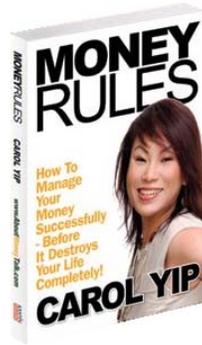


Book Prologue

MONEY RULES: How to manage your money successfully – before it destroys your life completely! By Carol Yip

More of the book, visit www.AbacusForMoney.com



“How can I make more money?” This is a question that people ask me all the time. My usual answer is: “Which is easier? To make more money or to control your spending of money?”

The choice is yours: to make more money or to control your spending.

This book is not about teaching you how to make more money. There are plenty of workshops and seminars that aim to show you how to make millions of dollars from different types of investments and business opportunities.

This book is about helping you understand what makes you spend your money the way you do. It discusses the individual’s financial behaviour, and helps you know yourself better as well as how you use money to shape your world and relationships with people.

This book will give you an insight into human behaviour and attitudes towards money, to help you achieve emotional happiness, give you a better sense of security, and put you in control of your financial future.

By applying an understanding of human psychology to money matters, I have combined the psychology of human behaviour with financial literature – a field termed as Behavioural Finance – to help you understand and learn key personal attitudes that will have an impact on your behaviour and help you manage your money better.

Living in a World of Consumerism

Remember the days when there were no Game Boy, Sega Genesis, Nintendo, PlayStation or Xbox, and as young adults, we had fun playing board games such as Monopoly, Scrabble and Snakes and Ladders?

It’s a very different world that we live in today. We live in a world of consumerism, where people derive personal happiness from material possessions, and purchase goods and services in excess of their basic needs.

In this age of consumerism, individuals, regardless of culture, race or age, consciously seek an alternative lifestyle to the simple living practised by their parents and grandparents.

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Today's lifestyles are heavily influenced by the temptation and desires stimulated by advertisements and other promotional tactics in the mass and entertainment media such as movies, music, magazines, TV shows, and the Internet.

Working parents, feeling guilty about not being able to spend time with their children, compensate by inundating their offspring with material goods, from iPods and the latest mobile phones to cars and extensive wardrobes.

Money is but a medium of exchange for living and survival, yet this fact is often overlooked. Instead, money is perceived these days as a medium of exchange for relationship, friendship, happiness, pleasure, power and status. And as a result, many people today become 'victims' of money.

Financial institutions are not helping people to be money-wise either by making almost 'free' money easily available through credit cards, loan facilities, and mobile money (using mobile phones to make a credit purchase). With the proliferation of such forms of payment, money is no longer 'physical'. We hardly touch and feel the paper notes and metal coins these days! This is dangerous, particularly for someone who is unable to control his or her spending habit.

Some parents compound this problem by providing their children with free use of a supplementary credit or debit card. If young adults have such free use of money to go shopping or splurge on their friends, before they have even begun to earn their own salary, what sort of spending habit will they demonstrate eventually? Will they end up spending wisely or lavishly? Will they know how to save for their future retirement?

If we were able to control our emotions and perceptions about living, would we really need to spend so much on consuming material goods and services?

It's like trying to lose weight; too much exercise may not help, and for some, neither will slimming programmes. One of the better ways would be to eat moderately.

Given this, how can we feel comfortable living in today's world of consumerism, and be purposeful without owning too many material goods or overspending for convenience and enjoyment? How do we live a life of moderation and thus avoid bad money habits?

In writing this book, I hope to help readers – especially Asian readers – to achieve this.

Why do I want to focus on Asians? Because the Asian region has been – and still is – enjoying tremendous business growth over the past decade, and this has given rise to greater wealth among Asians, resulting in higher consumer spending by Asians.

And because being an Asian myself, and I am experiencing these effects of consumerism, I believe my fellow Asians are struggling with being financially comfortable while surrounded by the temptation of consumer spending.

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How can this book help you?

Is money a common topic of discussion at home among you and your family?

Probably not.

The subject about managing one's personal money is hardly taught in schools, colleges or universities, and neither is it a topic that your boss is likely to guide you on at work or your spouse will help you with.

Most people are at a loss when it comes to handling their personal finances, and often lack proper money management skills to solve their money issues. This can often affect marriages and families.

Many people also tend to keep their money problems to themselves, fearing embarrassment should their problems be revealed. Hence, they suffer in silence until the 'boiling point' when they have no way out but to declare bankruptcy. Some may even give up on life and choose suicide.

I believe that by sharing with you these insights into human behaviour, I can provide you with tools to help you unload some of your money burdens and secrets so that you don't have to suffer in silence any more! This book will help you take ownership of your money and build an intimate relationship with it.

MONEY RULES: How to manage your money successfully – before it destroys your life completely! is a sequel to my first book **Smart Money-User**, which was written for young adults. This is because I believe that as we progress from being a young adult to being a matured adult, you and I go through many influences and challenges. You and I need to learn important skills to help us manage and control our money in order to live a meaningful life.

What's unique about this money book is its down-to-earth practicality in providing knowledge. The subject of money is made simple in this book, with clear explanations and exercises. I have combined both 'soft' and 'hard facts' about you and money in this book to improve your handling of money.

You will find that I will ask insightful questions about your life and your personal views about money; you may find them challenging, but they are to help you understand better your own attitudes about money in order to change your behaviour.

MONEY RULES: How to manage your money successfully – before it destroys your life completely! features many financial behaviour tools and exercises that I have developed over the years, based on the experiences of individuals I met at my public talks and workshops, and those to whom I have provided coaching in managing their money.

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In this book, you will learn the **3-Sequence Intervention of Money Thought (3-SIMT)** process, with steps like 'Uncovering Your Real Needs', 'Wants and Desired Wants', 'Your Choice Script', and 'Thought-Stopping'. This process will help you to self-actualise the strength, ability and power within you to 'off-load' or get rid of the behaviour, thoughts or emotions that are affecting you negatively in managing your money.

Practising these methods will energise you with positive attitudes that can help you reinforce your personal values and beliefs as you learn to take ownership of and trust in your own ability to solve whatever financial problems you may be facing.

Realising that many people give in to the weakness of spending more money than they earn, I have also created a four-week "**Controlling Your Overspending Behaviour**" (**CYOB**) programme, which I will reveal in this book.

To be wise and skilful in handling your money, you should constantly apply the financial behaviour tools taught in this book whenever you face a change in your life situation or circumstances, for instance, marriage, the arrival of a new baby, or unexpectedly losing your job. Use these tools together with your spouse or partner, children, parents, siblings or friends. They can be fun exercises to do together, as they will show you each other's perceptions and behaviour towards money, and you can help each other enhance money knowledge and skills along the way. Working together can also help improve relationships that have been affected by money problems.

I believe you are ready to embark on a journey of self-discovery about your relationship with money, so let's start by understanding with the POWER of money...