

THINK WORKBOOK 003:

MONEY SAVVY

*with The Psychology of Money by
Morgan Housel*

by Ivaylo Durmonski | Thinkers Club

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Exclusively for members, this deluxe workbook is made possible by members - thank you!

The benefits of this material are twofold: Help you better concentrate so you can fully immerse in the words. And, escape the online attention monsters.

If you think someone you know can gain from this downloadable, you can direct them to the [Thinkers Club](#) page.

Thank you for your support and for respecting my hard work!

AUTHOR'S NOTE



Hello and welcome! My name is Ivaylo Durmonski. I'm the person behind the website durmonski.com.

Here's what's next: A practical guide outlining the key actionable ideas from a remarkable book, followed by guided writing exercises.

This is the 3rd Think Workbook (the previous ones are [here](#)). Like the rest, this workbook is designed to provoke thinking and doing. It will help you avoid sitting motionless and prompt you to act.

Ivaylo Durmonski

CONTENTS

INTRODUCTION

THEME

TOOLKITS

EXERCISES

REFLECT

TAKEAWAYS

READING

NOTE-TAKING

END

THINK WORKBOOK |

INTRODUCTION

Instructions: Section outlining the core purpose of this workbook, a nudge to sign a pledge for doing, and what's actually included in this digital asset.

PURPOSE

It's hard to understand what the books we read are all about - how they apply to our lives, what strategies we can adopt from them, what we can change in ourselves based on the text - unless we actively think about the content inside.

The aim of this Think Workbook is to help you improve your reading habits, stimulate thinking, and ignite action.

The pages that follow patiently unpack the best insights from the book *The Psychology of Money* by Morgan Housel, so we can make the most of the material.

The content is particularly useful in our busy, hyper-connected, and maddening world.

THE PLEDGE

Becoming savvy with money is not about hiring a financial advisor (although it might help). It's primarily about being fully aware of how you behave with money. Understanding what emotions inside you trigger an unstoppable urge to throw cash at meaningless things and substituting these desires with patience.

Don't get stressed if you are not able to complete *everything* proposed in this workbook. Life and progress are not linear. Focus more on reading slowly to understand and apply. Progress can be painfully inert, but that's not limiting as long as it's genuine and continuous.

With that being said, before attempting any of the proposed ahead, I want you to consider signing a declaration. It's a simple act, but it can greatly increase your level of participation.

I promise that I will schedule time with myself to read and think, really think, about the content.

I promise that I won't feel bad about any unread material or unaccomplished exercise.

I'm perfectly aware that there is more content on the subject but more, in the online world full of endless rabbit holes, is more a distraction than a benefit.

Sometimes, I will be unsuccessful in my attempts to focus on the content or implement what's proposed in the book. That is normal. I will not let these things hold me back. Instead, I will regroup, find what's working best for me, and practice based on my own schedule.

Signed by:

WHAT'S INSIDE?

This workbook is divided into 7 short sections:

- 1. Theme:** A short introduction of the theme explored in this downloadable.
- 2. Toolkits:** The best actionable strategies outlined in the book, clearly presented.
- 3. Exercises:** Powerful ways to think about the content.
- 4. Reflect:** Reflect on the material and describe what you'll do next with the content.
- 5. Takeaways:** What's your takeaway from what you've read?
- 6. Reading material:** What to read.
- 7. Note-taking:** A gentle nudge to summarize the content, create a daily log, and take notes while you go through the suggested reading material.

THINK WORKBOOK | SECTION 01:

MONEY SAVVY

Instructions: A short introduction of the theme explored in this Think Workbook. Placing the problem front and center along with the proposed solution.

PROLOGUE

When we get paid, we allocate our funds towards the bills that require our immediate attention. What's left - if there's anything left - we usually quickly find where to spend.

We presume, in most cases, that the income we get now will either stay the same or increase in the future. But imagine your income decreasing. Do you have enough to stay stress-free?

Our misguided decisions with money are often side effects of bad money management. For many folks, cash is viewed as a representation of their

buying power. What they can buy now, so they can feel good.

But money is not simply a way to look cool in front of others. It's a resource. Something that can help you earn more in the future. And not only that. It's a relationship. The way you behave with what you earn will shape the person you'll eventually become.

