008, when the financial crisis was underway. Earlier in 2008, the market was falling, but people refused to sell because they could not accept the losses. Finally, at the worst possible time, when the market was near the bottom, many people panicked, threw in the towel and sold. Emotions are understandably high during a period like 2008. The fear is real and can seem insurmountable if you're not in a positive frame of mind. If you are not feeling well, you will have a higher inclination to act and think negatively. You feel weak, so you think you are weak. It takes discipline to maintain a healthy mind and body. If you aim to keep your mind and body healthy at all times, you will hopefully find the strength to slow down when everyone else is stampeding toward the exits.

Consistency is the crucial word. Don't think you can slack off and expect that during a terrifying moment you will suddenly acquire super powers or shift into a higher gear. Nerves, for me, are a problem when I compete in tournaments. Improving my performance either in tournaments or passing belts has hinged on keeping my mind steady (and lots of practice). The more I compete, the better I become at dealing with the stress. The only way to perform kata or kumite well in competition is to practice, practice, practice. I once heard someone say that when people are afraid, their intelligence drops to zero. Relying on sudden strength or an adrenaline-induced epiphany to get you through trying times is not a strategy, at least not a winning one. When challenges arise, there is no substitute for preparation. The challenge, therefore, becomes how to maintain a high level of consistency especially when it comes to the challenge of maintaining health.

Yoga has the concept of the chakras, the seven wheels of energy that start at the base of the spine and ascend to the crown of the head. This notion of energy moving up through the body into the mind reflects, to me, an idea that what we feed the body in terms of exercise, food, and sleep contributes to what ends up in our minds. Think of this as an upflow from body to mind. In other words, you are what you eat.

To be fighting in my fifties, I have to be disciplined, not just about practicing my karate regularly, but devoting time outside the dojo to keeping my body strong and flexible. In addition to karate, I have a regular yoga practice and a special exercise regimen geared to my martial arts practice. Nutrition plays a key role, as well. I'm a proponent of Michael Pollan's common-sense approach to food that he outlines in his book *Food Rules: An Eater's Manual*; eat food, not too much, mostly plants. Weight, for me, thankfully, has never been a concern, therefore, I do not have much of an opinion on diets other than to say that it would appear that none of them work, meaning if you've come here to read about low-carb diets or gluten-free recipes, you've come to the wrong place. For me, it's simple. The combination of good eating habits and regular exercise go a long way to maintaining a healthy weight. Fortunately, mindful eating is something I caught onto in my early twenties, at the same time I was struggling to learn how to meditate.

Now the act of eating is sacred to me. I eat slowly, chew my food well, and savor the flavors. As often as possible, we try to have family dinner during the week. We dine by candlelight and play beautiful music. Meals begin with a toast of gratitude for something wonderful that happened during the day. Sometimes we acknowledge something as simple as the weather. In this atmosphere, eating becomes a happy family ritual that everyone tries to attend. We try to avoid discussing money at the table, but that doesn't keep us from planning things that require some budgeting. I cannot take full credit for the straightforward approach I've just outlined. Most of what I know about eating well comes from what I call the Italian mother-in-law principle: Eat good food!

In her eighties, my mother-in-law, or Nonna, as we call her, is healthy, active, and still growing food in her garden. This is not a simple garden where one picks a tomato or two from the ground before dinner. The garden is prolific and fruitful, and a percentage of the produce is frozen for use in the winter. (She avoids using pesticides.) When her husband was still alive they were even more ambitious and would make homemade wine. In fact, the wine always paired perfectly with whatever food my mother-in-law prepared, an excellence only appreciated later when we'd drink the wine at home with our own food and judge it mediocre at best. Nonna's kitchen is her savory dojo, and she owns and operates the space on her terms. Our visits to her are embellished by the scrumptious, fresh food she serves. Nobody comes between Nonna and her cooking. She's the boss. She cooks with some trial and error, enjoying forays into unknown combinations of ingredients, yet failure does not easily discourage her. There is mindfulness to the way she prepares food and eats. She is adamant about not wasting, using every part of every vegetable and animal—chicken, cow, pig. Gizzards added to a dish. Bones for the broth. She grew up in Italy during the war where periods of hunger were common. She cannot fathom people leaving food on their plates. If for whatever reason you've taken more than you can eat, you can be sure she is not going to chuck it. In fact, she's likely to send the leftovers home with you. If she's roasting chestnuts, she will use the shells for the fire. Leaves and stems are composted. She's conscientious of all that she has, managing a food archive in her freezer that would impress any librarian. She shops for food and ingredients within her means and celebrates on occasion with more expensive cuts of meat. She does not have champagne tastes in the kitchen, but her frugality does not keep her from being generous with the food she makes, and she sees her cooking as a way of making the people she loves happy and creating joyful, everlasting memories. Being with Nonna in her kitchen and eating her food at the table is an experience in nutritional mindfulness. While family supper is not the time for discussions about money, as mentioned above, these moments of bonding certainly help when it comes time to having important conversations.

Today, a whole handful of popular books moralize about how we've lost touch with the natural cycles of farming, but my mother-in-law didn't need any of these writings to learn the benefits of a nutritious, organic, vegetable-based, fresh-cooked cuisine. Generations of Nonnas before her had handed down wisdom cultivated from growing up surrounded by culinary common sense. Part of our problem today is we don't have time to spend in the kitchen. During the week, it's much easier to pick up takeout food at the grocery store, order in from a restaurant or, even, heaven forbid, eat frozen meals. It's time to ditch those processed foods for real food, but first you have to figure out how to find time to cook healthy. This is the major challenge of charting a course toward better eating. As much as I would like to say I have found the recipe for healthy cooking on a busy schedule, I think the best advice is to say that a serious commitment to healthy eating will help open the door to options within your means. It's a question of priorities. In my case, when my children were getting older, and I no longer needed a full-time housekeeper, we repurposed her work schedule and devised a mutually beneficial arrangement. Our wonderful nanny was happy to become the family chef and, now, she is in charge of all the meal planning, shopping, and cooking. Easy if you have the money, but good meals are a priority for me, and since I don't like to shop, and I don't like to cook, I am happy to pay someone to ensure we always have good suppers and lunches.

If the above setup seems out of reach for you, then reflect, for a moment, on this story. One day at work, standing in the company cafeteria and heating up the lunch I brought from home, a man was using several adjacent microwaves to heat up multiple dishes. I jokingly asked if there was a party I hadn't been invited to. No, he answered. He was distributing hot lunches to the homeless people near our downtown building. Impressed, I questioned him further and learned that this is not an occasional act of kindness. Three days a week, he spends his lunch hour distributing a dozen meals. When he cooks for his family, he makes extra portions of pasta, rice, and meat for these meals. Touched by his generosity, I am now in charge of desserts on Fridays. And I do the desserts myself, not my housekeeper. If you think you don't have time to cook, try to remember this story of my coworker. When eating healthy meals is a priority, you will find the time and the resources to get the job done. The Internet is a useful source for easy, nutritious meal-planning. Search "cook for a day, eat for a week," or "how to freeze meals for the next month." Several sites will help you plan grocery shopping and cooking, either for a week, or for a whole month. Discipline—as we will learn more about in the purple belt chapter—and routine are crucial in sticking to a menu that simplifies your life, respects your budget, and serves your healthy food requirements. If you have a family, involve everyone in meal preparation. Most kids can cook, and they would benefit from learning about good food. A pile of dirty dishes can turn anyone off cooking, so include cleanup when you delegate cooking responsibilities. Lastly, never get caught off guard when hunger strikes. Always have healthy emergency foods available. I carry a bag of mixed nuts with me everywhere—car, work desk, ski suit, and sports bag. If my schedule is such that I will be having a late lunch or supper, then I snack on nuts to curb my hunger until mealtime, preventing the temptation to buy or eat junk.

