Why We Fail With Money

And What To Do About It

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Self-Made WEALTH

A Special "Self-Made WEALTH" Financial Report...

"Why We Fail With Money... And What To Do About It"

In the first Self-Made WEALTH report and video, we learned how and why money has a hole in its own bucket, and it literally "loses itself" when you use it - which is a major cause of financial failure for most people.

In this report, we're going to go much deeper, and learn another reason why most people fail with money - and another "dirty secret" about money - plus learn our first important action steps toward creating Self-Made WEALTH.

Now, most of the "financial self-help and psychology" that we hear about has to do with the bad programming that we got when we were young or maybe our fears about money or maybe our bad habits like using credit cards.

These *are* major causes of financial failure - for sure. But I think that there is something much bigger at work that none of the money gurus or the courses about making wealth talk about.

And if we don't know about or understand this very powerful force that affects our financial future, we're a victim of its power.

But if we do learn to understand it and get control of it, I believe that we can take another powerful step to understanding and using it to our financial advantage.

Which leads us to...

Money's Second Dirty Secret: We're Not *Wired* To Succeed With It

Evolutionary psychologists and a "new wave" of scientists that study what they call "Behavioral Economics" and "Neuro-Economics" have been doing fascinating experiments with people in order to understand our behavior around money and wealth.

It turns out that they are discovering some very surprising things about *why we fail with money*.

As we learned in the first video and report, money is *very confusing* for most people - but in ways that we're not consciously aware of.

You might be saying "I'm not confused by money" - *and that's the point*.

If we were AWARE of how we're confused by money, then we would do something about it.

But we're *not* aware of it, so we don't do anything about it - and we go through life making "herd-like" critical financial mistakes.

So how is money "confusing" to us? And why don't we notice this?

Remember "Fiat" Money?

In the first report and video in this series, we learned that money used to be valuable in and of itself.

Money used to be grain... or gold... or silver that you could use for other things *besides* money if you wanted to.

Over the past few hundred years the governments realized that people like you and I will accept paper in place of "Commodity Money" that has actual use and value.

So in other words we will accept a piece of paper instead of a piece of gold.

Paper doesn't really have any use or value inside of it but the gold does.

Now at first when we started using paper money there was gold and silver that was backing the paper money but banks and governments eventually realized that people would start accepting paper money that has nothing backing it.

We've gone from using things that have "real value" as money to things that have no value - like paper - to even numbers on a computer screen to represent money to a big system of "I trust banks and the government for it".

Here's Where It Gets Really Confusing For Us Humans...

NEXT, banks introduce things like debt, credit cards, interest rates, interest on debt, compounding interest, monthly payments and even things like payments with zero monthly interest for a period of time, and *then* monthly interest that compounds after that.

It's not natural for the human mind to translate value into something like *time* or the value of a physical object into money.

It's hard enough when it is real money like gold or silver.

Never mind into paper money, never mind into borrowed money, never mind into things that have monthly payments and interest in the future.

At this point when we start dealing with other factors our mind *actually loses the ability to rationally calculate what is going on.*

So we lose the ability to calculate the implications that a purchase or amount of a credit card or loan debt is going to have on our lives in the *long* run.

And what affect does that have?

Well, the first thing it does is keeps us from ever getting *ahead*.

All you have to do is look around at the evidence.

Most people reach retirement age broke and dependent on others or the government. And the entire time, on the way to retirement age, they are *afraid that this is how it is going to turn out.*

Are YOU afraid you won't be financially independent at some point in your life? Are you afraid that you won't be able to take care of yourself?

First we can blame others for this situation and say "Those bad people. Those evil people tricked us into using fake money, borrowing against our future, and charging us interest." And on and on and on…or we can take another perspective.

We can accept responsibility, realize that we are not wired to play this complex, confusing game and that our inner chimpanzee causes us to screw up when we are faced with these situations and do something about it.

So when I imagine a person trying to operate in this modern financial environment with fake money and debt and interest rates and borrowing against our futures without any guidance, I imagine someone in a foreign country trying to buy something in a flea market.

It's a flea market where they don't speak the language, they don't know the exchange rate and they don't know what the rules are.

You can imagine if you don't know the rules you are going to get ripped off all day long.

But again if you are the one who does it and you are the one that goes to the flea market in the first place you have no one to blame but yourself.

Let's talk about a real world example that we've all faced or we've all seen.

When you go to buy something on credit or a credit card **what do you use to calculate how much the purchase is actually going to cost?**

Now if you're like most people and like me in the past you use "monthly payment" as the price.

Guess what?

That's A Huge Financial Mistake!

Ok you might be saying "Ok I get it, I should be thinking total cost right?" how much the thing is totally going to cost.

No.

That is almost as bad as thinking in monthly payments.

What we should be thinking about when buying something, is the cost of what it is going to cost to <u>not *invest* this money</u>, to not take the money that we are going to use to buy the thing with and *invest it over the next several years like rich people do.*

You know who Warren Buffet is right?

He is one of the richest guys in the world, the most successful investor of all time, a multi-billionaire.

