



Making money work for you

Money worries are one of our biggest fears. They can eat away at our confidence. They can be the gremlin on our shoulder stopping us changing our careers. Don't work for money - make money work for you. Getting your money sorted could be the wind beneath your wings.

If money is holding you back from making a change, here are some things you can do. The first part is all about practical steps – it's easy to pick off a few actions each week. The second is harder – your mind-set. Don't put it off though you do need to tackle it. You won't solve your money worries if you don't address your underlying thoughts and feelings about money.

Part I: practical money saving/making tips.

1) Money housekeeping

Everyone can benefit from money housekeeping - whether you're struggling each week or money is OK right now. No one wants to pay more than they need to. It will take a bit of effort but if you can save hundreds of dollars (or pounds... or other currency), then wouldn't you do it? If it takes half a day and you save \$500 then think of it as a present to yourself. \$500 isn't bad for four hours work.

These are some of the things I did when I was contemplating leaving my job. Knowing I was cutting my basic costs made me feel less anxious about letting go of a predictable wage each month. I did this many months before I left, so it would give me a bit of a cushion.

- Review your direct debits. What haven't you used in 6 months (gym membership, subscriptions, pay TV etc.)? Is anything doubled up (e.g. cell phone/mobile insurance that's also covered elsewhere)?

- What about credit card debt? Are you paying it down each month? Could you move the debt to a 0% card and then you won't be paying interest whilst you pay it off.

- Vouchers – Coupons at the supermarket, offers online, money back, discounts all count. There are so many places to go for this and if you're clever you can make or save so much money.

- Do you let your household bills rollover each year? Use price comparison sites to help you get lower prices for your mortgage, gas, electricity, water, broadband, insurance etc. These companies make their money on current customers. They offer cheap deals to new customers to entice them in and increase the cost for loyal customers. I know... it's the wrong way round. But play them at their own game – it'll take some effort, but never let these bills rollover each year.

Here is a website I use which is good for sorting out your day-to-day money. It's UK based, but it will give you some ideas. <https://www.moneysavingexpert.com/family/money-help/>

2) Income generator

There are many ways to make extra money. It depends on how much time or effort you want to put in. Here are some of the things I've done:

- I joined numerous market research organisations looking for people to interview about their shopping habits, TV watching etc. I made hundreds of dollars/pounds from being asked about what pasta I buy.
- eBay – love it or loathe it, it's a place to sell stuff you don't need. I've done several sweeps of clearing things out. Clearly there are other platforms you can use too.
 - Start with your wardrobe. Pull out everything in sections – all your shoes or dresses. Put them in one place and look at them. Which do you use most often? Where are the duplications? What doesn't fit any more? Put them into three piles – i) never going to wear again, ii) not sure/still like/may use, iii) definitely want to keep. Sell everything that's in good condition in group i). Put group ii) in a bag at the back of the cupboard. If you haven't worn it in 6 months sell it.
 - Now look at your belongings. What don't you like, sports equipment in the attic/garage and any other stuff you just don't use. Apply the same i), ii), iii) as above.
- Health research – this doesn't need to be dramatic. I once took part in research on painkillers and got thousands of pounds for my time. It was a few years ago but I was studying for my Masters degree and they put me up in a lovely room in a hospital and I worked for days on my dissertation – lovely and quiet and room to study. I had to take some pills each day and they took my temperature and a bit of blood from time to time. Obviously it depends on your situation and squeamishness about giving blood!
- Raising capital – not really money making, but useful if you need more money quickly to kick off a new venture. Are there ways you can raise capital for your new business? If you own a home can you increase your mortgage? Can you borrow from friends or family? Are there any government loans for the type of business you want to set up?

Here are 60 ways to make money: <https://www.moneysavingexpert.com/family/boost-your-income/>

3) Money makeover

You've got to be dedicated to make this work, as it's a lifestyle change.

- We all buy processed food. Not ready meals, but where the supplier "assists" us in the cooking process: ready sliced onions, garlic paste, tins of chopped tomatoes. How long does it take to chop tomatoes – 5 seconds? We're viewing the world with a scarcity lens. We're spending money to save time. But the equation doesn't always add up.
- Stop buying stuff you don't need. Organisations spend billions each year trying to persuade us to part with our money. They use consumer psychology tricks to tell us that we won't be happy unless we buy x, or y, or z. Persuasion is a huge business because without the adverts we'd revert to buying less. We'd wait until something stopped working and couldn't be fixed, rather than upgrading our cell/mobile phone because we don't like the colour. I haven't bought anything for a year (apart from food!). Clothes, books, make-up, jewelry, music, yoga, running stuff – I don't need to buy more than I use.
- I realised I had so many clothes and I wasn't wearing because I was bored of them. I can't afford that attitude now. I've started wearing everything again - I have enough to last me years. The only reason for getting rid of clothes is if they are un-repairable or they don't fit. Although saying that, I've put on lock-down weight and have used a sewing machine to let clothes out/added sections so they fit better.