Sleep is another key ingredient to feeling good and, by extension, feeling good about your money and yourself. In our busy culture we falsely equate sleep with an unproductive or even lazy lifestyle. "You snooze, you lose," or "I'll sleep when I die." Mobile phones and social media allow us to stay connected to friends and work at all times of the day. There is even an acronym for this need to stay connected: FOMO, or Fear of Missing Out. It reflects an obsession to be on top of everything, involved in all deals, and never missing out on anything considered an event. This is certainly not a new phenomenon and as a young mother I was guilty of punishing not only myself, but my children as well, with my FOMO attitude. Every Saturday morning, I would wake up to multiple espressos and open the newspaper's weekend guide. We would try to hit every family activity our city had to offer—parades, ethnic and music festivals, museums, sporting events. I remember my youngest son coming to me one Saturday morning and tugging on my housecoat with an anxious look while asking me about the day's plans. I told him we were off to a nice children's theater, at which point, he told me he was not interested in going anywhere or seeing anything. He just wanted to stay home and "do nothing." To convince him, I built up the activity as something greater than anything we had ever done on a Saturday afternoon. This is how it went for months, the children kicking and screaming before leaving the house, and kicking and screaming and sniping at one another out of exhaustion on the return trip home. When the weekend was over, we were so tired from our weekend activities that we could barely pull ourselves out of bed on Monday mornings. With time, I began to learn that more does not always mean better, especially when you are too worn out to appreciate the moments you are experiencing.

A good night's sleep is crucial if you are working hard to be disciplined about your mind and body development. Nothing can replace sleep. As one of my meditation teachers said, "If you are falling asleep when you meditate, it's probably because you should be sleeping." A good night's sleep will sharpen your focus and enhance the quality of everything you do during the day.

More and more people are recognizing the power of sleep and importance of resting the body. Arianna Huffington, cofounder of the *Huffington Post*, believes we are in the midst of a sleep deprivation crisis, which she is taking on in her book, *The Sleep Revolution: Transforming Your Life, One Night at a Time*. The book illustrates how lack of sleep has profound consequences on our health, job performance, relationships, and happiness. Through renewing our relationship with sleep, she argues, we can take back control of our lives and, I would argue, our finances.

Don't sell yourself short on sleep. Get the shut-eye you need. The recuperation days in an exercise program are as important to the body as the workout days. We've already discussed the pitfalls of working on your money late at night, or when you wake up and can't fall back asleep. Resting body and mind with quality sleep prepares you for the rigors of daily life and your wealthness practice.

We want to die young as late in life as possible, anything else can cost a fortune. Everything we do to keep ourselves in better shape saves money later in life, especially if we can reduce expensive medical care in our final years. The one recipe I can pass on is this: Regular exercise, daily meditation, eating properly, and practicing good self-communication, by which I mean, staying true and honest in your thoughts and words. This will help in creating a decent life and, by extension, success in achieving wealthness. If wealthness provides anything, it should, at the very least, provide you with a good night of sleep.

CHAPTER SEVEN

PURPLE BELT

Discipline Is Core

DISCIPLINE, THE KARATEKA LEARNS AT THIS BELT, IS AT the core of martial arts. Without discipline there is no regular practice, and without regular practice, there is no path to excellence.

Funakoshi's guiding principle number twenty says, "Be constantly mindful, diligent, and resourceful in your pursuit of the Way."

A lack of discipline played a key role in my discovery of karate. From a young age, I played sports and stayed active, but through my twenties and thirties, time constraints—two young children and a demanding job—limited me, and I struggled to stick to an exercise routine. Whatever was the workout trend of the time was what I did to stay in shape. For a while it was step classes, but the monotony of doing the same activity over and over soon made me lose interest. Given the tightness of my schedule, it became easy to find excuses to stay away from the gym. Aerobic dancing, for a brief period, had me back at the gym sweating with regularity, but the excitement eventually petered out, too. One day, while tugging at weights during my lunch break—nautilus training had brought me back to the gym—I noticed on the other side of the exercise floor, through a glass wall, a karate class taking place in the studio. The choreography of the movements mesmerized me, and for the next several weeks, I spent my midday hour of exercise observing this class, growing increasingly curious. Having grown bored of another activity, I decided to give karate a try.

The teacher, who I study with to this day, is a true Japanese Shotokan karate master (although he would, no doubt, graciously disagree). Because he is an eighth Dan, communication with him is always formal. We've known each other for twenty years, and he still calls me "Madame." We, the students, call him "sensei," and we never make physical contact with him. There are no personal questions. He doesn't ask after your family, or about your work, or if you had a restful weekend. In the back of his mind, he knows he will test you one day and wants to remain impartial. He shows little emotion and does not appreciate questions unless solicited, preferring his demonstrations to do the talking. His techniques flow instinctively, and he moves with lighting speed. The quickness of his fists and feet, even as he approaches sixty years of age, leaves us all mesmerized. Every learned kata is elevated to an art by his recounting of the movement's origin and its bunkai, the analysis of its purpose. I was immediately hooked, and I was inspired to obtain a fraction of our master's skills and knowledge. My visits to the dojo turned regular, my karate practice became more disciplined, and, before long, I set the goal of becoming a black belt. The constraints keeping me from the gym in the months and years before did not suddenly vanish. I still had young children and a demanding job. Part of the solution was discovering how one makes time for things one cares about. I also became more resourceful. For example, as soon as my children were old enough to practice karate, I joined a family-oriented dojo, so I could share my passion with the ones I love.

I don't mean to imply that I became a highly disciplined karateka the moment I stepped into the dojo, and that I never again faced resistance when it came to working out. Far from it. I've had to work hard on discipline. There were times when real problems prevented me from practicing—a knee injury and the birth of my third child come to mind. In these moments it's important to keep a healthy, reasonable perspective, to not judge yourself too harshly and feel like you failed yourself for not going to class. Such negative thoughts, when it comes to discipline, run the risk of spiraling out of control and crushing your motivation. Childbirth and injury are clear-cut excuses, but what about other moments of mental resistance, like waking up tired on a Saturday morning and struggling to get out of bed? I remember, for example, a particular instance when, one week, a somewhat out of control younger guy had acted rough in class and hurt me, leaving my arms black and blue with bruises. The next week, as I dragged myself out of bed, I resolved that I would go to class, but I had already begun preparing excuses for stomping out before it was over. If anyone hurts me, I'm not coming back for weeks, I said. I went, I stayed, and I returned the next week. In this case, meditation was extremely useful because after coming back from class the anger at these young men remained, but as I meditated, I reflected on how I almost allowed my emotions to prevent me from pursuing what I love doing. Yes, sometimes these younger, more inexperienced men were too rough and out of control, but the answer was to speak up, not shut down.

Discipline in terms of karate means having a nonnegotiable schedule when it comes to practice. It means going to class every week even if I'm tired, or there's a snowstorm, or someone hit me the week before. If I have a work function and can't make it to class, I schedule to attend a different class. Many times I reach the front door of my house and think about how nice it would be to turn back and sit down to a nice supper with the family. Instead, I call out to my daughter and ask if she will be joining me for tonight's trip to the dojo. If she says she's not in the mood, I respond, "There's only one person with a black belt mindset in this family and I'm going to karate!" If you allow the important things in life to become negotiable, the negotiations will inevitably head south in a hurry and your emotions will get the upper hand. When something becomes nonnegotiable, it becomes written into your life. The other people in your life will begin respecting your routine and accept it as an integral part of you. Thursday night is not a good time to offer to take my wife out to dinner. Thursday night is when she has karate. When you succeed in following through with your plans and not allowing excuses to rule the day, you should pause and celebrate managing to overcome your negative thoughts and compulsions. You should celebrate your freedom because now you can pursue your core values devoid of relentless ambivalence. Harness the euphoric feeling of conquering your resistance and use the positive energy the next time your discipline is tested. With time you will see that each victory will enhance your resistance for the next time you are tested.

