

179: 5 Steps for Auditing Your 2023 Goals



Full Episode Transcript

With Your Host

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Hey, if you've been curious about my Live Wealthy program, the money coaching program I specifically designed for women physicians, you'll have the opportunity on September 17th, Sunday, at either 12 pm or 8 pm eastern. This is your chance to find out everything about the program.

I'm going to do a behind the scenes site tour of the program, you'll actually see what the program looks like. I'm going to answer all of your questions and you'll get to meet current members who will talk about what they have accomplished since joining the program.

So, if you have been curious, if you have been thinking of joining, this is for you. To sign up, go to wealthymommd.com/open, O-P-E-N. I will see you there.

Welcome to *The Wealthy Mom MD Podcast*, a podcast for women physicians who want to learn how to live a wealthy life. In this podcast you will learn how to make money work for you, how you can have more of it, and learn the tools to empower you to live a life on purpose. Get ready to up-level your money and your life. I'm your host, Dr. Bonnie Koo.

Hello everyone. So, at the time of this recording, actually the Monday before this comes out, my son started kindergarten today. It is such a big transition, and I don't think I realized what it was. I think I may have talked about this on the last podcast or two podcasts ago. How when I was not a parent, that basically all of us who are parents now but when we weren't we thought we were better parents than the actual parents. And now we know that is not true.

But the reason why I'm bringing this up is because pretty much everyone is back to school. I think where I live, the northeast, is the latest. And in fact, Jack's school is even later, it started the week after Labor Day. But what I realized is it is already mid-September, which is kind of crazy, right? Because I don't know about you, but I feel like once September rolls around when school starts, after Labor Day it's kind of all downhill, right?

It's starting to get cold. I live in the northeast, actually last week it was in the 90s but generally speaking things are going to be cooling down

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significantly. And I don't know what is happening, obviously some type of global warming, but it has been going from really hot to really cold very quickly here in the fall in the northeast.

So the reason why I'm saying everything goes downhill is that whatever goals or things you were so hyped up to work on this year, this is when they die. And when I say this is when they die, it's like they get put aside. For many of us they were put aside when the summer started, frankly, or even earlier than that. But they really, really go to die around now because things just get busy.

Then in October, if you celebrate Halloween with your kids. I haven't yet, but I think this year I'm going to have to do some kind of costume thing. Then we've got November, where everyone is getting ready for Thanksgiving, then there's Black Friday. And then December, it's like forget it, it's done.

So that's why I wanted to redo or rather have you guys listen to this episode about doing a mid-year audit, specifically about money but I want you to apply this to anything that you are thinking of actually doing this year.

And I want you to ask yourself, not why have I let it die, because that's just a question that's going to create thoughts that beat you up. But it's more like, hey, I had these goals, I had these things that I really wanted to take action on and work on, there's still plenty of time left. In business speak there's more than a quarter left. Q4 doesn't start until October, so you've got more than a quarter. That is a lot of time. That is enough time to get some serious momentum in before the end of the year.

And so I hope this podcast is going to sort of, I don't want to say relight the match under your ass, but just kind of get you thinking about it and reminding yourself, hey, these are some things that I said I wanted to do. Maybe it's as simple as recommitting, it could just be as simple as reminding yourself that you had a goal.

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I don't know about you, but I forget my goals all the time. One of the reasons it's so important to write them down and have some kind of periodic reminder to just read the goals that you had. I'm not being sarcastic, this is a thing for me anyway.

And so if you're listening to this on the week of September 11th, if it's past, no worries. But if you are listening the week of September 11th, maybe it's actually the day it came out. I'm speaking in future tense, so September 14th, Thursday is when this episode comes out. And you have been wanting to work on your finances and you haven't joined my program, Live Wealthy, I really want you to come do my live class this Sunday the 17th.

We're doing it twice, 12 pm and 8 pm. And whether or not you join Live Wealthy, of course I hope you do, it's so much fun and it's amazing. But even if you don't, attending is going to put back that laser focus on the money goals and dreams that you've been thinking about, maybe even before January, right?

Because I am going to show you and talk about the program, but I'm also going to be showing you, if you didn't know already, why it's so important to start taking steps. Why it's important to work on this. Like part of me is just like, "What is the whole point of money if it's not going to be a tool that you use to enjoy your life?"

And so that's your invitation. Go to wealthymommd.com, that's my main website. You'll see a link up top that's a banner, you just click on it and it'll take you right to the sign up page and I'll see you this Sunday.

All right, get ready for a mid-year audit.

It's 2020 and it has been quite the year so far. Most of us were not planning for a global pandemic. Well, the good news is we still have about six months left. It's not too late to get back on track. And if you didn't make goals, it's not too late to make some.

