[Missing first half of talk—watch Steph Wagner’s talk to get the full experience]

Steph Wagner
Fortunately, there's a lot of awareness around this building and saving. If you've taken care of some of those other crucial things, it is creating a fun for you to enjoy saving up for that vacation. saving up for something, you know, crazy that gives that helps inspire you or give you purpose is really important.

So what about that remaining 35%? Well, this is money that you can take charge of. You know this consists of needs, not so avoidables. It consists of wanting completely discretionary but think about it. it's a way to prevent yourself from saying yes to too many things. And then waking up and going, How did I actually fund that I relied on a credit card?

It's saying, “I'm gonna allow this 35%. This is money.”

Maybe you choose where to live. It is going to cost more than 45%. But then you're consciously pulling from this bucket to help subsidize that, and just recognizing that you can't have at all. You may have to cut back on some of that discretionary spending these all fluctuate with the decisions that you make but you're in complete control.

And this is a really good segue into the next section, which is about building your financial knowledge because I'm gonna dive deeper into these 2 concepts.

So I wanna tie it into these 4 concepts, and I really deeply believe that if you grasp a solid understanding of these 4 concepts, these economic and financial principles, and you don't just memorize the definition. But you really think about them and put them to work. They can have a profound impact on your financial life.

And the first is this whole idea of opportunity cost, it's this idea that yes, to something will always be no to something else. And yes, and notice something frankly always means Yes, to something else it's like you're a fork in the road. And should I go and do X. That costs X. Well, what is the opportunity cost? What could I have done if I actually saved that not only Are you giving up right that initial outflow to buy something, but you're giving up the earning power that those dollars had if you had invested them, or saved them.

That's the definition of opportunity cost and it becomes really powerful when you do put that money to work.

As I mentioned, the next principle is compounding or compound interest. And I use this example because everyone across the United States regardless of if you know you're working or not, you know we're got. We all have the ability to open up an IRA and save $500 a month. Right? So I like this example, because it's again something that isn't unique to one, and not a and not an opportunity to others.

Now for this illustration. i've made 2 huge assumptions that you know, and i'll give you the reasons why here in a minute is let's assume that you invest the $500 every month in the S&P 500. One of the reasons I picked that fund it's just in a fun way that mirrors the S&P500 is that on average, over the last 40 years, the S&P500 has returned annually 7%. So obviously this year things look different. But when you take, on average over time it yields 7% annually.

Now look at that bottom. You save the $500. After 15 years you actually save $90,000. But you are money that 90,000 works and earned 70,000 almost the same amount to give you a 160, and you didn't do anything right. The only thing you did was open the account and commit to consistent savings.

Now imagine what happens when you supersize it. Think of that!

If your child is 25 years old, and I've got one of them right now. If he gains the ability right there's all these. In fact, I've even got a little 20 first started out. I even said, if you contribute and show me your budget, I'll help match it to meet some of the maximum. I need you to have major skin in the game but I recognize you're not earning that much, but I wanted him to start to get in the habit of constantly saving.

Now, if you take that same $500 over 40 years again, assuming this, a 25 year old is retiring at 65 at 7%. Look at the results on the other side in my case let's say Dylan. He just saved not just that's a lot of money 240,000 over that 40 years. But hit that money earned all but 5 times the future value of that. And this does not factor inflation. I'm keeping the math Very simple. It was 1.3 million dollars in all. What he had to do was consistently save 500.

Do you see that compounding effect? that essentially is your Money's ability to work it's mind-blowing, and as I usually deliver that I, one of the first the questions I did is, can I get that slide so I can show my kids or my grandkids.

I absolutely like the next principle I want to highlight. Is this power of this concept of arbitrage and it's the idea of there being inefficiencies in the market that you can take advantage of again to to strategically invest and to build wealth.

Now, the example i'm going to give you it is through debt, because, looking where we have lived over the last decade, crazy, low interest rates clearly indicate that climate is changing right, and so there may not be opportunities at all right now to find some of those, you know inefficiencies.

But I want to bring this up, because we all know that well, it may not come back to one or 2%. What comes up does come down, and what goes down goes up.So things are gonna change again.

And I like to just build context around this idea of what is good debt and what is bad debt. And, generally speaking, the first thing that you use to distinguish it is the interest rate. And you know, typically, anything less than 5% is good debt. Anything more is 8. Why, remember that S&P500: 7%. If I can borrow 5 and invest 7. If I was going to use that money to invest I would make the spread. So that helps again make some better decisions.

Now that's why the next number 2 is so important. What are you going to do with the money? If you're gonna use it for an appreciating asset like investing, or maybe rental property or a new bit, whatever the case may be. that's going to go to build your net worth well that's good debt if you're gonna use it for a depreciating asset. You know, vacation clothing, things like that, no matter what the interest rate, it's gonna be bad debt.

