

The Financial Harmony Podcast

Episode 3

Your Level 10 Financial Life

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Hello and welcome to another new episode of the Financial Harmony podcast. This is episode 3: Your level 10 Financial Life. And I am super excited about today's topic, as I love a good, practical and motivating tool that helps me achieve my goals. And the level 10 Financial Life is a great example of that! So let's dive right in!

As said, today we are going to look at your level 10 Financial Life, which is inspired by the concept of the Level 10 Life (so not specific to your Personal Finances but about your life in general) that Hal Elrod came up with in his book the Miracle Morning. Okay, so if you haven't read that book, I can absolutely recommend it, as it is a fantastic book about how to use your mornings to be the best version of yourself and build a whole productive morning routine.

But back to this Level 10 Life concept as interestingly enough, that was almost like a by-product of the book that Hal created as a free download to accompany his Miracle Morning book. But it is a fantastic tool to use to push yourself to achieve new things. Hal identified the 10 important areas in one's life, such as Health & Fitness, Family & Friends, Finances and your Career or Professional Life to give you some examples. And he said the following about this:

"If we're measuring our level of success or satisfaction in any area of our lives, we all want to be living our best lives at a level 10, in each area."

So he divided those 10 important areas into 10 levels, with level 0 being the lowest in an area, and level 10 being the highest in terms of success or satisfaction.

Just to be clear, it is about evaluating each and every area individually to decide how successful or satisfied you feel about each one. Hal then said:

"Creating your level 10 life begins with creating an honest assessment of where you are. On a scale of 0 - 10, rate your current level of success or satisfaction in each area. Once completed, you should have a clear picture of which areas you're doing well in, and which ones you need to focus on to create your level 10 life."



Hal has a super helpful free guide on this, and if you'd like to look at this more, then I strongly recommend you check it out. You can find the link in the show notes for this episode on ingenataliehol.com/episode3 - and that is the numeral 3.

So that's the concept of the Level 10 Life and the origins of this idea, for which, as I said, all credit goes to Hal Elrod for designing this amazing concept. Now, you might have noticed that when I gave you the examples of the 10 life areas Hal identified, one of them was Finances. And of course that makes total sense, as our money is an important part of our life.

But the term finances is also a super big umbrella for many sub areas that together make up your personal finances. So, what I have done and what we're going to talk about in this episode is how you can use this idea of a Level 10 Life and apply it in much more detail specifically to your personal financial life. And that gives us a wonderful opportunity to not just say "I am a 6 out of 10 for my finances", but you can be much more specific when identifying your financial areas that you are happy with as well as the ones that you might need to work on over the next couple of weeks or months.

I hope this sounds like an interesting idea to you, and if you're still a little confused then rest assured as it will all become clear throughout this episode when I go over this in great detail. Also I wanted to let you know that I have created a free download with this episode that you can get so you can work through all of the information coming up. You can download it in the show notes on ingenataliehol.com/episode3.

So let's look at what your level 10 financial life is in more detail! I'm going to go through each of the 10 financial areas individually and if you're following along with the download you can then use that to assess yourself in each area, and then set specific goals for each one to work on. But you can also do this at the very end of course once we've gone through the entire episode.

First up is your mindset, which I believe is the best starting point in terms of your financial life. Now you might hear this and think: come on Inge, I hear mindset this and mindset that pretty much everywhere these days, I don't want more of this! Well... I am going to ask you a question then: if you truly want to create financial harmony in your life and if you want to feel content with every aspect of your financial life - and if you've listened to my previous episodes, then you know that this isn't only about money but also how you spend your time and whether you feel that the balance between your time and your money is reflective of what's important to you in your life. So if you really want to have this awesome financial life, BUT if you also at the same time somewhere deep inside believe that you aren't good enough, or that you aren't smart enough or that you won't be able to follow through with it all to actually achieve this... Then tell me honestly whether you think you can actually achieve that idea of financial harmony? I'll tell you what I think: you won't. As somewhere along the line, the story that you tell yourself, that you aren't clever enough or that you can't work hard enough, or that you don't deserve that life, it'll become your truth and one way or the other, you'll self-sabotage and fail.



