#43: How Much Money Is Enough?

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With Your Host

Debbie Sassen

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You're listening to the *Mastering Money in Midlife* podcast with Debbie Sassen Episode 43.

Welcome to *Mastering Money in Midlife*, a podcast for midlife women in business to overcome financial anxiety and make more money without burning out or sacrificing their families. Join Certified Life and Money Coach Debbie Sassen, as she shares practical business strategies and mindset shifts that help you dissolve the money blocks that keep you stuck in a cycle of under earning and under saving, sabotage the growth of your business and prevent you from building the wealth that you desire.

Hello, my friends, and welcome back to the podcast. It is September, and I am so thrilled that we are now moving out of the summer days and into fall, autumn, whatever you call it. I sense a little bit of coolness in the air. When I get up in the morning, I have to say that where I live, in Israel, it's not exactly cool and chilly in the morning; I do not need a sweater. But there is just that little hint of the temperatures coming down.

I think the birds are actually chirping a little bit more happily in the morning. It might just be that I'm a little bit happier in the morning, with cooler weather. But there is a sense that cooler days and fall is on the way. Of course, in the United States, it's already after Labor Day. In Israel, all of my children and my grandchildren are back at school.

There's also this lovely sense of routine, that we're just getting back into the regular rhythm of our days after a long and hot summer, when we are out of routine. Of course, we love the summer, and we love getting back to routine.

Also, on the calendar, we are now in the Hebrew month of Elul. Elul has an acronym, which stands for Ani Ledodi Vedodi Li. It comes from the Song of Songs 6:3, I am for my Beloved, and my Beloved is mine. Of course, my beloved is God, I am His and He is mine. The month of Elul is the month before the Jewish holiday, Rosh Hashanah, the Jewish new year.

It is typically a time for personal reflection. We reflect on the year that has passed. We look at our deeds, we look at things that happened in our life. If

we have wronged anybody, we need to ask forgiveness of various people. Or, even of God, if we have done something that might be not in keeping with our relationship, the relationship that we want to create with the Almighty. This is a month where we go deep.

In keeping with the theme of the month of Elul, and looking forward to the holiday of Rosh Hashanah, the Jewish New Year, I thought it would be appropriate to discuss the topic, how much is enough? Of course, I talk about money. As you know, if you've been listening to my podcast for more than three minutes, that's what I love to talk about.

So, this is a very opportune time to discuss how much money is enough. In today's podcast, we're going to talk about how much money is enough today, and how much money is enough tomorrow. Meaning, for your financial future. Next week, we're going to explore the topic, how much is enough when you already have enough?

What's fascinating about this topic, how much is enough, is there have been studies, that have been carried out over the years, trying to figure out how much is enough money. Back in 2010 Princeton University ran a study, and according to their findings, as people's income increased, their level of happiness increased up to $75,000 a year after taxes.

What they noted in the research, was that as income increased above and beyond $75,000, people's sense of happiness, or as they call it in the study “experienced well-being”, did not increase markedly. There might have been some increase in happiness, but the stress from maintaining those levels of income, or maybe being in a job and the burnout or pressure, the stress or the anxiety, whatever it was that was connected with earning more money, offset the happiness that was achieved when income rose above $75,000 a year after taxes.

Now, I always found fascinating that it didn't seem to matter where you lived. The research was conducted in the United States. It didn't seem to matter, according to the findings, if you lived in New York City, in Manhattan, or if you lived in a small town somewhere in the Midwest, or… I

grew up in Los Angeles, so the cost of living in Los Angeles can be equally high like it is in York City. But in smaller towns where the cost of living is less expensive, it didn't seem to make a difference.

I always thought that was a little bit unusual. But that's the result of the research that Princeton conducted. Interestingly, there has been research that has been conducted over the years, over the last twelve years since that first study was released. It does seem, according to newer data, that researchers were exploring, that “experienced well-being” does increase beyond the $75,000 take home level, the higher incomes go. But there is a point at which it seems that our level of happiness or well-being does tend to decrease.

Interestingly, in 1903, a man by the name of William J. Dawson, wrote a book, and you can find it on the internet, you can read it online for free. It's called, *The Quest of the Simple Life*. Mr. Dawson had grown up in the country, and then he went to work as an accountant in London. As he wrote in his book, “Men must needs go where the best wages may be earned.” I just love the old English.

