

Money Is the Tool That Allows Us to Live Well and Give Well

Let's get something straight. **Money is a tool!** By itself it is nothing more than paper and metal, but it is a powerful means to many different ends. It provides the one who has it with optionality. Simply put, it is the tool that enables its possessor to both live well and give well.

On this blog and many personal finance blogs, we (PF bloggers) talk a lot about **e**arning money, **s**aving money, and **i**nvesting money (**E+S+I = Wealth**). These three actions provide us with the simple formula to building wealth (this is a great opportunity to plug my good friend [ESI Money who focuses on these three simple steps to wealth](#)). However, I'd like to focus on what it's all for in today's post. Why all this focus on money? Heads up: it's not about accumulation for accumulation's sake.

We build wealth to ultimately spend it!

The end.

Just kidding; not the end - let me explain. It is about spending, but there's more to the story. The reality is that living in the world that we do costs money. So there's that. There is no way around that truth. But what that will cost you - the final tab at the end of your life - ultimately depends on how you want to live.

Some choose to live a very frugal (minimalist) lifestyle.

Some choose to live a lavish lifestyle.

Some choose to be philanthropic and give the majority of their wealth to charity (which still constitutes spending).

Some choose to build a legacy with their wealth that lives beyond themselves.

There is no universal right or wrong answer, which is why we call it personal finance!

No matter what “style” of living we each choose, at the end of the day whether we get to design the life we really want to live comes down to a personal series of action choices for each and every one of us. How you leverage money in your own lifestyle design will dictate where you land on a spectrum, with two ends that are far away from each other: those that are good stewards of their wealth get to both live well and give well. Those who are not responsible with their spending end up living paycheck to paycheck (or worse, no paycheck to no paycheck), with little preserved choice in how they get to live their lives. There is no living well at that end of the spectrum, and most certainly no giving well.

Money in the GYFG Household

If you have ever read [my about page](#), you know that I’m my household’s self-proclaimed Chief Freedom Officer (the first C-Suite title I gave myself, [but not the last](#)). It’s my job to figure out how to accumulate enough wealth to allow my wife and myself to both live well and give well. Mrs. GYFG and I share the decision-making duties of how to allocate our spending, although she tends to take the lead in the giving department. I would say she is our Chief Philanthropy Officer.

How We Give Well

Since Mrs. GYFG and I graduated college, our total giving is quickly approaching six figures. I want to share some of the things that we do as a household in the giving department. I hope that our giving inspires (or guilts) you into making room in your spending for enriching the lives around you of those less fortunate.

- **Arise Africa \$1,200/year** - We sponsor a little boy named Lovemore (the greatest name!) in Africa for \$100/month. This small amount makes little difference in our monthly spending budget, but makes a world of difference for him. This is enough to put a roof over his head, food in his belly, and provide him an education.

- **Impact Club \$400/year** - As a member of this club, my wife participates in choosing one charity to donate to quarterly. Everyone in the room votes and then writes a check for \$100, often raising \$10,000 to \$20,000 for that one charity. The idea is that as a group you can have more impact by focusing on one charity per quarter vs. making 100 or 200 smaller donations to a lot of charities.

- Random Acts of Kindness \$1,000/year - We don't really track this per se, but these are things we do throughout the year on a whim. An example would be when we saw a mom and her kids hanging outside the grocery store asking for help for a few items. They didn't speak much English, but we were able to communicate well enough to tell her to take her kids and a shopping cart and fill it with whatever she needed. We shopped while she shopped and met her at the checkout counter and paid for her entire grocery basket.

Or another time more recently at the gas station, we noticed an older man (in his late 70s) offering to wash windows in order to get some gas money. He worked hard and you could tell it was difficult for him to move around, but he was willing to do whatever needed to be done. Although he was only asking for a few bucks, I let him wash my windows and then proceeded to give him \$20. His eyes lit up and I know that made his day.