So, your mindset, it is super important to get that to the highest level possible, as it will literally fuel your journey to whatever it is you're trying to achieve. If you download the worksheet that I mentioned earlier, you'll see that I've included some questions to help you assess your financial mindset. And I hope that you understand that without the right mindset, it will be much, much harder to find the success that you're looking for. So take a moment to decide how well you're doing on this area.

Okay so that was number 1 of the 10 areas, let's move on to the second one, which is your savings. Again, if you've listened to my earlier episodes then you probably know how important I believe your savings are to create financial harmony in your life. And a part of that is because your savings are of course really important for your short term and your long terms goals and financial health. So if you don't have any money set aside for unexpected problems such as a broken washing machine or a car repair for example, then you might struggle to deal with these expenses when they come up. Similarly if you really want to go on an overseas trip but you aren't setting money aside to build up the required funds to be able to do so, then your trip might never happen. And not only that - you're also missing out on the anticipation and the pride you'd feel if you were able to set aside some money towards that goal every month. As I really believe that personal finances can be fun, and that it's not misery and struggle, creating your financial harmony or Level 10 Life is all about enjoying the journey too. So your savings: they're really important to build a cushion, to fund a dream and to establish a secure future. So again, take a moment now, or at the end of this episode, to decide how happy you are with your savings patterns and to set some specific goals.

Let's have a look at the third area of your financial life: your debt. If you're like most people then you probably have some type of outstanding debt for a purchase for which you had to borrow money to pay for it. This might be a student loan, a car loan, an outstanding credit card balance and of course your mortgage, which - if you have one - is probably your biggest debt! I'm not really going to go into the ins and outs of debt here in this episode, and how to deal with this, but I do want to focus on two really important consequences of carrying debt. The first one is that having debt is in most cases very expensive. When you borrow money, you pay interest. Not just plain simple interest, but also interest on interest which is known as compounding interest. Unfortunately most people aren't aware of how much interest they actually end up paying on a debt, which as I said is much more than just a simple % of the total amount. And be honest: have you ever made the effort to calculate the total amount of interest you'll end up paying on a specific loan?

Secondly, as long as you have debt, you're always indebted to your creditors. So you're never really free to spend your money the way you want to right at this moment. How much more freedom would it give you if you didn't have to make payments for a past purchase?

Now of course, debt isn't going to disappear overnight, but there are three different approaches when it comes to dealing with debt that I quickly want to look at. The first one, is the one that I



strongly advise against, and it is not to worry too much and even continuing to build up debt. That means that every month your outstanding balances are increasing, meaning more long-term costs, less freedom and more worries. Don't do this.

The second one is the one where you take a slightly less passive approach and just pay the minimum on your outstanding debts. Of course, this is a better option than the first one, but you're probably missing out on opportunities to save money in the long run, as those interest payments are still taking up a big chunk of your hard earned money each month.

Then there's the third option which is to eliminate debt from your life as fast as you realistically can. You can do this by making extra payments on top of your standard monthly payments. And by doing so, you not only reduce the amount of time you need to pay off the loan, it also reduces the amount of interest you pay overall. Now, of course that doesn't mean that you need to prioritise paying off debt over anything else in your financial life, but it is something to think about. I'll be talking about this more in an upcoming episode. For now, good to be aware of the amount of debt that you currently have as well as which of the three approaches you are following at the moment and how happy you feel with all of this.

Okay, time for the fourth area of your financial life, which is your expenses. And of course this is always a hot topic that people love to talk about, whether that's 200 tips on how to save on your groceries or the complete opposite end of the scale with people saying that there is no point in counting pennies or cutting coupons and that we needn't worry about our expenses, but instead look at other ways to achieve our financial goals. Now regardless of what you believe how you should approach your expenses, the most important question to start with is whether the way that you spend your money aligns with how you would like to spend your money. What I mean with this is that if you would love to save for a downpayment on a house, but you also eat out let's say twice a week every week and you find that you are just not able to consistently save up any money towards that house, then you really need to ask yourself how you want to be spending your money. Maybe eating out twice a week is non-negotiable to you for whatever reason, that's okay. As long as you know that this means that that downpayment is just going to take way longer. But if the eating out is really important to you, then decide: are you still going to pursue saving towards a house, or is there maybe another way that you can save elsewhere? Are you okay to give up your spending on something else, or otherwise cut it down a little?