Now, before I walk you through a five step process to do a mid-year money audit, let's just take a moment to even talk about goals. Why make them?

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Why bother? I know some of you resist making money goals or any goals in general. You're tired. We've spent our whole lives achieving so much. More goals? I hear you. I get it.

One thing I've learned over the past few years is that it's not even so much about reaching the goal. I know it sounds trite. It is about the journey. It's about who you become. Goals force you to get out of your comfort zone and to grow. Otherwise, you kind of stay the same. That's how I look at goals, including money goals.

All right, so let's get started. Here are the five steps in general, and then I'll take a deeper dive. Number one is that you need to remind yourself what the goals are or create goals if you haven't. Step two is to examine the data. Step three is to identify what you've done well. Step four is to identify what isn't working. And step five is to create a plan going forward.

Step one, first you need to remind yourself what the goals are. If you made them back in January or maybe the end of the year – Personally, my favorite time to kind of think about goals for the following year is actually October or November before things get crazy with the holidays. Dig them out, they might be buried somewhere. Hopefully, you wrote them out because that's such an important step when you're creating goals, is to write them out and not just think about them.

If you haven't made goals, this is your opportunity to do so. Like I said, I recommend you write this out. Don't just think about it. Maybe your goals were something like maxing out your retirement accounts. Maybe you don't even think about those as goals because they are automatic for you. But those are goals.

Maxing out your 401k, or 403b, or your Roth IRA, for example. Maybe it was to buy rental properties. Maxing out your health savings account. Maybe it was to pay down debt, et cetera. Write them all down.

Step two is what I like to call examining the data. I want you to put your objective, scientific hat on right now. This is not your judgy brain, your scientific brain. Meaning what has been done? What hasn't been done?

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This is not the time to judge yourself. We're simply gathering data points so you can objectively see if you've made progress or not.

Let me give you some examples because sometimes our brains will offer up thoughts like, "Well, I haven't made any progress." Is that true? Maybe you bought a book. Maybe you read a book. Maybe you opened up that HSA account and put some money into it. It all counts.

Step three, now I want you to take off that scientific hat and ask yourself, what have you done well? I want you to notice how our brains immediately want to point out how we aren't on track, what we've messed up, or maybe you want to start feeling bad about what you haven't done. This is automatic.

I like to always start with what have you actually done well? Force yourself to ask that question. And you've definitely done something well, I promise.

Step four is to identify what isn't working and what you can learn and what you can improve, but not from a judgmental place. Not from a, oh, I'm so bad with money and more of the same, but from a, what can I learn from this place. How can you create a strategy around all of these things?

Step five, create a plan going forward. We still have about six months left in the year. You know, a few things I've learned about goal setting, I think I heard Brooke Castillo say this. We overestimate, or we tend to overestimate what we can do in the short term, like in a week, for example. All of us grossly underestimate what we can accomplish in the long-term, like six months, a year, and a lifetime.

Let me give you an example from my life on how I did this mid-year money audit. Like many of you, I had to remind myself what the goals are because life got busy, lots of things happened this year. Even I kind of forgot what our goals were.

One of our goals from last year, actually for the end of 2019, was to buy a rental property. And some of you may know that was a goal of mine, but it didn't happen in 2019. And it's so easy to go into, "Oh, I didn't do that. I

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messed up,” et cetera. I just want to offer that those types of thoughts, that type of thinking is just not useful because it doesn't have you do anything about it.

It doesn't help you examine why you didn't accomplish that goal or why you didn't take action towards it. Now, I said earlier it's not so much about reaching the goal. It's about who you become and how you grow as a person and how you deal with the obstacles that come up. I will say, if you pick a goal, that's "too easy", it's not that there's anything wrong with that. It just doesn't require you to grow and do something new.

For me, for Matt and I, buying a rental property, our first one was going to be something new and it was going to take something, especially for me since I had a lot of fear around real estate. I'd keep saying, "We're going to do this," but I would keep not doing that. And so I saw that as an opportunity to take a look under the hood of my brain to see why I keep not doing this.

And honestly, the reason was fear. I built up all this fear in my mind that it was going to be hard, that it was too complicated. And then when I got coached and coached my software around it, I realized that yes, they were excuses superficially, but that my fears were sort of out of proportion to the reality of things.

And what I found interesting is that once I actually committed, not just sort of say, "Oh yeah, I want to do this," because a lot of us make goals like that from a place of, "Yeah, that would be nice," but truly commit and take action from that commitment. Once we actually started, I realized that it really wasn't that hard.

Dr. Letizia Alto, a friend of mine and one half of Semi-Retired MD, even says that real estate is not med-school hard. Us physicians can do hard things. Real estate is not one of those hard things. That was kind of a long-winded story, but I just want to share it with you because I know many of you are also afraid to invest and maybe you're also afraid to invest in real estate.