Disclaimer: I'm not a certified financial advisor nor an economist nor an accountant. The content below is solely my view after reading the book.

PROBLEM

Information about how to manage our finances is all around us. We can learn from the best financial minds of our time about how to approach investing and personal finance. But did that make us better investors? Not really. We are skilled programmers and savvy internet users, but we are still, sadly, very poor overseers of how our own cash moves in and out of our pockets. Paradoxically, to prevent further burying yourself into debt, you shouldn't focus a lot on financial strategies. Becoming savvy with money is more related to our emotions and behavior patterns.

SOLUTION

There are, of course, many ways to manage your cash. But the main thing you need to figure out if you want to become better with your money is how you approach your income. How you behave when you have little income, and how you do the same when things are going extremely well. Desperately pursuing more social validation will eventually hurt you. Wealth is not about what's visible. Wealth is not about what you can show to the outside world. Real wealth is about the stuff we don't buy. Real wealth is about making the gap between your income and your costs bigger. And to reach this, the most valuable skill is patience.

GET INSPIRED

“If you want to do better as an investor, the single most powerful thing you can do is increase your time horizon. Time is the most powerful force in investing. It makes little things grow big and big mistakes fade away. It can’t neutralize luck and risk, but it pushes results closer towards what people deserve.” Morgan Housel

“Become OK with a lot of things going wrong. You can be wrong half the time and still make a fortune, because a small minority of things account for the majority of outcomes. No matter what you’re doing with your money you should be comfortable with a lot of stuff not working.” Morgan Housel

“Use money to gain control over your time, because not having control of your time is such a powerful and universal drag on happiness. The ability to do what you want, when you want, with who you want, for as long as you want to, pays the highest dividend that exists in finance.” Morgan Housel

THINK WORKBOOK | SECTION 02:

TOOLKITS

Instructions: Powerful strategies from the book, clearly presented, making it easy for you to implement in your daily life.

THE SURVIVAL MINDSET

Above being wealthy, you want to stay wealthy. This approach requires a completely different set of behavior - a survival mindset.

The survival mindset is about these three things:

1. Becoming financially unbreakable. Not taking risks that you can't survive. Not accumulating debt. Long-term investments.
2. Have a plan when your plan is not going according to plan. To have an investment plan is good. But to have a plan on when your first plan is not working is far better.
3. Optimistic but with a sip of pessimism. Adopt a belief that things will go well, but also keep in mind that things are unstable.

Helpful for:

- *Ensuring that you'll stay wealthy.*
- *Enduring market crash.*
- *Having a strategy for when things are not working as you've planned.*

Prompts:

- *Think about the bad stuff that happened in the last 20 years (e.g., the 2008 market crash, Covid-19). Can you survive, financially, if similar things happen in the future?*
- *Avoid ruin at all costs. This requires an ever-sober look at your day-to-day life. Think about what you daily do that is not contributing much to your financial goals?*

COMPOUND INTEREST

Warren Buffet is often mentioned when the word money appears in a conversation. And while most people know that he's rich, few actually know why he's rich. His secret? Time.

99.5% of Warren Buffett's wealth was accumulated after his 50th birthday. According to sources, he began investing when he was 10 years old.

That's the power of compound interest. You put money away, and you leave the compounding interest to do its magic. The idea is to stay committed and also, of course, to earn a decent amount of money so you can afford to invest regularly.

Helpful for:

- *Retirement.*
- *Reaching financial freedom.*
- *Peace of mind.*

Prompts:

- *Pick a mid-level risk asset to invest in. If you still don't have a favorite brokerage firm, take some time to find one.*
- *You don't need a lot of money to start investing. Set a monthly target. Make it automatic.*
- *Don't aim to find the "best" stock. Find a good enough one. Something that won't cause distress.*

FULL CONTROL OF YOUR TIME

Happiness is usually subjective. Different people find happiness in different fields. One thing is certain though. The ability to be in full control of your time is priceless.

Your goal with money, regardless of your desires and aims in life, should be to have the right balance between working and living.

A high-paying job where you barely see your family can be worse than a low-income job with a lot of free time.

Wealthy, especially today, is having control over your life. Taking a break in the middle of the day and going for a walk. This type of wealth money can't buy.

