

[Intro]

Welcome to the PlanVision podcast, where we share simple, straightforward investment and planning ideas for normal people. The description in this podcast is for informational purposes only. Do not construe this as personal tax, financial, or legal advice for your situation.

[Mark]

Hey there, it's Mark with the PlanVision podcast and in this discussion I'm going to talk about adding financial pressure to your life or trying to avoid it. We're asked frequently to help our clients determine whether or not they can afford something, a very common question as you go through life, right? And these standard requests might include buying a new home or maybe a second home, starting a business or investing in a business, taking time off from work or making a career change, it might be early retirement. And there are some other ones as well, which I'm not mentioning here.

And it might not seem like it to you, but the question of affordability is, from our standpoint, a bit vague. It may not simply be a question of whether or not it's affordable. It may be the case that something is affordable with some slight financial or personal adjustments or large financial or personal adjustments. You've got to work a little longer, maybe sacrifice some personal things now to make up more savings later. So in the small category, for example, maybe you want a newer house with a bigger mortgage. And maybe you got to give up some social activities for two to three years till your salary grows to be able to pay for that higher mortgage. And that might be a smallish concession for the satisfaction of a larger home.

So the matter of affordability can be a matter of evaluating the tradeoffs that are presented. If you want to spend more money on well something, or work less, something like that, it would typically mean you have to give something up, you have to concede something. But there can also be another consideration. And sometimes I think people might even be afraid to confront some of these things, if you choose to take on more expense or make a large purchase of something, it can introduce financial pressure in your life.

Now, in another way, some people have endured this at some point. Maybe not even without trying to do something or thinking about something that's more affordable, maybe they just lived paycheck to paycheck for quite a while. Or maybe they lost work and didn't have much to fall back on. And during this time, maybe they felt like they can't even enjoy simple, inexpensive luxuries. And these issues, when you're going through something like that, they can affect your mental health, they can be hard. So that is financial pressure, that just happens to some people, it's just what they have to put up with for many times a long period of their life, but sometimes for a shorter period of life.

But if things are going well for you financially, or you think they're going well, and you want to take a financial step, I think it's a good idea to think about how it might feel if your finances get tight because you make this step forward. And what will happen if things don't quite work out, you buy a new house, and you lose your work, or you go into business for yourself and the revenue just doesn't come in. Will you have the same outlook on your day-to-day life? Will you be harder to deal with for the people around you? Because that's definitely going to affect your morale and your outlook. And how do you deal with regret? Do you handle it well, or does it gnaw at you, get under your skin?

So the point of this, as I'm commenting about the affordability of something, is trying to determine whether or not you can afford something can involve more than just running the numbers. If the financial situation that you find yourself in is tight, and things don't go as expected, do you have any idea how you might respond? Financial pressure can damage your life and relationships. Depending upon how intense it is. So be sure to check your personality, think about it, as you think about this. Some of us know our personalities well enough to know how we'll handle these decisions. And they may drive the decision for us. Now, other people can just roll with these things just fine. And so for them, they won't feel financial pressure the same way.

[Outro]

Thank you for listening to the PlanVision podcast. Let us know if you have any questions or comments on the topics covered.