Despite suffering through periodic lapses in discipline, I persisted and continued to train hard with the goal of passing belts. This passion encouraged routine and self-control. At the same time, this increased discipline fed my passion because I was seeing steady, constant improvement. Simultaneously, I was eager to please my sensei, although it quickly became obvious that no accomplishment or display of proficiency would ever be good enough for the master. He would say, "Not bad, but not good." On the days he felt more generous, he might say, "Good, but not very good." Before tests, he'd warn, "The mark is A, B, C, or D. D is very bad. A is very, very good. Only God gets A." So, I embarked on my black belt journey realizing I would never be "Very, very good," and praise could only be derived from the satisfaction of personal achievement.

Let us think back to that quotation I saw on the restaurant door in Florence. "Nothing is ever finished, nothing is ever perfect, and nothing lasts forever." It perfectly captures this idea of the impossibility of attaining perfection and how discipline is the answer to this challenge. By now the karateka knows that achieving perfection is impossible, so she takes comfort in the continual practice of her katas and kihon. Likewise, in your management and relationship to money, it is important you know perfection is never attainable. Bad investments, poor budgeting, and unrealistic financial plans are inevitable. No matter how much control you get over your emotions, you will most likely make an impulsive purchase at some point. You will never get an A in money management, but if you practice the tools outlined in this book with regularity—with a high degree of discipline—you will not only get pretty close to an A, but you will also acquire greater freedom from the anxieties surrounding money and the serenity that comes with knowing you are doing the best you can and putting yourself in a position to achieve long-term success. Mastering discipline supplies you with the most integral tool needed to master your money.

Discipline, we must appreciate, is an exhaustible quality. Much like a muscle, its strength and maintenance depend on constant, black belt training. It starts in the head and is interconnected to willpower, like learning to say no to your feelings and urges and training yourself to do what's right. As Charles Duhigg writes in his book, *The Power of Habit: Why We Do What We Do in Life and Business*: "Willpower is critical and learnable. However, it can be weakened by exhaustion and reinforced by having precise contingency plans. Studies show that willpower is more of a habit than an innate feature. Thus being able to withstand temptation and hardship so as to achieve long-term goals is learnable, reinforceable, and reversible. Studies are used to highlight the link between willpower and habit, and how they change with time because of aging, stress, and lifestyle choices."[14]

The above quotation brings to mind the tragic story of "Charlie." Before he was my client, "Charlie" led a hard and ruinous life. He had a drinking problem, and his alcoholism made it difficult to keep a job or sustain relationships. Then, Charlie owned up to his issues, cleaned up, and got sober. Over time, he became gainfully employed, met a woman, married, and had a few kids. When we met, he was living an ordinary and cheerful suburban life. He contacted me after receiving a large inheritance following the death of his father. Charlie had become a millionaire overnight, and he told me he wanted to do for his children what his father had done for him. He wanted to make their lives easier.

We devised a long-term strategy of slow, steady growth that took into account his desire to earmark his money for his children at the end of his life. As time went on, Charlie would periodically contact me with requests for withdrawals—nothing that aroused suspicion. He wanted to take the family on a trip. The bathroom needed a renovation. It was time for a new car. It was clear, however, that the goal of keeping the money intact for future generations would become elusive unless Charlie got a better handle on his expenses. Soon, however, the requests for money multiplied and the reasons became murkier. Sometimes he did not even bother giving me an excuse. Curiously, whenever he would ask to cash in investments, he insisted on picking up the checks himself, as opposed to having them mailed directly to his house or deposited in his bank account. At one point, his wife called and asked if we'd heard from him. She said he had gone missing. This is the first time I had heard about his addiction issues. Because the account was under his name, there were few specifics I was permitted to share with his wife, although I did tell her there had been multiple withdrawals in a short time frame. Apparently, the wife told me, he had become an oenophile, a wine connoisseur, not a particularly suitable hobby for a recovering addict. After this his life went downhill rapidly. Quickly, his drinking became about more than appreciating the various nuances of the beverage, and as I was to learn later, the alcohol abuse spiraled into crack cocaine use. For the next several years, he was in and out of rehab. His marriage ended, and he irreparably harmed his relationship with his children. He had also depleted all the money left to him.

In his previous life, Charlie gained the discipline to overcome his substance issues, but as soon as he came into money he lost this ability to keep his addiction at bay. I remember speaking with him when there was almost no money left in his account, and I said, "Well, you've done it once before. Maybe you can get back on track again and get people back into your life." He answered, "My rehab counselor told me that the first thing I can do is get a plant, and if it's still alive after a year I can get a dog, and if everything is okay with the dog after a year I can consider relationships with people."

How sad. Yes, an extreme example, but by no means atypical. Charlie didn't equate his old, destructive habits with his new fondness for drinking fine wine at suppertime. He thought he was off that path, leading a finer, more cultivated life. He believed his need for discipline applied to a former self. But Charlie's old troubles didn't die off when he became a millionaire. Charlie was still Charlie. He failed to understand that discipline is something we carry through life. It's all encompassing, and cultivating it can create momentum that can affect all undertakings. Being disciplined with my karate helped bring discipline to other areas of my life: work, parenting, and meditation. The sweeping nature of discipline brings to mind this quotation I came across from Zorka Hereford: "No personal success, achievement or goal can be realized without self-discipline. It is singularly the most important attribute needed to achieve any type of personal excellence or otherwise outstanding performance."[15]

We tend to face maximum amounts of resistance to our discipline when we are on the cusp of a breakthrough. Yet, our lowest moments and our ability to overcome them can produce the greatest bursts of growth, as long as our practice is consistent. (Remember what we said in the previous chapter about falling to your average during times of stress.) The times I wanted to skip class and forced myself to go, the moments when I wanted to sit on the couch in front of the television but instead pushed myself to sit on the mat were moments of great liberation. Moments like these test us, asking who we are and who we want to be. Did I want to be a loafer who sat on the couch all day, or did I want to become a black belt? "Courage is grace under pressure," Ernest Hemingway said, one of many great sayings that capture this sentiment. "Everybody learns from a market correction," or "A recession makes scholars of us all." There are, in other words, moments in life when we discover our true natures. When it comes to managing money we are faced with the same type of tests. Even if you feel that you're doing everything right, sticking to your plan, doing the basic techniques, you must accept that there will be setbacks. It's part of investing in an unpredictable market, and there will be periods when the market does not move as anticipated. Staying the course and not tormenting yourself because you think you made the wrong decision is often the best but hardest thing to do. Failure, hardship, and self-doubt have the power to erode discipline and derail you from your path. Deepening your discipline, however, is the antidote. Bruce Lee said, "I fear not the man who has practiced 10,000 kicks once, but I fear the man who has practiced one kick 10,000 times." There is a second Bruce Lee quotation expressing a similar thought: "Under duress, we do not rise to our expectations—we fall to the level of our training." Consistency, not giving into emotions and staying true to your values and practice, is how you will ultimately prevail in the face of hardship. It's about the willpower to stick to the routines you've established and worked hard to maintain, to take a step back in moments of greed and fear.

While it's true that developing a higher level of discipline will impact every area of your life, money is one of the few spheres where discipline faces a considerable challenge. This is because money has something called the "arousal" effect on the brain, what the behavioural economist George Loewenstein calls the "hot-cold empathy gap." His idea is that when we are under the influence of arousal we cannot view the situation as though we have distance from the object causing the arousal. Your current perception, in other words, is shaped by your present experience. If you are preparing to bungee jump and you find yourself panicking it is difficult to access the calmness you experienced when making the decision to jump. Behaviour, as a result, reflects a certain naïveté.

Likewise, if you are standing in the house you decided not to buy, admiring its magnificence, visualizing where everyone will sleep, it becomes difficult to remember how you told yourself yesterday that it was out of your price range. The effect is even greater on people who already suffer from addiction issues because the arousal is greater and it's harder to create distance.