- Helping Family (hard to quantify yearly) - I have always been a big believer in trying to help those that are closest as a priority. Some may call it nepotism, but I don't see it that way. I have written plenty about recently [helping my brother by putting him in rehab](#), which cost \$33,000 but was money well spent. What might not be as obvious is that our support for him didn't stop there, and we likely spent close to \$40,000 in 2017 alone. However, we are committed to his recovery and want nothing more than to see him live up to his full potential via this hand-up.

Back in the 2008-2009 financial crisis, we helped certain relatives out by paying one of their bills that ran \$900/month, for 36 months. This allowed them to get through a difficult time without losing anything.

Although this didn't cost us any money, we leveraged our credit and [helped another brother buy a car after his was totaled](#). This not only set him up with a car payment that was about half of his previous payment, but it also provided a very solid car for him to transport our little niece around safely. (We stuck to an amount that would have been inconsequential to our budget if we had had to make the payments.)

Some time back, we also lent \$3,000 to a friend interest-free in order to help him out of a difficult situation. We were okay going in knowing that there was a chance that we would never see that money again. But we did get paid back in the end over a 12-month period.

This has accounted for a lot of our giving to date from an absolute dollar standpoint.

- **Donations to Local Animal Shelter \$250/year** - We are dog lovers and so this one hits near and dear to our hearts. Luckily I was able to convince my wife to help by donating money, rather than adopting hundreds of dogs (she doesn't have any self-control when it comes to a puppy in need).

This is not an exhaustive list but rather a flavor of the giving we have done or continue to do in the giving department. There's an old saying that we should give with the left hand so that the right hand doesn't know. I'm not making these gifts we've done public in order to brag, but more to show the various ways we have been able to use money as a tool to improve lives beyond our own, and perhaps inspire you to find your own ways to do the same.

We have recently been discussing setting up a DAF (donor-advised fund) that would be the start of a perpetual giving machine of sorts. This is a tool used by the very wealthy, but also available to us "normal" people. I'll write more about that in the future.

How We Live Well

When it comes to living well, we might excel a little too well in this department. I have shared in the past how I think [extreme frugality is for the birds](#). I want to have my cake and eat it, too. I might be a weirdo when compared to my fellow PF bloggers, but I get just as much joy spending as I do saving (well, so does Mrs. GYFG, so I guess we are well-matched weirdoes!). I don't mind wearing three hats; big earner, big saver, and big spender (as long as it is all relative).

Jim Rohn once shared a lesson from his mentor Mr. Shoef. He used to complain that things cost too much and when Mr. Shoef heard this he replied "the problem isn't that things cost too much. The problem is that you can't afford it." If you really want the things you think cost too much what you need to do is figure out how to increase your income so that affordability is no longer an issue. I no longer believe that things cost too much. Instead, I realize I may not be able to afford everything I want right now, but with more income, anything becomes affordable.

I would much rather figure out how to earn an extra \$10,000 to pay for something than to stress about the fact that something costs \$10,000. To me, it is much more

enjoyable increasing income to a point where spending doesn't matter. Many in the frugal camp spend so much energy figuring out how to save \$200, \$500, or whatever the amount is, when their time could be better spent increasing their income to a point where the \$200 or \$500 is no longer material or deserving further contemplation.

I'm not being critical. I'm just pointing out this important mental shift. I've lived as that frugal person, and there was nothing wrong with it. In fact, I do want to be clear that I'm not telling you to spend money recklessly. I'm saying spend money intentionally on the things that bring you joy. As quickly as you can, focus on the income side of your equation, and expand the parameters of the equation so that you can do it as big as you want.

I want to free you from a state of scarcity so that you can live in a state of abundance. I don't want you to settle - I want you to have your cake and eat it, too. I want you to live well (by your own definition), and give well. This is about enabling you to truly design the lifestyle you want!

When it comes to living well, here are a few rules that the GYFG household strives to obey:

(1) [Be income-focused, not expense-focused](#). You can only cut your expenses so low. There is a natural floor. You still need shelter and food. There is no limit on how much you can increase your income. It's the difference between embracing a scarcity mindset vs. embracing an abundance mindset.