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When I put on my objective scientific hat around examining the data, examining to see if I had made progress with buying a rental property it's so automatic for my brain to say, "You have not made any progress around this." Is that true? Was that true? Of course not. We had made tons of progress.

It's funny, our brains look at the goal and whether it was done or not. And if it's not, then we kind of go into what I call all or none thinking where it's like, "Well, the goal wasn't met so you haven't made any progress and you're a failure" type of thing. When I was able to sit back objectively, there was a lot that we had done to get closer to that goal.

So, for example, we had met with an investor agent. We had taken the Semi-Retired MD course Zero to Freedom with Cash Flowing Rentals. We had started just networking and meeting other people who were also investing in real estate. All of these things count.

And then the next step I talked about, step three, was to identify what you've done well. And pretty much I've mentioned them already. I had read some books, done some courses, talked to some people, et cetera.

Step four, identify what isn't working. I talked about this a bit earlier when it came to sort of my personal goal about real estate. What wasn't working was mainly mental issues, meaning fear, not taking action. These were some of things I had to really examine and get coached on and coach myself around.

And what I've learned with all goals is that each of these sorts of mental obstacles, they are opportunities to create strategies. Meaning when my brain goes into fear mode – And here's the thing, everyone feels fear around something new or something different. It's the normal human response.

The problem is that most of us think that when we do feel fear, we think it means something's gone wrong. We think it means it's like a signal that we shouldn't do it, that there's actual danger. I think it's easy to think that when you see people who are doing things that you want. For example, Leti and

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Kenji, it's really easy, even for me, to look at them and think they must not be scared. They must not be feeling what I'm feeling.

That's simply not true. All human brains will offer up fear when something new is happening. It's a normal thing to happen. The strategy I created was to honestly write down on a piece of paper when I start feeling scared about investing in real estate.

I wrote a few things down and I'll share some of them with you. I wrote down, "It doesn't mean something has gone wrong. It's just my brain being my brain." And I also wrote down some alternative beliefs to anchor me. Things like "Fear means I'm doing it right. I can still take action." Things like that.

Step five, create a plan going forward. We ended up buying our first property by the time of this recording. And so we met that one goal. But since we still have six months left, I thought it was time to work on some other real estate goals.

Even though we bought the property, there's still work to be done on the property. We're going to rehab it and we're going to hopefully do a cash out refi so we can put that money into another property. I guess I made a new goal to acquire a second property within the next six months.

Now it's your turn. I also have a bonus money audit for you here as well. Make sure you do an income tax audit as well. What I see all too often is people getting really upset when they're slapped with a large unexpected tax bill. This should never happen. All of us should be doing mid-year tax planning, whether you just gather some information so your accountant can do it for you, or whether you do it yourself.

Simply here are the steps to do a mid-year tax audit. I don't want anyone to ever be surprised at tax time. You need to gather all of your income so far in 2020. For most of us, that'll be gathering pay stubs, et cetera. And then you have to make best guesses at your income for the rest of the year. I know it's not always possible to fully know, but you have to take your best guess. And it's better to overestimate rather than underestimate.

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And then you simply plug in the data into a tax projection calculator. I've linked you one that I like in the show notes. You also need to get the information, not just the income, but also the taxes you've paid. Because if you're a W2 employee, taxes are taken out automatically. If you're an independent contractor, you have to save or put money aside for taxes, and you should be making quarterly payments.

Once you do this projection, you'll get a good idea whether you are on track or not, meaning whether you need to put more money aside or whether you need to put less money aside. If you're not on track and you have a lot of taxes you'll owe if you don't make changes, well, guess what? You've got six months to course correct.

I recommend this process for what I consider simple personal income taxes, where you have sort of standard W2 or 1099 income. If you own a business, whether it's an S Corp or a pass through entity, I personally recommend you work with a CPA. Yeah, you can do it yourself, I guess I just feel like it's probably not worth your time to do this, and you're probably not an expert.

I have an accountant. I also have a bookkeeper for my business. This is something my CPA does with me every summer. I am never surprised at tax time. The goal is to "break even" or maybe owe a little. I know many of us love getting refunds. I don't. I'd rather get the money beforehand. A good CPA will also run different scenarios based on what's happening in your life and business and the circumstances of the world.

I hope this was useful for you. I hope that you truly do make some time to assess your money goals for the year and to create some new ones.

Hey there, thanks so much for tuning in. If you loved what you heard, be sure to subscribe so you don't miss an episode. And if you're listening to this on Apple Podcasts, I'd love for you to leave a review. Reviews tell Apple that this podcast is, well, awesome. And it will help women find this podcast so that they too can live a wealthy life. And finally, you can learn more about me and what I do at wealthymommd.com. See you next week.