Now what I think is really important here, is that you find what works for you. So if your best friend or one of your parents is very religious about never buying a coffee on their way to work for example, that really doesn't mean that you can't do it. It's your money, your life, and as long as you have chosen for that to be something that you want to spend your money on, then by all means: go ahead! And don't feel guilty about it. But if you realize that you buy a coffee on the way to work out of habit, and not as a conscious decision, because you love that particular coffee, or it gives you a nice start of the day, then maybe you want to think about how much money you spend every month on your coffees and then decide: is this what I want to spend my money on, or not?



That means that what is the right expense for somebody can be completely wrong for somebody else, and that is totally okay! Now apart from aligning your spending patterns with your values, or long term dreams or ideas, there is of course also the practical side of how much money you spend every month and whether this is really within your spending power or whether you spend more than what you have coming in. So that is a second factor to consider when analysing how satisfied you are about your spending or how well you control the art of spending.

That takes us to the fifth area of your financial life, which is closely related to your expenses, or better said it's the opposite of your expenses - right you might have guessed: it's your income. If you know anything about me then you probably know that I love talking about income. I feel super passionate about this topic, and that is because it wasn't that long ago that I, like many people, never thought about how many different types of income streams actually exist! I thought that having a job was the only way I could make money. So when I discovered that there are in fact 7 different types of income - yes! You heard that right, there are 7 income streams! - I got super intrigued about this concept and it is the topic I am generally most excited about. I have got a podcast episode coming up on these 7 income streams real soon, so if you want to know more about this, then definitely stay tuned, but for now suffice to say that although I once believed that it was my employer who was in complete control of the money I earned, I now know that it is in fact me who controls that. That's kind of a scary thought but it is also really exhilarating if you think about the fact that I control the limits of my earning power if I want to! And of course, if you don't want to have that power, or if you don't feel ready for that type of power yet, then that's okay too!

So, just to clarify: money you earn from a job is just 1 type of income stream. A different one would be money you get from running your own business. As said, we'll look at these in due course in a different episode, but for now the starting point to analyse is your income satisfaction or success: how content are you with the amount of money you are making and specifically with the amount of money you are getting in return for the job that you do? And added to that, if you've always had this dream to start your own business, but haven't yet, then maybe that might be an indication that there is still something to work on in this area, as having your own business would also mean having another income stream. So give this some thought and decide how happy you are with how much you make. And of course, with how much more you would want to make. Not everybody wants to earn a 6 figure income, especially not if you need to sacrifice too much in order to make that amount of money. So part of this is also how much do you want to earn bearing in mind how you would be earning that money.

Now, financial area number 6. And this one is retirement provisions or pensions. I know that this can be a bit of a headache and I totally understand why, as it might seem so far away and there's so many other things to do and think about than our retirement. But I know that this is also something that can cause a lot of stress or worry or uncertainty. It can be mega tempting to just put this off and leave to think about in the future. But be honest for a second and ask yourself how often you've told yourself that you'll do that at some point in the future and then didn't actually



do it? I bet it's probably a little bit too often. The problem is, my guess is that you'll likely want to retire at some point and that maybe even you'd love to be able to retire on your terms, and not on those set by the government or state or by your very empty retirement fund.

So again, we will be diving into retirement options in a future episode, and bear in mind this is one of those topics that is very different depending on where in the world you live, but there are certainly some common denominators here that I'll be talking about. For now, take some time to assess how you're doing in this area of your personal finances. And again, this might be substantially lower than some of your other areas if this is something you've never looked at before. Or you might only have a vague notion of some sort of retirement plan that you're contributing to. As always, that's okay.

Number 7 on our list is financial security. And with this I mean how you protect yourself, your loved ones and your finances from possible problems. There are two huge pillars that make up your financial security as well as some smaller ones that support this area. The first big part of your financial security is your insurance, so any insurance policies that you have or don't have, to protect you against loss, damage or ruin basically. Think about a life insurance, a disability insurance or a car insurance to give you some ideas.

