

Forget New Year's Resolutions – try New Year's Commitments

Managing Your Money

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It's hard to think about the New Year without thinking about New Year's Resolutions! And there is something to be said about the "fresh start effect" – starting a new goal at the beginning of a week, month, season, or in this case the beginning of a new year. According to research it is a good time to start something new or reset. So why is it that most people fail so miserably at New Year's resolutions?

Resolution vs. commitment

A resolution means "a firm decision to do or not to do something." Commitments need to be aligned with your values. Consider the difference between making a new year's *resolution* to go to the gym three times a week, versus a new year's *commitment* to take better care of your health. This may also mean you decide to go to the gym, but it then becomes only the means to a greater end (ie good health). For me, the latter resonates far deeper, and I feel more committed to upholding the idea of it. That doesn't mean commitments are easier, but when the commitment is to a deeper, long-lasting end value, I think it's easier to be disciplined.

"Consider the difference between making a new year's resolution, versus a new year's commitment to act."

Money is often a means to an end

When it comes to wealth, money is often a means to an end. So then, what's the "end"? Safety? Security? Freedom? Independence? Research has shown us that money doesn't buy happiness... but living by our values does. When I meet with someone new in my wealth management practice, I spend a great deal of time trying to understand what their values are when it comes to wealth, and how their goals are tied to their ultimate values. This also makes it easier to keep them on track when they're considering making a decision that doesn't line up with their values.

A client of mine described how money has provided her ultimate value: freedom. And freedom gives her a sense of happiness. She explained to me, "When my husband and I were young and got married, I wanted so badly to have a huge diamond like some of my friends had, but we couldn't afford it. Fast forward twenty years later, and my husband recently asked me if I wanted a larger diamond ring for our anniversary. No, I told him. I wanted it when I knew I couldn't have it, but now I relish in the freedom of knowing that I can have it. That freedom to be able to buy whatever I want is so much more valuable to me than actually buying most material things."

I see this very often in my practice – even where retirement is not the ultimate goal, but the freedom to



retire is! I have had many clients over the years who attain financial independence but don't stop working. That's because it was independence and freedom they were after – the *freedom* to choose whether or not to work. Clarifying your goals, clearly identifying the ultimate value that guides you is critical, not just in wealth planning, but in life!

Values tend to be long-lasting

A client came to meet with me over the summer. She had always been a good saver and diligent about her finances. She and her husband had been clients for many years, but this time she came alone. "I feel something is off in our marriage, and I think he's going to leave", she told me. Aside from the worry about what a major upset that would cause in her life, her bigger concern was financial security. "Will I be okay financially if he leaves?" she asked. She wasn't concerned about how much she would get, she wanted to know if she would have enough to feel secure, today, and in retirement. Once we worked through the numbers and I was able to reassure her that she would have enough financial security, she felt a great sense of relief.


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Financial goals, especially for women, are rarely about a dollar amount. They point towards end values that provide guidance, like a lighthouse. In this example, security had always been important to her, hence she was a good saver. Her goal to save was part of a much deeper value – to feel secure. Other examples of wealth goals that point to financial security could be: cleaning up one's portfolio, ensuring investments are well allocated, reassessing risk levels, etc.

As we roll into a new year, instead of making new year's resolutions, try making new year's commitments. Start by looking at your end values, whether about health, wealth, relationships, or any other area. Once your ultimate values are clear, make commitments towards

them. Then come up with a plan, to work towards those goals, (which may include finding someone who can help you). It's far more valuable to make a commitment towards good health or financial security, rather than make a resolution that likely won't last long!

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