

## Brad Brain: The Number One secret to financial success

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Brad Brain: "Living within your means might mean you need to adjust your expectations."  
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My expertise is in retirement income planning. I can assure you that the number one fear that clients have as they approach retirement is running out of money.

I have been a professional financial planner for a quarter century. When it comes to retirement income, there has always been the fear of finding out you aren't going to have enough, and now it's too late to do anything about it. But the challenges we are dealing with now seem only to exacerbate that basic fear.

It was hard enough to get ahead before COVID-19. But now we have social distancing and economic slowdowns and reduced incomes and no certainty when we will be out of the woods.

Given all this, what is a person to do?

Well, let me in on a little secret. It's actually the number one thing that you can do to help you achieve your financial goals.

It is... live within your means.

Spend less than you earn, and put a little away for the things that are important to you. That's pretty straightforward, isn't it? Just live within your means.

This is one of those whole truths that is so common sense, so readily apparent, so obviously simple, that it can almost feel like a bit of a letdown when you hear it. Shouldn't a secret be a little more, you know, secret?

The thing about it is, it's easy to recognize something as wisdom. The harder part is to recognize where this fits into our own behaviours. It's not so much that people don't already know that living within your means is vital, it's more that they find ways not to do it.

Here's what I mean. A while ago some people came to see me to talk about their finances, and the real motivating factor for them to get in to talk to a financial planner was they were in over their heads. They owed money to people, including to the Canada Revenue Agency, and work has been slow. They were hoping that I could help.

So far, so good. These people realized that they needed professional advice, and so they sought me out. That's a wise thing to do.

Where this story takes an interesting twist — and, by the way, not an uncommon one — is that after they come to see me (keeping in mind that their motivation was the hope that I could help them out of their financial crunch), they then go and buy a new pickup truck.

Now, I don't want this to come across the wrong way. I have certainly done plenty of things in my own life that, with the benefit of hindsight, a person can easily say, "Dude, what were you thinking?"

But, Dude, what were you thinking? You come to see me because you owe money to people, including CRA, and then AFTER that you go and buy a new pickup?

And that, my friends, is the difference between recognizing wisdom and failing to see how it relates to our own behaviours. It's super easy to see when others make mistakes, but very much harder to recognize our own errors.

Which brings us back to the number one fear of people as they approach retirement – running out of money, and the number one thing you can do to achieve financial success is to live within your means.

It's very easy to rationalize or justify your own financial behaviour. You have been working hard and you deserve it, or the economy is bound to turn around soon, or you really need this thing.

But the reality is that a lot of people up here are not making the same income that they became accustomed to, and so they probably should not still be spending the same way that they are accustomed to.

Living within your means might mean you need to adjust your expectations. That is where the rubber hits the road. Can you adjust and adapt so that you continue to live within your means, even during a pandemic? Do that, and you are well on your way to financial success.

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