Adding to the psychological struggle to stay strong and maintain the right attitude and discipline toward money is the fact that cravings abound. On the street and on our televisions and in our magazines we are offered the possibilities of newer clothes, nicer cars, and better vacations than last year. It's tricky for our minds to differentiate between a need and a want, even when we've established limits. I compare it to participating in an auction. You badly want a painting, but know you have to stick to your budget. No more than $10,000. Your absolute limit. More than that and you will feel like you let yourself down. The bidding heats up. It's down to you and this other woman. Perhaps someone you know, but it really doesn't matter, because whoever she is, you do not want HER to get the painting! You can feel the barriers in your brain crumbling. What's another $1,500 for something that will make you so happy? What's another $3,000 when you can best this rival? The bidding escalates and you don't have time to pause and think. Next thing you know, you have spent

$5,000 more than you wanted to pay for the painting and you can't even enjoy the purchase because of the guilty feelings of letting yourself and family down.

You need to constantly revisit your routines and ask yourself if you are applying maximum discipline. Have you grown lax in terms of respecting your wealthness dojo rules? Are you sitting down at your scheduled times? Are all your policies and powers of attorney still relevant and in effect? Are you meditating every day? Have you been communicating regularly with your loved ones about money issues? This type of review is especially encouraged after major life transitions like moving, a death in the family, or a change of jobs. Our lives are not stagnant, and many people use the looming changes in their lives as excuses to put off commitments. They see no point in beginning a routine of going to the six o' clock class three times a week since they know four months from now their changing hours at work will cause a conflict. Changes and failure are inevitable and never-ending. The routine will have to change at some point, but you can adapt and make positive changes to the routine only if one is already in place. Remember, the karateka is always practicing the first movements she learned even while continuing to learn new katas. In my own work, a growing business has forced me to adopt new routines and become more disciplined in the way I manage my work and myself.

In a similar sentiment, Funakoshi writes in the niju kun, "Conceit or laziness are chains that impede our advancement. Karate practitioners must constantly examine and chide themselves, never failing to be mindful and diligent, until they can penetrate the innermost levels of karate-do."

Look for opportunities to deepen your discipline. Maybe you find that you are getting a lot of good work done, but there are still some financial matters you are putting off out of fear or discomfort. This is an opportunity to enhance the routine created for your wealthness dojo. Think of setting a standard agenda for every time you step in the room. For example, you may want to first open and file your mail, email receipts, and statements. Next, enter your expenses into the computer, assuming you are keeping a regular budget. Then, pay bills, balance banking accounts, and take note of any conversations you need to have, based on the work you have done. Any order will do, but the point is to act methodically every time you enter your wealthness dojo. I'm not suggesting you become obsessively compulsive, accounting for every minute of every day, but these are tips to maximize your discipline and time. A routine will always facilitate and reduce the time it takes to complete your tasks, and part of your wealthness dojo work is a routine inspection of financial data.

Reexamining your meditation routine is especially important given how it supports the self-control needed to lead a disciplined life. Meditation, as we've discussed, makes it easier to practice self-denial and say no to conflicting emotions and bad habits that risk having you stray from your objectives. Studies show that people with a high level of self-control are happier and experience greater life satisfaction and fewer negative emotions, mainly because they are not choosing between short-term pleasure and long-term pain and are avoiding situations where goals may conflict. Instead, they are setting themselves up for situations that will avoid temptations and make them happier.[16]

When it comes to mastering your finances you need to examine whether you are disciplined in using your advisor and keeping up with scheduled appointments. Your financial plan will evolve over time. You, after all, are the architect of the plan and your life is constantly changing—a job promotion, loss of job, relocation, or an illness in the family. In my years as an advisor, I've seen how easily discipline breaks down if it's not revisited and adapted to clients' changing lives. I've settled many estates, for example, and if there is one thing I've learned it's that receiving a financial windfall is not always a blessing. Many times, like in Charlie's case above, it's a curse that can lead to suffering. Seneca, the Roman philosopher, said, “For many men the acquisition of wealth does not end their troubles, it only changes them.” What I take from this two-thousand-year-old quotation is the idea that wealth is not going to take your troubles away, and it’s not going to remove any need to practice discipline. You may covet pricier items, but the underlying temptation will be the same.

Like in the case of Charlie, people can become wealthy seemingly overnight, whether through inheritance or another type of financial windfall, and tend to start thinking of themselves as different people. Some people may stop working without considering how they will now spend their time and this transition to a life of leisure can be tremendously unsettling. Finding an environment that will reinforce your good habits and socializing with like-minded people is crucial. Nowadays, a good portion of my karate practice is done alone outside the dojo. Still, I continue attending classes in order to be surrounded by people like me who are passionate about karate. Attending group meditation retreats on occasion provides me with lasting inspiration to practice privately. You are, in essence, the average of the five people closest to you. Who you hang out with has an important impact on how much money you spend, how much you give to charity, and how much you eat. If you are friends with people who like fine dining, taking lavish trips, and living beyond their means, you might struggle to meet your financial goals. A colleague at work was recently discussing his smoking habit with me. He was young and seemingly fit, and I was surprised to learn he smoked. He told me he could go for long periods without smoking, as long as no one around him was smoking. But if he catches a whiff off the cigarette of a friend, he bums one and the next day he is back to buying packs again. Greatly increase your chance at success by aligning your life and routines with like-minded people who respect and encourage what you want to achieve out of life.

Willpower around all aspects relating to money takes work, as we've discussed, and impulsivity, more than anything, is responsible for breakdowns of discipline. Think about the impulse items at checkout lanes in grocery stores. Racks full of magazines, chocolates, and trinkets wait to catch your eye right before you leave the store and after your self-discipline has been drained by shopping and waiting in line to pay. So you toss the M&Ms and pocket flashlight onto the belt and you've spent four dollars more than you wanted to. (The M&Ms provided fleeting enjoyment. The flashlight, on the other hand, well, who knows where that is?)

It's easy to feel helpless and frustrated in those moments when your willpower stumbles and you lose self-control, whether it's leaving money on the table through laziness, procrastination or disorganization, or not acting on cash sitting in an account, incurring fees for late bills, or not returning an item to a store within the requisite ninety days. Your self-esteem will, no question, take a hit as well. There's nothing I can do, you say. This is me. I will never have the self-control needed to save for my retirement.

The undisciplined person may have a moment of elation after a reckless purchase. She may even feel a sense of liberation. She is not tied down like those other people who are careful with their pocketbooks. There is nothing to envy in those people. Such moments are brief and fleeting, quickly giving way to feelings of regret. I don't need it. I should have bought it on sale. It's not even the best one. (I'm amazed how often clients are embarrassed to tell me about purchases they made. What's the point of buying a boat if you are going to feel guilty or ashamed about it?) The inverse of helplessness is a feeling of utter satisfaction over the complete ownership of your financial affairs, the ability to breathe deeply and pause momentarily before making a purchase to assess whether it is prudent and warranted. Then, after the purchase, to feel good, not have regrets and know it contributes to your happiness.

Karate's approach to discipline addresses the struggle to break old habits, to alter tendencies. In karate, the student is constantly coming back and revisiting the basics. Perseverance and growth are achieved through constant rejuvenation, constant reminders of your discipline and the need to stay disciplined, and you gain satisfaction from the moments when your discipline held firmly.

My daughter, as she rose higher and higher in karate, would sometimes threaten to stay home from class. She'd complain she was tired, or other karatekas were out of control and rough. Sounded familiar to me, although I was a much older and, supposedly, wiser person when I had those same thoughts years ago. There was nothing I could say. These were battles of willpower she'd have to fight and win on her own. All I could hope for was that she'd see me as a model for how proper discipline can lead to victory.

It wasn't until I reached my fifties that I started participating in tournaments. First, I entered only kata competitions, but since there were no women over fifty signing up for our regional tournaments, let alone any over forty, the organizers put me in the male-over-forty category and renamed it "mixed over forty." I didn't stand a chance that day, but as time went on, more women started showing up for competitions and an over-50 women's group formed, and that's when I began winning medals. Victory by attrition is victory just the same, I tell my children.

Sometimes you win in life because you had the discipline to stick around long enough.