He was saying that he really didn't have a choice. If he wanted to have a good living, he had to go into the city, the city of London, because that's where the wages were best. In the beginning of the book, he talks about how lovely London is, and the colors, and the bridges, and various sites. That, if you've ever been to London, you would appreciate and you would see. Of course, the London Eye wasn't built back in 1903, but nevertheless, he did enjoy the city as a tourist.

But things became different when he actually had to live in the city. As he had been working in this accounting firm for ten years, he lost his ambition. He writes in his book, “What can a few extra pounds a year bring to a man who finds himself bound to the same tasks, and those tasks distasteful? I was married and had two children; the most distressing thought of all was that I saw my children predestined to the same fate. I saw them growing up in complete destitution of those country sights and sounds, which had made my own youth delightful.”

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Ultimately, he goes back. He leaves London, and he and his wife and their family, they go and they find themselves a little cottage in the country, and their life is changed; it's much more joyful. And he has an increase in his happiness, or his experienced well-being, we might call it, because he got out of what we, now call, in 2022, the rat race. He didn't continue to chase after a few more pounds a week, or a year, in order to make him happy.

He also writes in the book, and this is a fascinating and very, very insightful line. Mr. Dawson writes, “The thing that is least perceived about wealth is that all pleasure in money ends at the point where economy becomes unnecessary. The man who can buy anything he covets, without consultation with his banker, values nothing that he buys.”

That is such a fascinating statement, because when we think about having money, and we think about having enough, people believe in their minds that if they have more and more money, and they can buy anything they want, they have choices, and they have options, almost without any boundaries, that they're going to be happier.

But what we find out, is that if you can buy anything that you want, there aren't any limitations on what you can have and what you can do, then there's just no value in your money. There's no value in your wealth, and life seems to lose its purpose. I think that, that's something that's very insightful, because in our quest, or in our drive, to make more money…

I think that money is a very useful tool, and it does give you opportunities. It does give you choices. It, for sure, speeds things up. If you'd like to spend money on family experiences, it's a beautiful thing to have more money and to be able to use it in ways that serve you. But we have to come back to the question; how much money is enough? How much money is enough for me today?

Your answer to that question will impact the choices that you make in your life, and/or the choices that you make in your life, certainly today. Because we always have the option of making different choices. But the choices that

you're going to make in your life today will impact how much money is enough for you, today.

First of all, there are three components to a well lived or well experienced life. There's your time, and there's your energy, and there's your money. Time and energy are limited resources. We certainly know that our time on Earth is limited, and none of us know the day, the time, the hour when everything is going to be finished. We certainly know that today, wherever you are in your life, like once today is gone, it's gone. It's never coming back; time is a non-renewable resource.

Energy is also something that wanes with age. I know certainly, I do not have the same level of energy that I had when I was younger and I was getting up in the middle of the night to breastfeed my babies, or to soothe the child who was feverish, and take care of my house, and get up in the morning, and run to work, and come home, and take care of my kids.

Even in my voice, I can hear right now, that I feel like I'm on that hamster wheel. I had a lot of energy when I was in my twenties, and thirties, and forties. And now, that I'm at the end of my fifties, I'm still pretty high energy. But I don't have the same energetic capacity and energetic resources that I had a few years ago.

I know, I can see the writing on the wall, that as I continue to age, God willing, with good health and with exercise, I will continue to have a lot of energy. But I can't expect to have the same amount of energy at sixty-five, and seventy-five, and eighty-five that I have right now.

Money, on the other hand, is an unlimited resource. There is an infinite amount of money available in the world. When we live with that reality, that there's an unlimited amount of money, the question is; what trade off do you want to make, of your time and your energy, in order to amass and acquire money to have for today? And, also to put aside for your future self?

Your answer to that question is going to impact the career that you choose. I do believe that each one of us is wired with a hold to a certain type of

profession. My husband has always been a scientist, he loves it; he lives and he breathes science. I've always been attracted to business and money. I had my own lemonade stand when I was like eight or ten years old. That's just something that has always been interesting and exciting for me.

One of my daughters, she's been a teacher since she was a little kid. That's just what she wanted to do. She's an excellent teacher, and it's a life mission, it's purposeful. And, she really enjoys it. I can see that with so many of my friends, and my family members, that were just drawn to certain careers or certain professions.