And the last thing I just want to quickly highlight is, we hear about this idea of diversification so often typically from our wealth advisors, right? People who are investing our money, or maybe our investments are diversified the portfolios. But what I want you to challenge you here is when you look at your balance sheet, even beyond those accounts. But you look at your balance sheet as a whole of what you own. Are you diversified, you know? Do you, for example, have a couple real estate properties? Well, are they all in the same market? Are some of them all residential? You know, just thinking about not putting all your eggs in one basket and diversifying even your balance sheet beyond just those investable assets.

And I think oftentimes that's overlooked where people well, now I've got my primary residence, and then I just bought or i inherited this commercial prop or this residence property down the street or around the corner. Well, if the market turns you're going to be impacted 2 times right, so just keeping an eye on diversification and making any edge adjustments to reduce your risk is key.

Now the fourth and last step and I'll really understand what your goals are we're all different. We all have different things that we're striving for or that we value or that's important to us. Some of us are home bodies, and and and being like me who you know I'd rather for me. I'm not a big traveler. Maybe I will be now that I'm an empty nester, but you know, creating an environment for me at home is almost more important at least has been we're all different.

So we have to identify. Where are we today? Where do we want to go? And then what action steps do we need to take to make it a reality?

So I'm just gonna put a couple prompts against everyone. But think today, if you do anything when you leave, do you know your current financial picture? Are there steps that you need to make in order to be more strategic in order to make more intentional decisions? This is not about depriving anyone from anything, it's about being intentional and being more mindful around it. Are there tweaks that you have to make within your balance sheet? Do you have enough access to cash if you need it so you don't have to rely on a high price credit card, or you don't have to sell some investment, and maybe trigger some some a tax liability to have access to take care of, You know an unexpected event. Again, are you diversified? and I think the most important one here is. Are you putting enough money to work for your future, or are you holding?

You know, oftentimes. I've seen where there is almost too much in cash, and it's not growing enough, and we're missing opportunities. So you know, very important at times. this isn't necessarily a diy job, I mean I'm a obviously I work at Northern Trust.

You need to have a very comprehensive plan and you might need help with that plan, but you know it's important to help put a plan in motion. You've got to think about these things and have an active role in it, as you think about your future and the goals.

You know I wanna highlight that you 're all again, different and we all have different things that keep us up at night. There might be a financial reason why you don't do something. But if there's an emotional reason, and the emotional toll is creating so much stress that if you know you weren't do it's that might just counterbalance some of the you know even though it's on paper.

You should be doing this. the system this well if I do that i'm not gonna sleep because i'm risk averse, and and you know that's gonna keep me up at night and make me worry and make me feel you know paralyzed by it. I mean clearly, you've got to know what your worries need to be at the forefront. So you can build awareness around them But also get help to solve those problems, because they might be things that are very solvable that you just can't do on your own.

What do you value most you know, and I think what's important to you and I touched on that with the travel example. But you know every again don't worry about what's important to your kids. What's important to you is a time where It's okay to just think about your needs and what you want.

What do you want your legacy to look like, regardless of your wealth. We all have a legacy to leave, whether it is regardless of the dollars you know. Maybe your legacy is part of the values that you want to pass down. Maybe your legacy is, You know, charity, that you want to pass down and have your children be part of. Maybe you know it, just don't just look at it as the dollars. But think about it as who you are, and and and what you want to give to that next generation and pass down.

Do you know what you will need to fund your overall lifetime of goals?

So frankly, you don't have any surprises later in life. Truth be told, 3 out of 5 women over 65 today across this country do not have enough money to take care of their basic needs.
They are so they have to make decisions every day about. Do I pay for my prescription, or do I go and eat?

And that again, nationally. So it's so important that you build awareness around this. Get a plan in place and get help if you need it.

Last, but not least, I think this is so important, I want to give you some key moves to make today. You know things that you can put into action, Embrace this concept of a 45, 2035 spending model. Try it out. Try to experiment with ways to implement it, you know. For me. I literally lived on cash like I would put it in envelopes. Once I paid my bills so that I made sure as I was rebuilding my life and putting in and developing new habits, I had a way to stick within this framework, and not pull out that plastic credit card where I could lose touch of those little things that would add up maximize.

Your emergency fund might sound like a huge enormous task to save you know, 6 or 9 months worth of cash to find expenses.

Start small and just commit to continuing to build that so that again you can manage your debt wisely. If you've got that debt, to take care of take care of that first, and think about ways that work for you and the type of relationship you have with money, if it if it if you're one that needs to see progress pay down the smaller balance first, so that you can see pay it down and check off the box and move to the next again.

That's where the emotional part comes in. It may not be the smartest financially, you know. Decision. but we want to set you up for success, so sometimes doing it in a way that ties into the emotions.

And your personality type is essential. Plan for taxes. Work with your CPA, work with all of your advisors to really understand the big picture. So again, you have no surprises, and have a way to fund that that you plan for. Be disciplined with your retirement accounts, don't lean on them, or lean on them before it's appropriate in time. There's huge penalties, in doing this I've seen 2 often. it's the goto out of out of a major life event like divorce, and you're paying not only taxes on it but also big penalties for accessing that early again. Why, it's so important to have various other pools of money to pull from any event that you need.