CHAPTER EIGHT

BROWN BELT

Relinquishing Control Comfortably

THE KARATEKA WILL WEAR THE BROWN BELT LONGER than any other belt. The black belt is within reach, yet this is the stage where many students stop practicing karate; some cite injuries, others claim impatience. Young students have competing school interests and greater homework demands on their time as they get older. The karateka who continues her practice confronts the demands of demonstrating she is black belt material. At this point in her training, she will learn more advanced katas and superior techniques and will be asked to prove her discipline, patience, and humility. As opposed to the other belts, where only one test is taken to advance to the next coloured belt, here three exams are administered to pass from brown to black belt.

Choosing a sensei plays an important role in the karateka's development. It is common for beginners to try different styles of martial arts and different dojos before finding the right fit. Even in the traditional teachings of Shotokan karate, every sensei imprints his personal style on the class. Some may be stricter, while others may place more emphasis on kumite and participation in tournaments. To continue my karate practice while bringing up young children, I joined a family-oriented dojo when my youngest was six years old and ready to begin karate. I was directed to a sensei who has been following the Way for many years. He inspires students with his teachings and technical guidance. Most importantly, he commands respect through the style in which he conducts the class. He is encouraging and sensitive to the abilities of each student. With the older students he emphasizes kata over kumite, and when he does call for sparring, he is careful that it is conducted safely and in a controlled manner. In martial arts, feeling a sense of connection with a good teacher is crucial to developing the commitment necessary to obtain a black belt, but, ultimately, the task falls on the karateka to learn from the master and then diligently practice what is learned, inside and outside the dojo.

Funakoshi's guiding principle number five declares, "Mentality over technique." The message is simple: No matter how refined your technique, good judgment ultimately prevails in a combat situation. I recall a dojo training session where the sensei instructed us to do sliding forward punches across the dojo floor. We went back and forth several times, steadily increasing our speed, synchronizing our leg movements and strengthening our punches. On reaching the other side of the dojo on our final lap, a young brown belt lunged forward with his last punch and put his fist into the mirror covering the dojo wall. We all stopped to look at him. We wondered whether the mirror or his hand were broken. Then, we questioned what on earth has possessed him to misjudge his distance and punch his hand through the mirror. Concern turned to humour when we realized nothing was broken. In fact, the young brown belt seemed almost proud of the fact that the intensity of his training caused him to lose control. I continued questioning this bizarre sequence on the ride home that night. While sitting on my cushion meditating, it occurred to me that the young brown belt had been caught up in a combat situation with his worst enemy. He had punched himself in the mirror! No technique, no matter how good, can win a battle if the mind is not under control.

This is true in the investment process, as well. All the tools can be in place to build wealth, but such tools are rendered worthless if judgment is lacking, meaning one lacks an ability to identify threats to emotional control and discipline.

This is the moment for you, the black belt investor, to check that you have procured the necessary tools required to build personal wealth. Have you established your wealthness dojo, so you can attend to all financial subjects in a systematic, organized manner? Are you regularly practicing the basic techniques of assessing your net worth, budget, and financial plan, while improving communication with yourself and others? Have you taken action to protect yourself through powers of attorney, insurance policies, and estate planning? Has meditation or some other self-awareness practice become a part of your routine, strengthening your ability to analyze your use of money and examining whether it aligns with your core values? If you have been successful in your discipline, know who you are financially, and have a realistic plan for taking control of your financial situation—meaning you are creating wealth by spending less and leaving more for savings—then you are succeeding in executing the required steps needed to feel good about your money. What you do with this saved money is your next challenge toward achieving wealthness. Now is the moment to begin considering the investment process and learning how to best put your money to work.

You, the black belt investor, seek to distance yourself from emotions that can wreak havoc on your financial decisions, and nowhere is this threat greater than in the world of money. As we have discussed earlier, few investors left to their own devices are able to adhere to the basic investment philosophy of buy low and sell high. Even if you have learned to step back from your emotions, you are still susceptible to being swept up by greed and fear, which can cause you to take an action that is contrary to solid investment behaviour, for example, falling in love with a stock and buying more of it at a time when you should be selling. Additionally, it's easy to keep your eye on your money when the market is going up, but what happens when there is a downturn? Like many people, will you turn away to avoid the pain? Will you stop opening statements? Will you still be as mindful if you or a family member becomes ill? What about when you go on vacation? A stop and start approach to managing your money is not a long-term strategy worthy of a black belt investor. The best way, therefore, to guarantee that emotions or neglect do not sabotage financial outcomes is to hand over the decision making responsibility to a professional advisor who manages money on a discretionary basis, meaning they have a mandate to manage money on your behalf. It's about putting everything you've learned about yourself and your money into a framework. Now that you know yourself well, you can confidently and effectively work with others. Then, you can step back from your money and enjoy your wealthness free from the nagging anxiety that surrounded your relationship to money in the past. Knowing your discretionary money manager is in place as your first line of defense, you can achieve peace of mind.

"Gilbert's" story is a familiar one. He was a young, aggressive investor during the technology boom of the 1990s. An engineer by trade, he felt informed and savvy when it came to picking tech stocks. He took a long-term approach and, using his savings, he loaded up on the stocks he felt were going to be worth a lot of money down the road. His hunches proved accurate and his portfolio reached double-digit returns heading into the year 2000. One stock in particular proved to be a real winner, and Gilbert kept increasing his position as the stock climbed. When his advisor suggested he sell some stocks in order to take profits, he ignored the advice and continued to double-up on his positions. Then, the dot-com bubble burst in 2000, and as the tech sector went from boom to bust, his retirement portfolio evaporated. If took years for Gilbert to rebuild his retirement nest egg.

You need coaching, and the style of money management you ultimately choose will determine whether you have, indeed, mastered wealthness. Over the last ten years, I have gradually transitioned the focus of my business to discretionary money management, meaning my job is to manage and monitor our in-house investment portfolios. Before working as a discretionary manager, I managed money for clients by custom designing portfolios based on individual needs and wants. Such personalization may sound superior, but experience has showed me that this is not necessarily the case. Greater returns are generally obtained when the client is not involved in the day-to-day process of money management and, instead, turns the job over to a full-time expert. As discussed earlier, few clients are constantly available at all hours of the day to make rational portfolio decisions. People have work and family obligations. People get sick. A loved one falls ill. Vacations...and the list goes on. Certain stresses in people's lives may prevent them from thinking clearly, or having the right focus, to make money decisions. Our discretionary management style focuses on minimizing the amount of emotion in the investment process by adhering to a strict investment methodology. The first important step in this process is to have an in-depth conversation with the client—often in the presence of the person's life partner—in order to determine his or her risk profile and match it with an appropriate portfolio. Then, we ask the client to step back from the actual investment decisions and empower us to be the ones who monitor the portfolio's daily movements, so he or she can enjoy life and sleep well at night.

How you go about finding the right discretionary money manager is similar to how you would find outside professional help in most other areas. You can ask friends for a referral. If they have names, pose some casual, preliminary questions. Are they happy with their returns? Are there open lines of communication and relationships of trust with their advisors? Do they feel they are getting value for their money? What does the advisor's team look like, and who will be the person responsible for interfacing with you?

The Internet is also an excellent resource. You can visit company websites and read in detail the plans offered and the qualifications of any advisors. After you've compiled a short list, you should conduct interviews before deciding on the direction you plan on taking. Ask the advisor to detail the features of the relationship, what the fee scale is, how the portfolio management is carried out, and his or her history of returns. Know that if you are dealing with a discretionary advisor, all stated returns are normally checked by the firm's compliance department to ensure they have been calculated accurately. You want to see the various portfolio returns, before fees, for every risk profile covered. In a favourable stock market environment, a growth profile will normally have generated higher returns than a balanced profile, which will have a greater return than a conservative profile. If you meet with two or three potential advisors, you can compare returns and the narrative and methodology for how they achieved those numbers. Remember, we are dealing with discretionary portfolio management, meaning the advisor takes over the investments once you settle on a strategy and sign off on the investment policy. Ask about the advisor's team and what happens when he or she goes on vacation. There should be around-the-clock resources available to service clients. This would be a completely different chapter if I were coaching you how to manage your money on your own, but as stated above, few people have the desire or ability to keep a full-time watch on their investments. A discretionary manager, I believe, is the best course for people looking to achieve wealthness while letting go of the anxiety surrounding money.