The question becomes, at some point in our life; how much time and energy we're investing in our careers? Are we getting the return in money that we want? For example, my daughter, who's a teacher and she loves teaching, she's not getting the return financially that she needs to sustain her family.

She and her husband are both educators, and their income is low and their family is growing. Now, she's thinking about ways to have like a side hustle in order to increase her income. I'm so thrilled that coaching is one of the options that she is considering.

Or, let's say you work in a career that requires you to work long hours; fifty or sixty or seventy hours a week. When I worked on Wall Street, I was working like fifteen and sixteen-hour days, and there were times that I was working 36-hour shifts.

We certainly know that lawyers, you know, if they have deadlines, and if you have to be in court, or there were some deadlines with certain corporate legal cases. I don't know, mergers, acquisitions, something like that, and there's a deadline, lawyers can also work very long hours, and burnout is real.

Also, in the medical profession, burnout is real. At some point, people wake up and they say; you know what? The money that I'm earning in this profession is not enhancing my life in any way, because I'm so drained. My

energetic capacity is so drained from working in this profession, or in this career, and it's time for me to trade money to get some time back, to get some energy back. They might pivot into a different career where there are other possibilities and, you know, financial options.

I just found that story with William Dawson, he's like, you know what? It doesn't help me to have a few more pounds a year, living in the city. I'm missing out on the simplicity of the country life. Of course, he didn't have options to work on Zoom, like we have nowadays.

He just packed up his family and moved back to the country. Now, we can have choices where we leave our office cubicles, and we can work virtually at home, from a home office, or have your own solopreneur business or small business, and you can also have a very lucrative career. But these are questions that you want to ask yourself, as you're approaching the Jewish New Year, or any other time of your life where it is a time for reflection.

That brings me to the second question, of how much is enough today? And that's, how hard do you want to work? If you are in a profession where you have to show up at your desk job forty hours a week, or fifty hours a week, is that really where you want to be for the foreseeable future? The next five years? Or, the next ten years?

Or, would you like to trade some of that time and money to work less hours? Would you prefer to work thirty hours a week? Or, twenty-five hours a week? Or, twenty hours a week? Where is the sweet spot for you? Are you willing to work less and earn less? Would you have enough money, if that was an option for you? Are you willing to work less and earn more?

Now, that's a mind-boggling question for some people, because they can't figure out how that could happen. If that's where you are today, I'm going to plant a seed in your mind that there are options to work less hours and earn more money. It might be a business that you will have to build up over the next two, three, or four years. But there are possibilities in the world of working less and earning more.

If that's something that speaks to you, you can certainly reach out to me, you can do some googling on the internet, and just look up other career options where you can trade the situation that you're in right now, for something that could give you a different quality of life.

I would also like to add that each of us is wired with what I call a money blueprint. Our money blueprint comes to us from our parents, and our grandparents. Most of our parents and our grandparents worked hard; they worked physically hard. And, they might have worked long hours or held down two jobs in order to make ends meet. In order to have enough money to get through month to month, paycheck to paycheck.

Life was very different for many of us, and for many of our parents. Certainly, my family and my grandparents that escaped Nazi Germany, and came to the United States, had to build their lives up from scratch. They worked hard.

For many people that I work with, that is their money blueprint that's been wired into them. Their belief system is such that, they have to work hard in order to make money. So, when I suggested earlier that you could work less and earn more, it's a mind-blowing concept. Many of us don't even know how to slow down, because it's so unfamiliar on a nervous system level.

But I'm going to remind you that there are possibilities. If you would like to explore options for working less and earning more; having the patience and giving yourself the time to get there, which means that you would need, probably, a reserve fund of cash until you could build something up on your own. There are definitely possibilities in the world to trade whatever you're doing now, for something else that might enhance your lifestyle, and your experienced well-being.

While you're exploring how much money is enough for you today, I'm going to just share a few more questions. I feel like this podcast episode is going to give you more questions than it's going to give answers. But as you're

thinking about how much money is enough for you today, you want to consider; where do you want to live?

Mr. Dawson, he left the city and moved to the country where he needed less money. And he had a happier, more enjoyable life. For my family, we want to be in a Jewish community. The type of Jewish community that we're in now is very important to us. Our spiritual and religious values are part of how we design our life. It does impact how much money is enough for us today.