- Barter and swap. I've given away things to people and they've offered me things in return. A friend published a book and needed a front cover – I gave her one of my photographs for free. She helped me with admin tasks I wasn't able to do. Over the summer friends have grown vegetables. They were new to gardening so planted too many seeds and ended up with too much. I grew my own vegetables too so we swapped. I've probably bartered different types of things twenty times this year.
- Get free food. Do you hate seeing food go to waste? It's terrible for the planet. There are so many apps and websites now where supermarkets, restaurants and other venues give away their food that's close to its use by date. I use Too Good To Go or Olio, but there are many others across the world.
- Sell your car. Do you use it? We hadn't used ours for months and we did the math(s) and worked out it was cheaper to hire a car. In behavioural economics there's something called the 'Endowment Effect.' It means you get attached to things you own and can't imagine not having them. We've only been on one long trip that needed a hire car.
- Sell your house. This really isn't for many people! My husband and I sold our house last year. We're renting and looking for a new one. We got rid of so much stuff we can fit into a smaller house. Prices are going up rapidly in the UK (crazy as we're in a worldwide pandemic). So we are biding our time and waiting for the right house at the right price. We're eating into some of the capital from the sale of the house, which isn't great. But we're hoping the gamble will pay off. It's the riskiest thing to do on this list and most of you won't want to (or be able) to do this. But I thought I'd mention it just in case.

Part II: Our relationship with money

It's hard to re-wire how we see the world, especially if governments and organisations are keen for us to keep buying stuff to prop up the economy. We are surrounded by messages of consumption everywhere. So, this section will take longer. But I believe you have to change your mind-set because it's like a piece of elastic. If you don't you'll just end up back where you started – spending more money than you make. And in a year you'll be back reading this document thinking, "Why don't I have enough money?"

Here are some things that might help you work on your mind-set.

1) Gross vs. net take-home: Are you thinking of changing your job or career? Are you comparing the gross amounts of your salary with the net you'll be getting in your new role? It's easy to look at the top line. Say you earn \$40K (£30K) in your current role. What do you actually take-home? What is the net amount you'll have? Let's say you're setting up your own business and working from home. What costs will go down – tax (the lower your income the lower your tax), transport, lunch/coffee every day, drinks after work, new suits/work clothes etc. So when you think, "I'm going to have a 20% pay cut," actually you may end up on the same amount of money.

2) Compensatory spending: Do you spend money because you hate your job? Do you buy clothes, holidays and other things to compensate? It gives us a temporary dopamine rush and we feel better for a bit, often followed by guilt. If you're shifting career and have a lower income you might be happier. If you're happier you may feel you don't need to so much spend money. And what about increased satisfaction, time and sense of purpose? These go towards compensating for having less money.

3) Comparing ourselves to others: there's something in psychology called Social Comparison Theory. This can lead us to spend more money to feel better than others. Or to be more like others – think unrealistic standards of beauty that make us buy expensive face cream.

4) Make more/spend more: Every time we get a pay rise/raise we spend more money. We have more money, but we're now working longer hours and it's more stressful. Therefore we outsource the stress. We take taxis to get places faster. We eat out more or buy more takeaways/take-out because we don't have the energy to cook. But if you go back to your first role at work – how much money did you make? In my first job I only made £11,000 (although I am 51 and you need to account for inflation). How did I survive on that? Making more money creates an unhealthy and negative cycle. I earn more so I spend more so I need to earn more. And on it goes.

5) When to crack open savings: Have you got anything put aside for a rainy day? Are you holding off using the savings because the rain isn't heavy enough? When will it be the right time? When there's a full-blown hurricane? Will you wait until you've retired or use your savings now when you need to change career? Life is short and we don't know what's around the corner. When you're 60 you may be too tired to work on that passion project you've always wanted to do. Why not invest in yourself now?

6) Our money stories. When I was growing up my parents ran out of money. Mortgage interest rates rose 12% over just a few years - from 4% to 16%. Understandably they didn't see it coming and it was a difficult few years. I got badly teased at school when I wore uniform that didn't fit or I wore my school jumper/sweater on days we could wear home clothes.

So I grew up with a story that running out of money is deeply embarrassing. I must do everything (including being unhappy for decades) to have enough money. What's your money story? Simonne Gnessen (Wise Monkey Financial Coaching) has one: you can't have a job you like and make good money. Her father was a jeweler, loved his work and made beautiful things. But he didn't charge enough money and the family was always short. We often don't know we have these stories until we hit them when we're having money worries. If you can get to the bottom of your story it may help you understand your relationship with money.

7) Changing your deep-rooted beliefs about money. This is a useful exercise from Simonne:

- Get to the root of how you feel about money. Think of Money by personifying it. Invite it over for dinner – what does it look like, how does it dress, are you uncomfortable in its presence. Do you feel judged by it? How long do you want it to stay?
- What are you doing to reinforce this belief about money? Simone's story was based on her father's experience: she too couldn't have a job that she enjoyed and earned enough money. She reinforced this belief through her behaviours. She undercharged, delivered too much work and didn't manage her diary properly. All ways of reinforcing her belief - doing something she loved just wouldn't pay.
- So what is the opposite of this powerful belief? For Simone this was doing something she loved could generate more income than she had before. This works because you're willing to put more time and effort into it. And as well all know when you're in flow (doing something you enjoy), time rushes by.
- What can you do to reinforce this positive belief that you now have? What actions can you take to get it to bed in? Any actions you take will demonstrate that you can counteract the negative money views you had before.

Here's my final thought: Run towards the things you love. Stop running from the things you don't. And if you work on things you love, the money will follow.