Confidence in the person handling your money is crucial. Recognize that in this relationship, regardless of the success you may have out in the world, you are not the expert on money, nor are you expected to be. Your job as a black belt investor is to be an expert on yourself and to successfully convey to the advisor who you are and how you see your life unfolding. Feeling comfortable sharing with the advisor the truth about your relationship to money is vital. A good advisor will bring to the table the tools you've acquired in creating wealthness. As we discussed in the yellow belt chapter, he or she should want to learn your net worth and study your budget and financial plan and make sure you are doing what is necessary to protect your money. Warning bells should go off if your advisor doesn't want to know about you and the people in your life who have an impact on your finances. When you talk, the advisor should listen and provide counsel. Ideally, your life partner should also be at the table, and, afterwards, you should remember to share the deliberations and discussions with the people closest to you.

Dr. Hank Weisinger, an organizational psychologist, believes that a successful client-advisor relationship hinges on two things: communication and performance. Clients, he says, will leave advisors if communication is infrequent, or if the advisor takes too long to respond to a request for information. This is understandable, and it underscores the importance of establishing realistic and appropriate expectations regarding services rendered, at the outset of the relationship. Outline a plan with the advisor that states the goals of the relationship and plans for regular communication. Ask how frequently he reassesses portfolio returns and how often he plans on reevaluating your financial goals. A good advisor will not keep a narrow focus on returns but will discuss with you other financial burdens like taxes and financially disruptive life developments like illness and death. If you are anxious because of a volatile stock market, or a statement showing a negative return, and you are having trouble getting the advisor on the phone to calm your fears, then it's time to find help elsewhere.

Now, the relationship is a two-way street, meaning you, too, have an obligation to be present. If your advisor calls, make sure you don't leave him or her hanging for two weeks. If he or she sends literature over email for you to peruse, take the time to read it and respond accordingly. But if you've made it to the brown belt and have acquired all of the tools outlined, then being present should not be one of your difficulties. A black belt investor is not the client who needs hand holding every time there is a dip in the market or the client who is constantly comparing her portfolio to other family members, wondering why her returns are not greater. She is not the type of client who comes into the firm looking for a fight with her advisor, so she can transfer to the one who broke records the year before. The eternally unsatisfied are always looking for last year's winner, and that is definitely not you, someone on the path to achieving wealthness and becoming a black belt investor. Performance is also a crucial element of the relationship. After all, the relationship's basis is you paying someone to increase your wealth and provide sound and timely financial guidance on potentially burdensome issues like taxes. In his 1949 classic, *The Intelligent Investor*, Benjamin Graham, Warren Buffet's mentor, recommends investors looking for assistance should seek out "...professional investment advisers who rely on normal investment experience for their results," and "...make no claim to being brilliant and pride themselves on being careful, conservative, and competent." The primary value of the advisor "is in shielding the investor from costly mistakes."[17]

If the core element of the relationship is performance, then you should be receiving good returns in relation to a benchmark index. You should know and understand the benchmark that your advisor is using in order to have proper, realistic perspective in determining what constitutes good returns. Ignore your neighbor's boasts about "a guy" getting him 30% returns, and don't waste your time looking for the financial genius who has a secret algorithm for consistently beating the market. If it sounds too good to be true, it probably is.

I recall a commercial for a mutual fund that quite vividly illustrates the propensity by some to chase performance. A businessman finds himself in a horse race. He's leading the race, but another businessman on a horse begins to pass him, so our businessman knocks him off and takes over the surging horse. Soon, he's getting passed again, so he pushes that businessman to the ground and mounts his horse. This repeats several more times. At the end of the race, our businessman finishes in the middle of the pack, which is the same result you can expect by constantly chasing last year's winners. In regard to market timing, the founder of Vanguard Investments, John C. Bogle, has said, "After sixty-five years in this business, I do not know of anybody who has done it successfully and consistently. I don't even know anybody who knows anybody who has done it successfully and consistently."[18]

Industry statistics reveal that trying to beat the market with active investment management has not proved consistently successful over time. According to the SPIVA (Standard Poor's Index Versus Active) U.S. Scorecard, 84% of large-cap funds were unable to generate higher returns than the S&P 500 index in the five-year period ending in 2015. That number fell to 82% for the ten-year period. The active versus passive management debate is a very heated one in the investment community and has contributed to the rising popularity of exchange traded funds or ETFs. An ETF is a marketable security that tracks a basket of assets (usually stocks or bonds), similar to a mutual fund, yet trades like a common stock on the exchange. Although these products are continually evolving, most have the advantage of being a well-diversified, low-cost investment vehicle. Usually, ETFs are passive, meaning there is no manager, so no emotion enters the equation of how the index is built. Its composition can be formulaic or rules-based, and when this is the case, there are no extra fees charged for a manager constantly fiddling with its contents, trying to outsmart the market. (Exchange-traded funds do have internal fees, but they are much lower than actively managed mutual funds.)

For our discretionary portfolios, I prefer using these low-cost, transparent, plain-vanilla investment solutions. The traditional passive style of ETFs can be very effective in building portfolios suited to your risk profile, whether they are categorized as conservative, balanced, growth, or aggressive-growth. Fees are also an important consideration when choosing outside professional help since any excess or unnecessary fees will detract from your overall investment return. A client should demand transparency and thoroughness from the advisor before deciding to enter a relationship. There's no such thing as a free lunch, and fees are part of the relationship, but they should be quantifiable. Make sure you are paying for services you can use. Be wary of the advisor who won't openly discuss the various fees connected to the management of your portfolio. This is the kind of advisor who sends you a statement you can't make heads or tails of, and when you do finally receive an explanation you learn about unused services and unknown taxes. This is precisely the type of relationship you are trying to avoid. Your advisor, one of several partners as you strive for wealthness, should be a key participant in the periodic reevaluations of your investment profile as your life and plans evolve. Communicating with this person openly and effectively about your money is crucial. Your advisor should also provide assistance in tax planning, bringing in outside resources when necessary. This should be an easy, conflict-free relationship, and you should trust the person watching over the growth of your money, freeing you of any anxiety so you can move on to even greater things as you become a true black belt investor.

CHAPTER NINE

BLACK BELT

The Power of Giving

THE BLACK BELT, IN OUR CULTURE, IS A CATCHALL TERM for excellence. People might remark that someone is a black belt cook, or displays black belt shopping skills, compliments totally divorced from martial arts. Coloured belts are respected and seen as evidence of a practitioner's commitment to karate, but there is even greater reverence for a holder of the black belt. She is seen as an expert. Every karateka who passes through the doors of a dojo and witnesses a sensei at practice has the vision of one day wearing the black belt.

The black belt exam is stressful and demanding. In our karate tradition, it is held during a three-day camp, and exams are administered in the evening, when everyone is tired and nervous from a full day of training. The exam is divided into three parts and carried out in front of two judges, one of whom is our Japanese master. The opening section involves the karateka performing kihon, a series of advanced techniques. For the next part, the karateka performs a kata prepared ahead of time. Then, the examiners choose one of a dozen katas for her to perform. They can pick from any of the katas she has learned up to date, meaning she must continuously practice every single one. Kumite, sparring, is the final part of the exam. She faces another black belt, and the fight lasts less than five minutes. During this brief fight, the karateka, in proving she can defend herself, is expected to execute all of her kicking and punching techniques. The sensei cautions everyone that a successful black belt exam is the beginning, not ending, point of a serious martial arts practice. Since many people fail the exam, the sensei reminds the group that the character-building nature of martial arts is an incentive to continue practicing and to try again at a later date. Someone who gives up after a failed exam is not black belt material.