(2) [Practice relative frugality](#). Stop stepping over dollar bills to pick up pennies. You're not going to get rich clipping coupons or reusing your paper towels. You don't have to live like a college student to get rich. There is no denying that the first step in building wealth is spending less than you make, but that doesn't mean you have to live like a pauper. Your spending will be relative to your income and the more you make, the more you get to spend.

(3) [Aim to save 50% of after-tax income](#). This builds off rules (1) & (2) above. If you want to build wealth rapidly, while living the good life at the same time, I recommend aiming to save 50% of your after-tax income. The law of 50/50 allows you to save 50% and spend the remaining 50% guilt free. It's your free ticket to lifestyle inflation should you desire to live a bigger life. It's likely you will reach a level of spending contentment, which for the GYFG household is

currently around \$120,000 per year. Once you reach this point, this allows you to increase your savings rate above 50%.

(4) [Outsource things that don't bring you joy](#) and are not a highest and best use of your time. Life is too short to spend time doing the things you don't enjoy that can be hired out. You may not be able to do this all at once, but as you increase your income, continue outsourcing the things you no longer want to do. My litmus test is if I can hire it out cheaper than my effective hourly rate, then it is a no-brainer. These days that hurdle is running \$150/hour and climbing. Money allows you to buy time back to spend it as you wish.

If you live within the framework provided by the rules above, you will truly empower yourself to live the lifestyle you desire.

You're probably wondering what kinds of things the GYFG household spends its money on to live well, right? Below are some examples of the things that we spend on that currently bring us joy. I fully expect some of these to change and shift over time.

We love food and booze! We love to cook. We love trying new restaurants (sometimes these meals out can be very pricey, like \$500+). Since we enjoy sharing this experience with our friends and family, we enjoy picking up the tab from time to time. We love having people over and cooking for them and making fun cocktails or opening delectable wine (we have several memberships to specialty wineries). This category runs us \$2,500/month on average.

We love to travel! Although our [credit card churning](#) helps offset this category, before cashing in rewards we probably spend about \$15,000/year in this category. Two examples that come to mind are the house we rented in Del Mar that cost \$3,000 for four nights or the house we recently rented in Tahoe for the week, which cost \$3,500. Or our trip to St. Thomas over the end of 2016 into 2017, which cost north of \$5,000.

Home Improvements - Although we bought a relatively new house, there are a number of things we have done to it, and more that we plan to do to make it our own personal home. Since buying the house in 2014, we have spent \$15,000 to \$20,000 per year on home improvements. This is something I expect will decrease significantly after 2019, when we will have completed our list of projects.

Outsourced Chores - I don't enjoy doing yard work and besides tending her flower garden, neither does Mrs. GYFG. So we pay a landscaper to keep our yard looking nice. We are both working professionals in the GYFG household and the last thing we want to do on our free time is deep clean our house, so we pay for house cleaning. We pay to get our dogs groomed and bathed. Although we love to cook, and have set goals to eat healthily, this can be tough to keep up with during the week with the schedules we keep, so we also pay for prepped meals for our lunches. Mrs. GYFG still washes her own car, but I take my car to the car wash (about four times a year). This is just to give you a flavor and a sneak peek into the spending of the GYFG household.

What do you think? What does it mean to you to "live well and give well?" What indulgences do you spend on? What causes are important to you in the giving department? What do you outsource?

- Gen Y Finance Guy



Gen Y Finance Guy

Hey, I'm Dom - the man behind the cartoon. You'll notice that I sign off as "Gen Y Finance Guy" on all my posts, due to the fact that I write this blog anonymously (at least for now). I like to think of myself as the *Chief Freedom Officer* here of my little corner of the internet. In the real world, I'm a 30-something former C-Suite executive turned entrepreneur turned capital allocator. I am trying to humanize finance by sharing my own journey to Financial Freedom. I believe in total *honesty* and *transparency*. That is why before I ever started blogging, I decided that I would share all of my own [financial stats](#). I do this not to brag, but instead to inspire motivate, and also to hold myself accountable. My goal is to be a beacon of hope, motivation, and inspiration for *you*, the reader, by living life by example and sharing it **all** here on the blog. My sincere hope is that you will be able to learn from me - both from my successes and my failures! [Read More](#)