

# PATH <sup>to</sup> Prosperity

How Changing Your Money Mindset  
Can Change Your Financial Reality

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## BREAKING THE CYCLE

Car insurance: \$0  
Phones: \$0  
Internet: \$0

I stared at the screen. Why were there glaring gaps in Aharon and Malka Benowitz's\* spending report? How could it be that they were paying nothing for their phones and cars?

### Ups and downs

If you guessed that Malka's father was supporting them, think again. The Benowitzes were in their 40s with seven kids, and Aharon ran a growing enterprise software start-up. His business was doing well, yet Malka was confused and miserable.

"Every few months, he has these fits," she complained in session. "All of a sudden, he tells me to be 'careful' at the grocery store or not to buy new clothes. We could have spent less last month, but now the kids need new shoes, and he says no. Doesn't he care about his family?"

"Of course I care," Aharon said. "Didn't I take you on vacation last month? You even bought a new wardrobe for the trip! But now it's a tight month for the business."

"So the business is more important than our kids?" retorted Malka.

### Money history

Emotions were running high.

"Let's take a step back," I said. "Malka, your family's financial ups and downs scare you. Aharon, you don't understand how Malka could be so ungrateful after receiving the luxuries you give her.

"You're both right," I went on. "There's no one way to relate to money. Some people, like you, Aharon, are happy to enjoy the good life when they can and cut back when they have to. Others, like you, Malka, prefer consistency."

They both nodded. Our money behaviors are shaped by deeply rooted money mindsets. Clearly, Malka and Aharon related to money very differently. Before they could change their behaviors, they had to understand how they felt and why.

We explored further, delving into the Benowitzes' backgrounds. Aharon's family was affluent. His father had a successful business and supported the family in style. There were occasional months in which cash flow was tight, but the business always rebounded and made up for the temporary cutbacks.

In Aharon's money view, the wife runs the home, and the husband supports the family. His self-worth was tied to his role as a provider. When Malka accused him of neglecting his family, it cut him to the core.

In contrast, finances were always a struggle in Malka's childhood home. Both her parents worked, yet there was never enough money. Every time Aharon asked her to "be careful," she went on high alert, flooded with negative memories. She desperately craved consistency and security.

Framing the issue as misaligned money mindsets brought the couple relief. Malka recognized Aharon's devotion to the family. Aharon understood his wife's anxiety.

"How can we even out our income?" Aharon asked.

### Raising the red flag

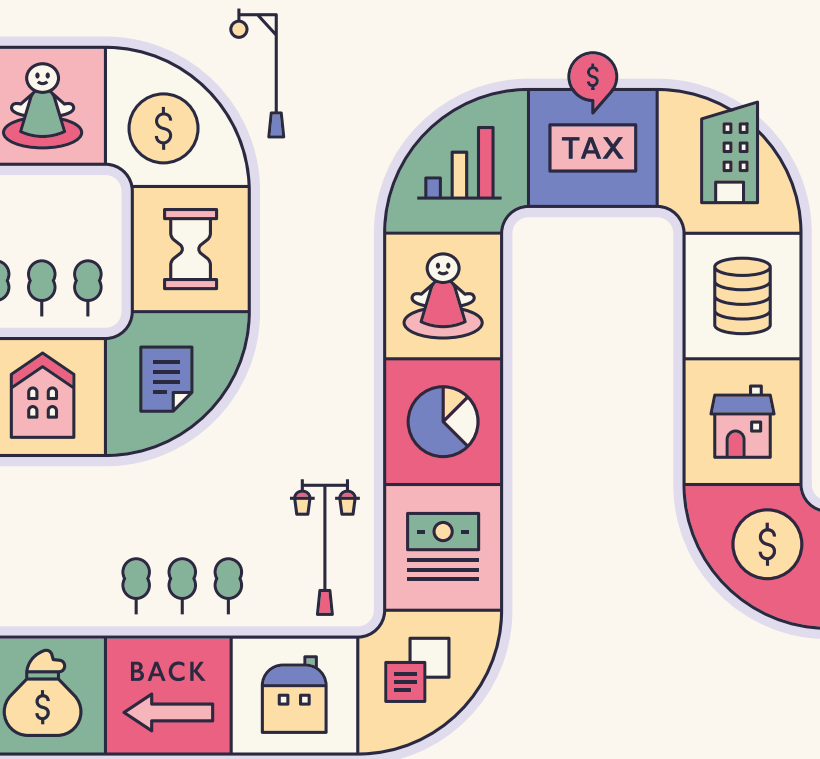
Good question.