Then the second big element of financial security is your will. Of course, this is generally NOT a very cheerful topic most of the time, but it is such an important part of your financial life. And once again this is possibly also something that you might not have sorted out altogether. Along with a will there are often some other things involved or recommended to look at or register, such as a power of attorney or a guardianship if you have underage children for example. Serious topics and definitely things you don't want to leave undone or unlooked at.

As I said these are the two main parts of your financial security, but there are some other things, that might seem trivial, but can cause a massive headache if you don't look at this properly. First of all, there is the protection of your accounts, in particular your bank accounts or any online accounts that you have. Think about double authentication and having a really difficult password, and not your pet's or daughter's name + their year of birth. Then there is also the very boring sounding topic of taxes, but once again this is a very important area of your finances that you don't want to overlook. And you always want to make sure that you can pay your taxes and that you calculate them into any budgeting decisions that you make and money you set aside.

Okay, I hope you are still with me as we move on to number 8 of your finances and this is another super exciting one, but also a scary sounding one to some: and this is investing. I am absolutely going to dedicate quite a few episodes on this topic in the future, as investing is such an amazing opportunity to create money as part of your long term financial plan. Now there are different ways to invest and different vehicles that you can use. If you've got some type of private retirement fund then you're probably already investing, maybe even without you knowing it! Or you might have quite some knowledge on this topic already and have some type of investing going on.



I have to say though, as “they” always do, that investing is absolutely never without risk, so this is super important to remember. And if you decide to invest or if you are investing already then you really have to almost have the attitude that you can first of all, totally do without the money that you invest on a regular basis and, second of all, be prepared and be able to live without the money that you have in your portfolio altogether. By no means do I think that you will lose all your money as there are absolutely ways to reduce the risk of investing, but timing can be unfortunate. You might count on a certain amount of money at a specific point in time, say when you reach 67 for example but if that happens to coincide with a big recession or a big market crash, then you don’t want to be pulling from your investment portfolio. I know, that isn’t what you’re investing for or what you picture when talking about investing, because I am sure that your idea behind it would be to actually make money from it. And yes, that’s absolutely right and makes total sense, but it is a riskier business than using a savings account, and so I really believe that you need to work off this extra level of caution and warning. Anyway, as said: investing can be great and we’ll definitely start talking about this in some future episodes. For now, assess your success or satisfaction with investing and if this is currently at a level 0 then don’t worry, that is absolutely no problem whatsoever.

Moving on to area number 9 of your financial life: and this is others. Now, what do I mean with others? Well principally two things. There is the others in terms of loved ones who could from your awesome financial life in some shape of form. So this can be maybe your children or your grandchildren for example. And a really obvious situation would be an education fund to pay part of their educational costs in the future. Another one could be an investment or savings account that you might want to give to them maybe when they turn 18 or 21 or buy their first house.

Of course there are many different options! But, it doesn’t always need to be money. There are other ways in which your children or grandchildren or nieces and nephews can benefit from your financial life and knowledge. And this is one that is in fact overlooked many times, which is such a lost opportunity to give the next generation a solid foundation or even a headstart when it comes to their finances: and this is financial knowledge. Now, I know that you’re not going to sit your 10 year old down to talk about money just like that, or tell them how investing works. Pretty boring form them and the information will probably not stick with them anyway. But there are lots and lots of different ways to make finances fun, interesting and - not unimportantly - a topic of conversation so that they don’t feel embarrassed or uncomfortable to talk about it. And you can start this from really early on. Think of a young child who has three glass jars in which she can divide her savings: a spending jar (for sweets for example), another one for savings (such as a new video game) and another one for giving away. And you can start that really early on, and with time this can develop with the child’s age of course and when they’re a little older you can open a savings account with a bank for them instead of the savings jar.

And that brings us to the second part of this financial area of “others” and I’ve just hinted at this a little bit before - and this would be donating or giving to charity. Now I strongly believe that no matter your financial situation, and how much you have or feel that you don’t have, if you are



listening to this podcast, then I'd say it's pretty certain that your financial situation is leaps and bounds above a lot of others in the world. And as I truly believe: there is a charity for everybody. The homeless, the elderly, children in third world countries, shelter animals, art, nature, medical causes, you can really find so many different options. And giving to charity can be just \$10 a year of course if you need to start somewhere. Then with time this can become more. But you probably have \$10 or €10 to spare on a yearly basis I would have thought. So take a moment to think about and assess this area of your financial life.

