



There Is No Secret—the Financial World Isn't Rigged

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By Jonathan DeYoe

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Money is not a mystery. There is no secret. Nothing is rigged, and no one is doing any rigging.

But words like "secret," "rigged" and "mystery" are loaded with us versus them attitude and they sell books, CDs and ads.

The formula goes something like this: Write a book (or article or blog post) with a serious "us" versus "them" slant. Make sure you are representing the "us" side to agree with a vast number of people, then load it with opposition and invective. Your readers will love you and tell their neighbors who will also read it, then look for your next book. This is increasingly the secret of success in non-fiction literature and web-marketing.

Even though there's absolutely nothing wrong with it, we should recognize it for what it is: we are all looking to confirm our own thinking and Authors are telling us what we want to hear. We crave the sweet, salty, fatty foods served at McDonald's and Taco Bell, which is the only reason it is easy for them to sell it to us after the movie "Super Size Me" was released — did you see what eating that crap did to that guy? But are McDonald's sales down? No. There's been one new all-time high in sales followed by, you guessed it, another new all-time high.

Selling stuff, even ideas, to people who really want to buy them is easy!

But there is no secret in personal finance. It is a simple resource management issue and resource management is as old as tribal culture. You kill a buffalo and it will feed and clothe your family, or village, until it doesn't any more. If there are fewer buffalo around, then you better make this one last longer. If there are lots of buffalo, then it doesn't matter as much, but out of a nearly religious respect for the possibility of limited buffalo, you still want to use every bit of it and not waste it.

Time is your only nonrenewable resource. You'll trade some of it for money, but hopefully you are doing something you love so that it doesn't seem like a trade-off. If you aren't, if you are working in one of the truly

soul-crushing, dead-end jobs out there that only make sense as an important stepping stone to a better job, your goal will be to trade off as little time as possible for as much money as possible. If you in this position, then I hope you are growing to a place where you enjoy what you do perhaps even enough that you would do it regardless of what they pay you.

Once you have figured out the time-for-money trade-off, then money is just another resource to manage. It is a wonderfully renewable resource early in life, but later on in life, money renewability wanes. So throughout your life you have to, like the squirrels, stash some of that resource away and create your own pile of nuts that renews itself.

In simple terms: You have time. You trade some time for some money. You save some money and spend the rest on living. If you spend more than you make, you are reducing your savings or going into debt. If you can spend substantially less than you make, you will have a larger pile of nuts more quickly and will be able to stop, or just slow down, the stashing behavior sooner. The more quickly your pile reaches about 25 times the amount you spend on living every year, the faster you are free to spend your next helping of time in any way you like.

To do this requires a habit of savings, a plan, a simple portfolio (perhaps multiple portfolios), and a healthy dose of emotional intelligence – call it faith, patience and discipline.

There is no secret and the game is not rigged against you. Anyone telling you otherwise is probably trying to sell you something. If you take them at face value, you do so at your own peril.

Alternatively, do the simple math and start slowly, but inexorably, getting ahead.

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Jonathan K. DeYoe, AIF and CPWA, is the founder and President of [DeYoe Wealth Management](#) in Berkeley, CA and blogs at [The Happiness Dividend Blog](#). Follow Happiness Dividend on [Facebook](#) at www.facebook.com/DeYoeWealth or [Twitter](#) at [@HappinessDiv](#).

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