We set the Benowitzes up with our PROSPR Plan™ cash flow software. Once we had the numbers, they could learn about their natural cash flow cycles.

Or so I thought. Because when I saw the Benowitzes' expenses, I realized we had another problem.

The software includes all the line items one would expect for a frum family. So when some basic costs came in at \$0, that was a red flag.

"I save money by writing them off as business expenses," Aharon explained. "I work nights from my home office, so I can include phone, internet, landscaping, and furniture. We



drive the company cars. When we go away for Yom Tov, I always come back with new clients, so those trips are business expenses too.”\*\*

On the surface, Aharon’s logic seemed sound. But there was no way to stabilize the Benowitzes’ money life if their personal and business finances were enmeshed. Their family’s finances were too closely linked to the business’s ups and downs.

We needed an accurate picture of their expenses to create a spending plan. From Aharon’s original numbers, \$300K seemed like a good annual estimate. But once we added the money that was funneled through the business, they were closer to \$400K.

Aharon was a savvy businessman and immediately understood what had to be done. With his accountant’s help, he carefully untangled his family and business expenses.

### Path to prosperity

Finally, we could discuss managing natural cash flow cycles. Frum spending fluctuates. Tishrei is more expensive than Cheshvan. Expenses skyrocket in December and January, when camp fees are due. Add a seasonal or commission business to the mix, and chaos will reign. Aharon’s business wasn’t seasonal, but it was deal based.

Fortunately, there are proven strategies to manage cyclical income and expenses (see sidebar). Armed with knowledge, the Benowitzes put those systems into place. Aharon also set a fixed salary for himself. Now the family could always count on a steady basic income. And when the business did well, the Benowitzes could bank the money in savings to cover the slow months.



## Managing natural cash flow cycles

Often, families come to me puzzled about their finances. Their annual income is more than their annual expenses, yet sometimes they struggle to pay the bills.

The problem is that you can’t just divide your yearly income and expenses by 12 to see if your monthly spending will balance. We don’t spend and earn evenly throughout the year. During Yom Tov, for example, our expenses are much higher than in other months. Also, many professionals, such as real estate agents, salesmen, and teachers on a 10-month pay plan, don’t earn equal monthly amounts.

What happens when a low-earning month coincides with a high-spending month? If you’re not prepared, you could end up with high-interest debt.

Awareness is half the solution. Study your income and expense cycles to recognize your highs and lows.

- Which expenses can you schedule for a high-income month?
- Can you put away money to cover your low-income times? (Bonus points if you put away the money in a high-yield savings account.)
- Can you adjust your payroll cycle to match your expenses better?
- Can you borrow money in a lean month and pay it back in a surplus month? This is a tricky strategy that requires a lot of discipline. However, it can help families get over the hump as they figure out exactly how much money they need per month.

The goal is to slowly build up a reserve of your own money from the months you earned more than you needed. Plan ahead to prosper throughout the year.

With mutual understanding and smart cash flow management, the Benowitzes could finally enjoy their prosperity. ●

\*Names have been changed

\*\*As tax laws are complex, readers are encouraged to consult with their accountant with regard to the deductibility of expenses.

Simi Mandelbaum CFT-I, AFC, FBS® is the founder and CEO of PROSPR Financial Wellness. Simi is so passionate about her work that she even plays the Rich Dad CASHFLOW® game with her kids. You can only imagine how much fun it is to grow up with a financial counselor mother.