There's a legendary story of friends telling Warren years ago that he had to buy a new car and him saying "I just can't bring myself to buy a new car because if I spend that kind of money it's going to cost me millions in the future."

Dave Ramsey has a great example in one of his books.

He talks about an average car payment of $464 costing us over $5 million dollars because if you invest that $464 every month at 12% interest over 40 years you would have over $5 million dollars.

Now no one would ever believe this intuitively but that's the math and again this is very confusing for most people because they wake up in their future either break-even or broke and blaming a bunch of external circumstances for their situation.

They never had the chance to do this math in the first place and the mind doesn't automatically do it.

So this brings us back to the dirty little secret of money - and this is the real problem. Again...

We're Not Wired To Succeed With It!

Our psychological wiring is actually not wired to succeed with money.

It's now become too complex and counter-intuitive to handle.

Sure we can all earn money in a job or in a business and use money to buy food, clothing, and pay some bills.

We can spend it on things, and have some sense that we should be saving some money for later... but this is just *a distraction from the truth*.

And the truth is that *we don't know how money really works or what to do with it to create wealth.*

In my life I spent years in tens of thousands of dollars in credit card debt.

My personal measuring sticks that I used when buying things were like "how much room do I have on my card?" and "how much more will this cost me per month?" and "how much more will this increase my minimum payment?" and guess what?

It just ended up getting me deeper into the problem every month, year-after-year.

When I first started learning that I was "wired backwards" for success with money, it was both scary *and* relieving to know that I wasn't alone in my backwards thinking - and that this is the way most people *naturally* thought.

Turns out that when MOST people buy things, they think in terms of "monthly payments" and "room on my card" - and they plan for how much more money they're going to earn in their future to pay for it.

And it also turns out that the reason we think this way is because of the way our brains come "wired from the factory."

Of Course, We're Just Scratching The Surface...

Problems like these go much much deeper, but until you get and understand that *we come wired backwards for success with money,* no progress can be made for creating Self-Made Wealth.

So now we've learned that money has a hole in its own bucket, and that we lose money when we use money - and when we confuse money with "real value."

We've also learned that we come "wired backwards" for success with money and wealth.

Now it's time to face another challenge that we all face with money - and another *dirty secret* about money...

Money's THIRD Dirty Secret: We Emotionally Self-Sabotage

Yes, you heard me right...

We self-sabotage. We actually create our own failure with money, because we make important decisions when we're "under the influence of emotions."

Psychologists and scientists who study topics like "Behavioral Economics" and "Neuro-Economics" have been discovering very surprising things about how we make decisions about money - especially when "the pressure is on" in life.

And what they have discovered has completely changed how we understand the psychology of success and failure with money and wealth.

Have you ever heard the stock market advice of "buy low, sell high"...?

Sounds simple enough, right?

In fact, we can make the rule even clearer by putting it this way:

If you buy a stock and it goes down, get rid of it.

If you buy a stock and it goes up, hold on to it.

But guess what individual investors do?

When they buy a stock and it goes down, they KEEP IT.

When they buy a stock and it goes up, they SELL IT.

And this leads to the result that most individual investors LOSE MONEY.

Why?

It's because...

We're Wired To Financially Self-Sabotage!

And now we're going to talk about making money decisions *under the influence of emotion.*

I call this phenomenon "Money Self-Sabotage" because this is one of the most dangerous situations that we will ever face financially in our entire lives.

Again, this is a land of emotions.

Here are two Self-Made WEALTH rules I'd like you to use from now on:

Rule #1: You can't make a good buying decision when you're excited.

Rule #2: You can't make a good selling decision when you're afraid.

Here's why: When you make a money decision when you're "under the influence" in EITHER of these situations *you will self-sabotage most of the time.*

To understand why, we must ask another question:

What Are Emotions?

I've asked a lot of very intelligent and very knowledgeable scientists and experts what emotions are and you know what? *They all come up with different answers.*

No one can really explain exactly what an emotion is.

Now we don't have time to really get into a deep discussion about behavioral psychology and emotional relationships with money and so forth but we've all had the experience that a strong emotion can literally change our personality instantly.

Do you notice how you literally "become a different person" when you're feeling a strong emotion like anger, fear or happiness?

I did an interview with Dr. Geoffrey Miller - the brilliant Evolutionary Psychologist - a few years ago. And I asked him what emotions were... and he gave a great analogy.

He thinks of emotions as different "channels" that we can put ourselves on - and each channel is like a completely different personality - a different set of behaviors.

And when we're "under the influence" of one type of emotion, we think completely differently and behave completely differently than when we are under the influence of a different type of emotion.

So if you change the channel of emotion you change the way you think. You also change the way you behave.

How Do Emotions Change How You Buy Things?

You're out at the store, you see something you want, you get all excited, so what do you do?

It's called impulse buying.

Impulse buying.

It might be a new television, it might be a new car, it might be a new piece of electronics gear, or a new model of computer.

We see it, we want it, we buy it.

And then what usually happens after we make an impulse buy... a day, or two, or three later?

