

Please Don't Compare Financial Situations - Transcript

Tom Mullooly: In episode 90, we're going to talk about why Jerry Jones is rich and some people are not.

Welcome to the Mullooly Asset Show. I'm your host, Tom Mullooly, and this is episode number 90. We get a lot of questions from our clients, from our viewers, from listeners to our podcast. If you've got a question, get in touch with us.

Now, today in episode 90, we want to talk about two articles that we found just recently online. Tim, I think you're going to link to them in the show notes. The first one was something that we saw on Market Watch that said 50 million households, that's 43% of households in America, can't afford a basic budget of six pretty simple things: housing, food, transportation, child care, health care, and a smartphone bill.

Now, I started out this video by saying we're going to talk about why Jerry Jones is rich. Why is Jerry Jones rich? He owns the Dallas Cowboys, okay, but a lot of people made fun of him one day when they saw him on TV talking on a flip phone, alright? To bring this point home, do you really need a smartphone? Do you? I mean, if you're really struggling, are you going to cough up 200 bucks a month for a flip phone? For a smartphone? I just don't know if that's something that's absolutely needed. Food? Yeah. Rent or mortgage? Yeah. Health care? You need it. Smartphone bill? I'm not so sure.

The other thing, the other article that we saw within a day of that one being posted, was this one that kind of blew up Twitter. Maybe you saw it, too. It said by age 35, you should have two times your salary saved. Two times your salary? At age 35? At age 35, I had a couple of kids. I had a mortgage. I didn't have that kind of savings. No way. I don't even know if I had one times my salary saved.

Tim and I started talking about this as we were planning today's video and I said, "You know, if you had a job where you started out at \$25,000 a year, and 10 years later, just by raises, you were making \$35,000 a year." I know everybody's situation is different and the numbers are different. But just take this simple illustration. You start at a job, you're making 25 grand. 10 years later, you're making 35 grand. Hopefully, you're making more than that. But the average over those 10 years would be \$30,000. If you want to save 10% of your income, add that up. The 25 to 35 over 10 years, you averaged \$30,000 a year. Over 10 years, that's \$300,000 you were paid. 10% of that is \$30,000.

That only works out to \$250 a month. It's not that much. But the main message that we want to carry home in this video is pay yourself first. We get caught up in paying our Macy bill, or Home Depot bill, or Mr. Visa. We got to pay number one first. You have to have that money set aside. Don't beat yourself up in saying, "I need to have 50, 60, \$70,000." Do what you can.

If you have a job where you're making 25, 26, \$27,000, 10% savings would be about \$2,500, \$3,000 in a year. It will add up. You've got to give yourself time.

Tim also found an article on Facebook around the same time talking about what millennials ought to do is compare themselves to their peers. This is probably the single worst advice ever. Don't compare yourself to anybody. Don't compare yourself to your parents. Definitely don't do that. Don't compare yourself to your peers. Everybody's situation is different. The grass is always going to look greener when you're looking at someone else's situation. Don't get hung up in that. But don't beat yourself up either. Don't get hung up on the top line, all right?

I'll give you a quick story. A friend of mine lost his job. This is back in the '80s. He was making about \$75,000 a year. Had a mortgage, a couple of kids. He wasn't out of work very long, but he was offered jobs that were paying less, \$52,000, \$55,000, and he was turning these jobs down. I said, "What's wrong with you? Why are you turning these jobs down? That doesn't make any sense." He said, "I can't make it on that kind of income." I said, "Well, that's where you start. Maybe you have to take a pay cut and work your way back up."

Don't get hung up on the top number when you are comparing jobs or job opportunities. It's got to be satisfying work for you, but you've also got to make those numbers work. Maybe you have to cut corners for a little while to make things fit. But it's what you do, it's your choices that you make that are going to determine your outcome. Always remember to pay yourself first.

Do you need a smartphone? I don't know. Flip phones still work pretty well.

Thanks for watching episode 90 and we'll see you on the next one.