Similarly, how many children do you want? We always liked to God to be in charge of our family size. And thank God, we're blessed with eight children. Of course, eight children is not eight times more expensive than one child, but feeding and clothing and educating eight children does have a cost. And, we wouldn't trade that cost for all of the tea in China, but it does impact how much money you and your family need, and how much is enough.

Also, the hobbies that you choose, right? If you're the type of family who loves to go skiing, or boating, or horseback riding, those are more expensive hobbies. We go hiking, we love nature, and that works for us and our family. You have to find the answers to those questions that work for you.

A couple more questions, that you also want to ask yourself is how will I select my friends? If you want to have friends who are horseback riding, for example, and you want to be able to go out on the trails with them on a regular basis, that's a hobby that has a cost. It's a wonderful hobby. I've been horseback riding, you know, a few handfuls of time in my life, and I enjoy it. It's not something that I pursue as a hobby. And, that's okay with me.

Or, if you want to be a tennis player, or a golfer, skier, as I said, those hobbies do have a financial cost. They're a beautiful addition to life, and you have to make sure to factor that into how much money is enough for you today.

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Two more questions: How important is charity and philanthropy for you, in your value system? We always give 10% of our income, at least, to charity. That's one of our family values. That impacts how much money is enough for us today.

Then finally, and that's going to be my segue to the next question, is how much of your income do you want to put aside and invest for the future? If you're always living paycheck to paycheck, you're making just enough money today to take care of your present self.

When you get to seventy-five or eighty-five or ninety-five, then certainly, you're not going to have enough money, and it behooves you to make enough money today. To always be putting some money aside, into an emergency fund for the unexpected event that always happen in life.

Also, be putting money aside into a retirement fund or a pension account, so that your future self is going to have enough money to get to 100 or 110 or 120 years. Medical and healthcare advances are such that people really are living into their eighties and nineties, and into their hundreds.

It's really critical that you prepare for that reality in your life. Because, as I said at the very beginning of the podcast, none of us know when our time is up. It's going to be very important that we prepare ourselves for the future, because we never know.

Let's move on to the second big question, which is how much money is enough for me tomorrow, in the future when I'm retired? And some of us might never retire. We might have all of our strength and our wits about us, and we'll be able to work into our eighties and nineties.

My dad, thank God, is healthy at the age of eighty-four, and he sold his business at eighty. He still goes into the office. It's becoming less and less over the years, but he still goes into the office and he works as a consultant for his former company.

You have to think about what you're going to do, and when you want to work, and how much money you're going to need in retirement. Hopefully,

you will be able to work in your seventies and eighties, and continue to bring in income. But a lot of people, either are worried that they're not going to have enough and they actually have a very, very healthy cushion for the future. But their worry, and their stress, and anxiety keeps them in this loop of working, working, working and overworking.

I was recently speaking with a financial planner, who was telling me about some of the clients at his firm, and one story stands out to me. That was of a couple in their late sixties. The husband was a doctor working extremely long hours and always stressed. The wife was also stressed because her husband was stressed. They had, in their retirement account, $7 million. They had three kids that still needed to finish college, and also maybe wanted to go on to, you know, graduate degrees or something.

But as I was joking with my financial planning colleagues, I said, “Even if all three of their kids wanted to go to Harvard Medical School and be doctors, like their father,” I said, “That $7 million, would be six and a half million dollars, maybe it would be $6 million.” Right? If they really, really splurged and education became very expensive.

But $6 million, you know, was pretty close to enough money to get this couple through their retirement years with their health care, but the stress was sucking their energy and draining the life out of them. It's important to be aware of how much money you do have in your accounts for your future self, and not let yourself get in the cycle of always being anxious and stressed about money.

On the other side, many people do not have enough money in their retirement accounts, when they're in their forties and their fifties, and even in their sixties. In Episode 14 of the podcast, I talked about how much money you might need for your future self. I recommend that you go back and you listen to that podcast; I got really geeky about numbers. It was a little bit mind-blowing, and maybe scary, but I think it is important that you think about how much money is enough in the future.

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Today, I'm going to give you a couple more numbers, I want to keep the numbers pretty simple today. I got this information by just doing a little googling around. But what I found out was, that in the United States, according to the US Federal Reserve, people in the 55–64-year-old age range, and I'm just going to use sixty as the average. Your average sixty-year-old has about $408,000 in a retirement account.