Invest beyond your typical retirement accounts, that's when it kind of gets fun. Right is when you begin to build, and you can say, how do I go out and make, you know, get more in touch with my investment accounts with my professional and advisors. And how, but also think about what else do I want to do, you know, Is there another opportunity out there that I might want to explore that looks to be a good investment.

And again, just thinking beyond just those traditional retirement accounts protects with insurance. This is a big one. you wanna make sure that all that you're working towards to build is protected.

And then last, but not least, really work to create a solid estate plan. so that again, depending on the State, and it's all different, depending on where you live i'm now in Texas looking incredibly different than when I lived in California revisit it if you have something it's important to constantly revisit. And certainly if you move, get advice and revisit again, because it's dictated. you know obviously where you live has a huge impact on on how your plan will be implemented and I think with that i'm gonna stop sharing and see not sure I hopefully, if folks had any questions they can drop them in the chat.

And sorry about this guys i'm trying to there we go i'm gonna open up the chat, and I think we've got just a few minutes here for some questions.

Terry Rubin
I'm looking at some of these questions, too, on how to choose a good financial advisor.

Steph Wagner
I will actually share A video that we did on selecting an advisor. And some of the key questions to ask.

Critical is the relationship that you have with that advisor. It is so important and so you're gonna wanna make sure that you've got someone technically strong. But you also want to make sure you've got someone that understands your needs and doesn't treat you or anything different. And that understands your goals.

So I've got a great video that I'll share as a follow-up, Lisa, and please share it with the community.

How Advisors get paid depends. You've got different types of advisors. And this is really really important. The number one thing you should be asking any advisor you want is transparency. How do you get paid?

And you want to make sure to ask, A. Are you receiving commissions? you wanna be on the same side of your advisor, so that, as you do well, they do well, and not the other way around. So if your money is growing, they are earning money if If your money is not, they're not which typically is freebase where they're collecting a fee based on the total assets that they have under management If They're getting commissions. you know and that's something you really have to watch out for and just again understand.

You know, I'm not saying it's bad, it depends on the type of what you're looking for in your advisor. But you want to make sure that you are aware of where there could be a conflict of interest and try to eliminate any of those conflicts of interest.

I think that as a follow up or on my Timely Topics page there's a link to An Anthology to Inspire Financial Empowerment. Also, if there's topics that are interesting to you that we didn't obviously we're trying to cram a lot
in an hour, or even less frankly. but there is a link to an anthology that I created of all my writings.

It's reinforced through storytelling. Some of these principles. there's one for example the power of no, that's all about opportunity cost there's one or about putting your money to work, and that's compound interest so it's very it's you know it's a series of articles as writing for entrepreneurs and whatnot.

But that might be helpful, too, if you want to dive deeper, and learn something that we scratch the surface on today. I'd invite you to take a look at that anthology. It might give you some more information that's helpful.

Terry Rubin
We're going to be having a follow up on wednesday November 9th at Noon, and we can chat about this amongst ourselves. So that there's more time to even talk about this amazing topic and how broad it is, and what and to be personal about it.

So please join us. feel free to join us on Wednesday, November ninth at noon for Let's Talk About It.

And Steph, I can't even begin to tell you what a joy you are to have as a friend on a lotus network! And what work you did today! How amazing it was. I mean I've got like just no so you probably can't see but poodles of it, and such helpful information thank you for sharing your wealth of information. You are truly a treasure.

Steph Wagner
Well, I appreciate it. I'm I. It means the world to me. I think when it's all about giving back, you know I I went through We all life we all have our story in our journey right? We all have gone through things good, bad, in the ugly and I I just am hopeful that some of you know my journey and the lessons I've learned, and and how I put some of my you know financial like expertise to work to help others is having an impact. So I appreciate you saying that.

There's some great questions in here, and and if someone can copy the chat and there's a great one I want to make sure that we get to. It’s “How do you distinguish between an investment advisor and estate planner?”

Those are totally different folks. Those are different advisors. And that warrants a deeper discussion so I'd love to know you again. I'll try to get back to everybody. I can but at least give additional information resources that will be helpful to this group.

Terry Rubin
Thank you. Thank you, Steph. so much. and you know once again everyone.

Thank you for joining us today, I don't forget to check out and like our Instagram and Facebook pages. You can see what else is going on, and we just are so happy that so many of you have joined us for so many of our programs.

And if you have loved our programming don't forget about our donor program, Friends of Lotus, which will give us an opportunity to continue on with programming much like what we've just seen today. you've trusted us to bring you events and programming with empathetic engagement and that inspired. They educate, and they help women of all ages in all stages. So just don't forget about this new program that we're just. We just rolled out the easiest way for you to become involved is to just connect with us.

You can look in our chat and see a way for you to be able to either donate or just connect back in with us.

So. Thank you very much everybody for joining us today.

We love being a part of each other's lives in this way. and just please stay connected and stay in touch with us. That's the most important thing: we love our connections.

So thank you all very much for this timely topic, and for Steph’s time.

Thanks very, very much. We appreciate it greatly, and we'll see you next time.