After almost ten years of practice—which included injuries and the birth of my third child—the goal I had set for myself to receive a black belt had, finally, been achieved. The diploma the sensei awarded me came from Japan and was adorned with the signature Japanese stamps of the examination officials and the head of the federation. It bears the text, "The person mentioned above is hereby licensed to rank in the grade of first Dan of karate in recognition of the great progress made through the diligent study of the art displayed by this person. We expect a further progress in skill and character building in the future." I was surprised when I saw the diploma accepted by a fourth Dan karateka and it carried the same message as my diploma, with only the name and Dan level different. For every level of progression the inscription is the same: Never stop improving your skills and character.

Friends sometimes want to know if being a black belt means I can now beat up people and break boards with my hands or head. I tell people that being a black belt merely signifies that I have a serious karate practice. The black belt is the beginning of the journey for a serious karateka. As the ninth guiding principle of Master Funakoshi states, "Karate is a lifelong pursuit." In karate, no single point marks the completion of training. There is always a higher level. Master Funakoshi explains, "Walking this endless road, becoming better today than yesterday, and then better tomorrow than today—throughout one's life—is a true image of the way of Karate."

Having integrated the principles of the coloured belts, you, the black belt investor, realize that the work of refining your relationship with money is never over. A skill like discipline is quickly lost, therefore, continuing good financial habits and practices is decisive. Nevertheless, the journey has changed something in you, and what has changed is your outlook on money. You are no longer a slave to money and the anxiety it induces. You are content with your level of wealth and satisfied with the steps taken to increase it. The ultimate sign of this healthy relationship with money is a newfound joy in giving. You can use your money to benefit others without the worry of how it will impact you financially. You can write that large check for charity and not worry that you have compromised your quality of life. Sharing with others what you have worked so hard to achieve is the ultimate sign of wealthness.

Karate has a deep tradition of giving back to the community. Every year, for example, our sensei asks us to participate in a food drive for the local food bank. We distribute bags and then return a week later to pick them up when they are full of cans and containers of food. At a time when the karateka's practice is intensifying, when she needs every minute to work on advanced techniques, the sensei demands that more of her time be devoted to assisting the lower belts. The sensei, for example, may direct the black belt karateka in the middle of class to work with the green belts for twenty minutes, and the only answer is “Osu!” (yes in Japanese), followed by a slight bow. Telling the sensei that she is much too busy with her own practice is unacceptable. As a higher belt, the karateka now has the ability to act as a judge for sparring and competitions. If the sensei ever calls on the class to break off and practice in pairs, the karateka does not search for another black belt in the class. Rather, she is expected to train with the student closest to her, regardless of that person’s age or experience. In our family-oriented dojo, I have often practiced with children half my size, getting on my knees so they can punch my stomach and face. An integral aspect of being a higher belt, and especially a black belt, is giving back to the association and the other students. This service is a reminder for the karateka of the importance of humility and to avoid the risk of becoming egotistical as she masters the art and gains control of her mind and body. With this taste of control and power comes the temptation to feel more powerful, and this is the urge she must fight to keep in check. Charity, sharing, and generosity toward others keeps her in touch with her core values.

As a black belt investor you are now comfortable with having money. You have managed to filter out destructive emotions that prevent you from identifying your core values. You know the purpose of money is not simply to increase wealth, show up family and friends, or indulge in every craving. You know there is no need to hoard all of your money for a rainy day. Your wealthness has given you greater insight and connection with yourself and your place in the world, which means you can appreciate that it's not just about you. You are part of a family, community, environment, and world. Because money is now serving you, you can now serve others with ease. Any increase in your wealth is a positive thing that allows you to do more good. See how good it feels to be able to say to yourself, "I am in a position to give, because giving is the ultimate joy of having."

Mitch Anthony frames this charitable instinct, the desire to shape the world and impact the lives of loved ones, quite exquisitely, and the following passage touches on all the emotions—fear, greed, jealousy—you have learned to identify and steer clear of, so you can tap into your true values: "We could use our money to buy the fanciest car in the world but somebody has already done that. We could build a mansion that rises like a castle to the sky but there will always be a bigger, better, more amazing home than the one we build. People are looking to build something that hands and rust and decay cannot destroy. They seek an eternal container for their best selves, a vehicle for leaving their unique signature upon this planet. This container of dreams and inspiration is the result of the philanthropic pulse and charitable effort...We can do better than writing checks for tax purposes. We can invest our hearts, the sum of our experiences, and our material gain, and leave a truly meaningful mark on this world—a signature that seals who we are and what matters most to us."[19]

Luckily, much of the foundation for fruitful giving is already in place. Through estate planning and better communication with loved ones, you've already taken the practical steps to give back to your own family, the type of giving most people believe comes first. "Charity," as they say, "starts at home." The tax code is another avenue for putting in place plans for giving through certain philanthropic vehicles. In most countries, the taxman encourages charitable gestures through deductions and credits. This option is worth exploring with your advisor. If the after-tax amount of your donation can be reduced, view it as an opportunity to give more.

Money is not the only form of charity. Giving your time and knowledge can be just as fulfilling. For many people, accessing certain areas of expertise is prohibitively costly. Depending on your skills, you can offer your time and knowledge. If you are a lawyer you can offer legal work. A doctor can spend time providing care in low-income areas, or even across borders. If your skills are not easily transferrable, you might consider charity unrelated to your work, like tutoring or volunteering at a soup kitchen. Maybe there is a young person looking to break into your profession but he or she lacks the right connections. Providing mentoring and internships are valuable forms of assistance. What's important is that you find the work gratifying, so you will have the motivation to continue. Irrespective of the amounts, charity should be a joyful experience, not drudgery. You are not giving something up. You are gaining. Recent research, in fact, demonstrates that voluntary acts benefiting others can increase happiness in the giver. In other words, not only does the recipient gain from the act, but also the giver gets what we can call a "helper's high." Different research shows that spending money on others produces greater happiness than spending on oneself.[20] Charity is good for your mind, too. "The best way to get rid of bitterness, anger, rage, jealousy is to do unto others in a positive way," says Stephen G. Post, a professor of bioethics.[21]

Give today and get a happier and healthier life!

What's wonderful about giving from a financial standpoint is that it is a self-reinforcing practice. First, you give. Next, the feedback you receive from giving is positive, which causes you to feel good about yourself and the fact that you've been charitable, so it creates a circle of goodness in your life where you are constantly looking for opportunities to do “good” with your money. Because you want to keep up with these new obligations, which are providing you with great joy, generosity has the additional benefit of encouraging you to maintain your healthy relationship to money. The money, after all, is what has allowed this charitableness. The Tao Te Ching, a classic Chinese text, says, “The wise person does not accumulate for himself, since his gain comes from giving to others. Thereby devoting himself to others he becomes richer and richer.”

I’d like to end our journey with a brief history of the years preceding obtaining my black belt and those that followed. It is a story of what it actually feels like to wear a black belt. Leading up to my black belt exam, I developed knee problems. Our family is avid alpine skiers, and, one year, my younger children decided to switch to snowboarding. For the sake of a good challenge and familial bonding, I grabbed a snowboard and joined my children on the beginner slopes. Bad idea. One epic fall, and I ended up with a torn meniscus in one knee and pain and inflammation in both. A minor surgery, I was told, could correct the problem, but my husband, a physician, advised against it, insisting there were no guarantees of a positive outcome and to remember that surgery is irreversible. We decided rest was the best course of treatment. For me, that meant resting only my lower body. I began using my older son’s heavy weights to work on my upper body and managed to develop a little muscle and a whole lot of tendinitis in my right shoulder.

I trained for ten years before the black belt exam, which is considered long by most standards. During this period, I found myself in various degrees of physical shape, including passing my green belt while pregnant with my daughter. When the black belt exam was offered, I knew everything I needed to know, but I was not in peak shape—the knees and shoulder still hurt—but the clock was ticking. I pushed myself and passed.