What I also discovered, and this is a number that comes to you from Fidelity Investments™, is that if you want to retire by age sixty-seven, and that's questionable, because many of us will be healthy enough and energetic enough to continue working beyond sixty-seven. But nevertheless, if you want to retire at sixty-seven, you should have eight times your income saved by the time you turn sixty.

Let's put two and two together: If a sixty-year-old wants to retire at sixty-seven, and the sixty-year-old has $408,000 saved in her retirement account, and that retirement account is eight times her income, that means her income is $51,000 a year.

One more statistic that is the research from Princeton University, back in 2010, suggesting that $75,000… And again, that's a very old number, maybe today it would be $90,000 or $100,000, right? But your level of happiness would be maximized at $75,000. An income above that wouldn't significantly increase your level of happiness.

But what I understand, from putting all of these numbers together, is that $51,000 a year, in 2022, means number one, somebody isn't living their happiest, most fulfilling life today. And, they are probably not going to be living their happiest, most fulfilling life in their future, because they're going to be at that low income and maybe poverty level until they pass away; seventy-five, eighty-five, ninety-five, whatever it is.

What that really brings to my attention, and I hope to your attention as well, is the importance of considering, number one, your lifestyle today. Because how you're living today, how you're earning money, and how you're

spending money, and how you're saving and investing money, impact you today. And, they impact how your future self is going to be living.

Of course, some people are going to downsize their house; they'll be able to take a larger house and sell it, and take some money out, so they'll be able to use that as part of their retirement income. They'll get some income from Social Security, or national insurance, we call it here, in Israel.

But nevertheless, it's very critical, at whatever stage of life you're in, is that you're thinking about your future self, and considering if the amount of money that you're earning today will be enough, also, to take care of your future self.

If you need help with these numbers, don't wait. Now is the time for you to have a conversation with a financial planner, who can sit down with you and help you look at your numbers, and explore looking at all of your assets.

I certainly know that in Israel, people work in different jobs over the course of the years. They might have different retirement accounts with three or four or five different companies, and being able to get a true picture of all of that different paperwork and financial statements can be very complex. It's very useful, and I would say critical to your future self, that your present self sits down and looks at the numbers.

We have a tendency to avoid things that make us feel uncomfortable. We don't want to pull back the curtain and look at how much money we have. It's like it's going to give us this diagnosis for a future that's going to be very bleak. However, if you don't look at your numbers, then I guarantee you that the future will be bleak. So, now is definitely better than next year to start looking at your numbers and making sure that you have enough.

For those of you who do have enough, if, you know, my listeners do have enough money, that's a beautiful thing. That gives you so many options to decide if you would like to retire early from a job that no longer sets your soul on fire. Or, if you're working in a place that's actually draining you and

it's soul sucking, and you'd like to do something else, having a juicy, delicious financial cushion gives you that option.

Again, it could be very valuable, sitting with a financial planner and discussing your options. Because it might take you a year or two, in order to find something that you really enjoy, or to build up your own business. If you have a financial cushion that will support you during that time, without stressing you out, it's a gift that you give to yourself, and your family, and your future self.

Because we do have the benefit of all of the technological advances at our fingertips today. In terms of how we work, we no longer have to go into offices, we can work virtually, which is a beautiful thing, if that's what you choose to do. We also have the benefit of being able to work a little bit part-time to do something more interesting or exciting.

If you have enough money saved up and invested in your retirement accounts, in your pension accounts, it gives you opportunities to volunteer or to give more money. If you have a very healthy, juicy financial cushion, you can be involved in philanthropy and charitable organizations.

We are going to live, most of us, into our eighties and nineties and beyond. So now, is a lovely time, wherever you are, to think about your financial future, and what you would like to do for the next five or ten or twenty-five years that will enhance your life, the lives of your family, and also make a bigger impact in the world.

All right, my friends. Thank you for listening in. I look forward to seeing you next week on the podcast. We're going to discuss how much is enough when you already have enough. I look forward to seeing you then. Bye-bye, for now.

Thanks for listening to *Mastering Money in Midlife*. If you want more information on Debbie Sassen or the resources from the podcast visit MasteringMoneyinMidlife.com.