Okay, now time for your last financial area to finish this level 10 Financial Life off with and I feel this one somewhat closes the circle with where we started: The tenth area is all about your financial habits. Another big passion of mine and there's so much to talk about here, as financial habits are incredibly powerful, if you want to create a healthy financial system for yourself. By making sure that you review or complete certain tasks repeatedly, you can really set yourself up for success and not just create wealth or more financial security, but also a super solid foundation for your big dream that I spoke about in episode 1 and 2 of this podcast.

So what exactly are some powerful financial habits? Let me give you a few examples. Tracking your spending is a great one to start with if you don't have such a clear picture yet of how much you spend on different things. I usually recommend that you do this daily, but if that sounds too overwhelming, then weekly is already better than nothing! Small steps are okay, although if you do this weekly instead of daily, then you might of course not always remember all of your expenses.

Another great habit is to calculate your net worth. This really wouldn't be a daily task but a monthly one if you really want to zoom in, although doing this every trimester is also absolutely fine too! And if you don't know exactly how to calculate your net worth, then make sure to tune into one of my upcoming episodes in which we'll go into this in great detail!

Lastly, a trimesterly habit would be to update your savings goals and progress on them or to increase your retirement fund contributions. These are just some examples, but what's important here is that financial habits can be so helpful on your way to financial harmony. So give this one some thought to see how you are doing in this area. And as always, if you feel that your habits are quite weak or pretty non-existent at the moment, don't worry as we'll cover this as well in future episodes.

Okay so that were the 10 areas of your financial life, so let's recap what they are:

1. Your Mindset
2. Your Savings
3. Your Debt
4. Expenses
5. Your Income or earnings



6. Retirement provisions or pension
7. Financial Security
8. Investing
9. Others
10. Your Financial Habits

Now, you might be wondering how this can be of any practical use to you. And that is a good question of course, and here's the simple answer: If you want to make progress, get ahead or start something new, then it is so important to know where you currently are. Then, once you've got a clear visual picture of your 10 areas, it is a lot easier to set yourself really specific goals.

I don't know about you, but when I started becoming interested in personal finances, my goal was simply to "be better with money". Now I look back at that and I know that that is just way too general a goal. I mean, it doesn't even give me any guidance on where to start nor does it represent any clear goal in any specific area.

So once you have an overview of your 10 different financial areas and know how well or not so well yet you're doing on each one, then it'll become a lot easier to set goals and from there to create a plan in order to actually reach those goals.

One thing I want to point out here is that you're probably not going to want to set yourself goals in all 10 areas to focus on right now. From my experience it is not usually wise to overload yourself with too many things to work on at the same time. That doesn't mean you can't set yourself goals in each area, it just means that you're not going to work on all of them right now. That would be overload and when that happens, you'll likely give up on ALL of them, meaning you achieve nothing. My recommendation: don't focus on more than 3 areas, or even better: focus on just on 2.

A second warning I want to give is that you don't have to start with the area you score the lowest on. Let's say that you've put a "2" down for investing, as you're not really investing at all, you just know that your retirement fund is maybe doing some type of investing for you. That's fine, but that needn't become your priority if at the same time you have let's say a "5" down for income and / or a "4" for savings. Maybe those areas are much more important to focus on first. I am just giving examples here. But my point is that just because some financial areas score a little lower, that doesn't mean they should be your priority. When deciding on your goals, decide which ones are more important and make more sense to start with now. Once you've got those to a high enough level (which needn't be a 10 by the way, reaching level 7 or 8 might well be enough for you for the time being), then you might move on to another area or another goal.

Okay I think we've looked at quite a lot here and I hope you feel excited about assessing your level 10 Financial Life. Now one last tip I would like to give you: in your download you can find the level 10 wheel where you can assess your different areas. Now one really great financial habit you can already implement is to just fill this out at the end of every month. You can print off the specific



page in there with the level 10 wheel every month, and there is a space to write the date too, and that can really help you see your progress and help you in setting and reaching goals. Remember to get the worksheet on ingenataliehol.com/episode3.

So that was it, the end of this episode of the Financial Harmony Podcast. I hope you enjoyed it, make sure to subscribe and I'll see you next time.