The formal ceremony for receiving a black belt diploma takes place months after the exam. (They need to wait for the diplomas to arrive from Japan.) In my dojo, they do not pass out black belts with our diplomas, meaning we were required to purchase them on our own. So I went to my martial arts store, which is for diehards and located in a back alley on the second floor of a somewhat dilapidated red brick warehouse. It is where I buy all my karate gear. The aisles of the store are cramped. Boxing bags and weapons hang from the ceiling. Faded martial arts and fighting posters cover the walls. The owner of the store, an elderly man who knows every master in the area and beyond, sits at a wooden desk behind a tower of invoices. That day, I decided to purchase along with my black belt a gi, or karate outfit, telling the proprietor I wanted the nicest one in the store. Using a hook, he pulled one down from the ceiling.

Handing it to me, he said. “You’re a black belt now. You want our top-of-the-line Japanese gi, the one that snaps when you punch.”

“That’s exactly what I want,” I answered. “I want everybody to hear me punching and kicking.”

Leaving the store, I felt like Superman exiting the phone booth. I walked into the store a businesswoman and exited a black belt in a snapping new gi. I thought how I could spend the rest of my life on the couch eating potato chips and nobody would be able to take away my black belt. (I would just have to buy a bigger size to accommodate my weight gain.) Several days later, in one of those rare instances when decorum is broken in the dojo, the class applauded when I showed up to class wearing a black belt for the first time.

In the weeks following my exam, sadness began creeping over me. In my determination to get that black belt, I had pushed my body over the limit and severely compromised my knees. I risked not only my future practice of karate, but also, possibly, family hikes in the mountains and ski vacations in the Alps. (Would I ever be able to wear high heels again, I wondered.) I felt angry for acting recklessly selfish. So I took a break from karate, explaining to my dojo family that my knees and shoulder needed a rest, and I'd use the time off to get back into shape. I had to build up the nerve to tell Master Sensei that the doctor had suggested taking time off. Did I think the news would devastate him? He reacted somewhat indifferently. He nodded, and in his emotionless gaze I could read that inscription I saw on the restaurant door in Florence, the one that perfectly illustrates the spirit of karate discipline: "Nothing is ever finished. Nothing is ever perfect. Nothing lasts forever."

This, quite possibly, was the end of karate for me. During my layoff, I committed to yoga, careful to attempt only those positions that would not put my knees and shoulder under any strain. Such a restriction made for a challenging yoga practice. But I pushed on. Through the teaching of the Sivananda style I was studying, I deepened my meditation practice. It occurred to me that the willpower I had built up in my quest to become a black belt, the discipline to push on, was still present in me regardless of whether or not I was training in karate. Slowly, the pain in the knees and shoulder subsided, and I returned to karate. After five years of exercise, anti-inflammatories, several procedures to drain water from my knees, and physiotherapy, the pain went away completely. I didn't need surgery after all!

Meanwhile, my daughter, who started karate at the age of six, was getting closer to receiving her black belt. Finally, at the age of fifteen, she took her exam. My husband and I watched from the sidelines. Our daughter was so composed, and we were nervous wrecks. As she gracefully performed her kata, it dawned on me that anyone can step foot into a grungy martial arts store and buy a black belt. What I was witnessing as a mother, however, was unparalleled. The discipline and practice I had worked at for so long was about something greater than me. Was it possible that even a tinge of it had rubbed off on my daughter? Knowing I may have gifted her with some of what I had learned through the years and seeing how it played a role in her success was the greatest victory I could ever imagine. It was a feeling of charity, and very emotional for me. She performed brilliantly that day and passed without question, becoming the youngest black belt at our dojo.

I continued practicing, obtaining a second Dan in far better condition for that exam than I was for the first one. The combination of karate, yoga, and meditation has helped improve my execution of movement, concentration, and ability to overcome the stress of these exams, and there are more exams coming. As our diploma says "...Further work on character is required." As I think back to my finishing school experience, it occurs to me that it was just that, an experience that has never finished for me. My search for the perfect self brought me to karate-dō, or the way of karate. In turn my art has gone beyond the dojo and touched every corner of my life, and every family member as well. These types of positive effects on our loved ones are what fill our lives with meaning. You are now in this position as a black belt investor. Congratulations! You feel good about being rich and now have the ability to touch lives through your generosity. You can feel good about being rich. You can now reach out into the world and make your mark. So what are you waiting for? The time to kick butt is now!

AFTERWORD

WEALTHNESS, WHICH WE'VE DEFINED AS POSSESSING a positive, peaceful and healthy attitude toward money and wealth, is an intrinsic part of wellness. After all, money plays a central role in our lives. Almost every choice we face, whether it is the food we eat, the jobs we take, or the homes we make, is determined by our approach to money and finances. Money has the power to ruin lives and unsettle family relationships, but put in the hands of a person with a healthy mind and body it can be used as a tool for great personal growth.

The path toward wealthness is accessible to everyone, but it takes great effort and humility. Developing discipline is at the heart of this process, the key to awakening the core values that will enable you to feel fulfilled, and, yes, rich! Without discipline you cannot regularly quantify your financial self and assess how it aligns with your short- and long-term life goals, or effectively meditate in hopes of confronting the emotions surrounding money and everyday feelings like greed, fear, jealousy, or low self-esteem. If you don't know yourself, how can you expect to engage openly and honestly with loved ones about money, or conceive a strategy to hack away at the wasteful habits and tendencies negatively impacting your family's wealthness? Sunlight is the only disinfectant when it comes to money. Bring your feelings about money into the open where you can meet them head on. If you do not engage in self-inquiry, if you allow emotions to run rampant, how will you ever know when you have enough? And it is only once you answer this question that you can truly feel rich, while, at the same time, enriching the lives of others through your generosity.

Being a black belt investor is not all about net worth. It is about mastering your money and yourself. "Nothing is ever finished. Nothing is ever perfect. Nothing lasts forever," and the mastery, knowledge, and open engagement with others you've achieved will allow you to now tackle other important financial challenges.

Seneca, the Roman philosopher wrote, "...but wealth however modest, if entrusted to a good custodian, increases with use, so our lifetime extends amply if you manage it properly." A capable custodian is one who watches and maintains the property in her hands. If the watchful eye wanders too much, everything in the owner's possession may slip away. Similarly, you cannot allow your self-worth to be defined by the shiny objects not in your possession, or you will walk around feeling as if you are lacking. As a black belt investor you have become that capable custodian, and your newfound positive relationship to money will mean a calmer, healthier, and more wholesome future for you and the ones you love.

ACKNOWLEDGMENTS

EVEN WITH ALL THE DISCIPLINE I COULD MUSTER, IT took a special team of people to help me get this book out of my head and onto paper. I have to thank my family for their support and, especially, my husband Luigi, my best friend and biggest fan, who encouraged me from the start to just do it! The execution was made possible by the dynamic team at Book in a Box, particularly my editor Avner Landes, who sorted through my words and stories and made everything come together on paper. I would also like to thank my karate community, the Monkland Karate Dojo and Sensei Nicolas Neri, for being my beloved karate family and continually nudging me to be my best in class and in competition. Long before I had the chance to visit Japan, I got a taste of the country's magic while visiting the Japanese pavilion at the Epcot Theme

Park at Disney World in Florida. It was there I purchased the book *The 20 Guiding Principles of Karate: The Spiritual Legacy of the Master*, which has stayed at my bedside for over fifteen years and has worked its way into this book in a meaningful way. Additionally, I would like to thank John Teramoto for his beautiful translation of the words of the master Gishin Funakoshi.

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In 1978 **MARY HAGERMAN** received a bursary to learn and study in French. She left her native province of Ontario to go to the Université du Québec à Chicoutimi, in Québec, and never looked back.

Mary has been an investment advisor for over 30 years and is presently a portfolio manager and associate of the Hagerman-Archambault Group in Montreal, Québec. Mary's investment and financial planning articles have been published in the Canadian business press, and she frequently gives educational seminars on topics related to personal finance in both English and French.

In addition to being an experienced yoga and meditation practitioner, as well as an avid downhill skier, Mary is also a 2nd Dan black belt in Shotokan karate. She competes in regional tournaments, has won medals for kumite and kata, and brings her passion for karate to all aspects of her life, from her business to the time she enjoys with her husband and three children.