We begin to "come to our senses" - and we realize that not only did we NOT NEED what we purchased, but we shouldn't have spent the money.

And we get what's called *buyer's remorse*.

We literally feel a *minor depression* over having made that decision to buy.

Here's the other side of the coin:

We get into situations where we are afraid that something bad is going to happen to us. We go into fear, and sell something to get money FAST.

And when we sell things fast - because we're in fear - do we sell them for top dollar?

Of Course Not!

You've probably seen signs all around you (especially in modern times) that say things like "We buy houses for cash!" and "Quick cash for your gold!"

Why do you think you see these signs all over?

There's only one good reason why these signs could be popping up everywhere... it's because...

They Work!

Everyone goes through times where they get into "financial fear."

When you're desperate and in fear *you will sell things for a lot less than they are worth.*

So if you combine these things that most of us do:

1) Buying things and paying too much for them when we're excited.

2) Selling things when we're in fear - and selling them for too little.

...and you do this over a *lifetime*, then you wind up like the average person: *broke and dependent on others.*

This leads us to our first Self-Made WEALTH rules for success with money...

Two Rules For Money Success

In most cases:

1) If you're going to make a minor purchase, wait at least a week before buying it.

2) If you're going to make a major purchase - like a house or a car - wait at least a month before you buy it.

The key here is to *stop making "impulse purchases" as much as possible.*

When you make the decision - *in advance* - to stop making impulse purchases, you take the first step toward freeing yourself financially. You take a bold step toward consciously CREATING financial success in your future.

And you'll learn something important when you make this decision.

You'll learn that *you'll survive.*

You'll be fine.

And you'll begin to realize that you're actually *happier* in the long-run when you don't buy "more stuff" - in almost every case.

A quick note here: I'm actually hurting myself as I say this to you, because I want you to invest in my Self-Made WEALTH program when it opens up- and I'm going to make a very powerful argument in the future for why YOU SHOULD invest in it. Make the choice carefully (and remember that I offer a full-month, 100% guarantee - so you can actually "test drive" my training for a month before you actually have to commit - which makes me feel good about pushing you to do it!).

Two More Rules For Money Success

In most cases:

1) Don't sell any valuable asset when you're under the influence of fear.

2): Don't sell any valuable asset without getting advice from 3 experts first.

When we get into fear, when we are afraid, when we get desperate, we typically isolate ourselves, we pull in, and we feel like no one could understand how bad things really are.

And since no one could understand our situation, we make decisions without getting good advice - and usually end up *screwing ourselves in the long term.*

So don't isolate yourself when you become afraid.

Don't sell your assets or your time *for less than what they are worth* - and don't delay researching until it is too late and you are up against a wall.

As soon as you see yourself getting into a bad financial situation, *immediately* be proactive.

Go out and start getting professional opinions.

Find people that know, ask others, ask business people, ask people that have experience.

Tell them about your situation, overcome your ego and your desire to "look good" and get advice from people who know what they're talking about.

In most cases, someone with experience will be able to give you advice that will allow you to head off the problem - and not wind up *sacrificing* all the value that you've created by selling your assets, your time, or things that are valuable to you for pennies on the dollar.

Again:

Don't Buy When You're Excited, And Don't Sell When You're Afraid!

You lose big in both cases.

IMPORTANT TIP: Even more dangerous than just buying when excited and selling when afraid is BORROWING when excited or afraid. Using credit cards for impulse purchases or cash advances. This is a different conversation for a future lesson, but for now I'd like you to remember that if you borrow or use credit cards when under the influence of emotion, you MULTIPLY the damage to yourself. If you join me for Self-Made WEALTH, I'll teach you how to get out of this vicious cycle and free yourself from this wealth-killing pattern.

To take advantage of what we've learned in this session, and use it to take our first steps toward creating Self-Made WEALTH, let's do an exercise to overcome our "Money Self-Sabotage"...

EXERCISE:

Overcoming Your Money Self-Sabotage

When we are "under the influence of emotions" we tend to make poor money decisions and expensive financial mistakes. Use this exercise to identify experiences where you have made money mistakes because you were under the influence of strong emotions, and to plan different future behaviors that will help you create Self-Made WEALTH.

- Think of a time when you bought something "on impulse" - because you were very excited - and you wound up regretting the decision later. Write down your experience, and what you'll do differently in the future as a result of what you've learned in this report
- Think of a time when you sold something when you were in fear, and it wound up costing you big in the long-run. Write down your experience, and what you'll differently in the future with your new knowledge
- Think of a time when you made a financial decision in your life without getting advice and input from others who had experience and expertise - and you wound up making an expensive mistake. Write down your experience, and what you'll do differently now that you've learned a new way to behave

Thank you for reading this Self-Made WEALTH report, and I'll talk to you in the third report and video!

Eben

P.S. Make sure you get on my VIP list - which will give you access to an exclusive video interview where I share many of the key lessons I've learned about money and success - as well as early access to Self-Made WEALTH and other benefits. You can get on my VIP list for free here:

SelfMadeWealth.com/vip