Helpful for:

- *Taking control over your life.*
- *Figuring out money's greatest intrinsic value - gaining full control over your time.*

Prompts:

- *Measure the amount of money not with what you can buy, but with how much free time you can gain.*
- *Ideally, you'd want work that brings something more than income. You'd want work that brings positive feelings*
- *Do you find joy in what you do? If not, what else you can do? What's your backup career?*

STAY WEALTHY

Wealth is about the stuff you don't buy and about the stuff you don't own. Or, as the author shares, "Wealth is what you don't see."

A lot of rich people fail to maintain their net worth not because their income is not good, but because their expenses get higher with time.

Getting wealthy and staying wealthy are two different tasks.

The first requires doing a lot of things - spending, impressing people, going outside your comfort zone. While the second requires completely the opposite - not trying to impress people and not buying more things you don't need.

Helpful for:

- *Ensuring that you will stay wealthy even if your income sinks.*
- *Looking at your wealth from a different perspective.*

Prompts:

- *Keep your income high, but also make sure that your expense ratio is within reasonable limits.*
- *Are you spending money on things, or are you making your money earn you more money?*
- *What small thing you can change today that will make you better off financially tomorrow?*

DO THE AVERAGE

Being a good investor is not about finding the “ultimate” deal or the “best” stock to invest in. It’s about following an okish plan regardless of what others are doing.

Sure, trends and new markets will emerge. People will talk about them. It will seem stupid to not do what the rest of the pack is doing. But these are all trends.

Tails drive real wealth. Or, as Morgan Housel writes in the book, “A good definition of an investing genius is the man or woman who can do the average thing when all those around them are going crazy.”

Helpful for:

- *Resisting trends and “lucrative” investment opportunities.*
- *Sticking to your long-term investment strategy.*

Prompts:

- *When you came across an online guru, remember that the outside appearance is usually staged.*
- *Accept that most of the years your investments will be just OK.*
- *Regardless of the stocks you pick, you’ll be right only around 50% of the time. That’s why it’s important to focus on “average” returns.*

THINK WORKBOOK | SECTION 03:

EXERCISES AND ASSIGNMENTS

Instructions: Each one of the following pages carries an exercise based on a short snippet from the book. The goal is to sit, think, and write down your answer after deep reflection.

EXERCISE #2: ADD A DOSE OF PARANOIA

The best way to ensure that you will continue to progress is by being a little paranoid. A stress-free life is something that happens only at the end of the movies we watch. In real life, we need a dose of paranoia to push ourselves.

Housel points out that you need to embrace the nuance in life: “A barbelled personality—optimistic about the future, but paranoid about what will prevent you from getting to the future—is vital.”

Balance is key. You don’t want to diminish your motivation by embracing negative self-talk. You need a sip of reality.

Yes, hoping that good things will happen is good. But being only hopeful won’t quite prepare you for the eventual bumps you’ll surely encounter.

When things are going well, think about what might happen that will sabotage your current lifestyle. This is a good way to become more resilient.

EXERCISE #5: DEFINE YOUR GAME

Day traders play short-term games. Their job is to make money from the small price fluctuations.

People who buy expensive watches play social games. They want to impress others.

If your goal is to buy shares and hold them for the next 10, 20 years. If you are working from home, and if you don't particularly care about what people think about your possessions. You are playing different games than the above-mentioned. Therefore, considering their opinion is not something you should do.

With this in mind, think about the following: What game are you playing? Also, think about: What games the people around you are playing? If you play different games, why do you care so much about what they have to say?

THINK WORKBOOK | SECTION 04:

REFLECT AND NEXT STEPS

Instructions: The added space after each question is giving you the opportunity to express yourself, to talk to yourself - uninterrupted. This creates a moment in which you are able to plan your future steps.

THINK WORKBOOK | SECTION 05:

TAKEAWAYS

Instructions: Capture your takeaways before the vague ideas and concepts disappear from your consciousness forever. I'll share mine first. Then, you share yours.

TAKEAWAYS:

My key takeaways:

- Getting wealthy is different from staying wealthy. You need to be good at both to have stable finances.
- Saving and investing shouldn't be optional. Allocate a monthly sum for investing.
- Financial independence almost always happens thanks to only one simple quality: patience.
- The goal shouldn't be to earn more money. It should be to have more free time.
- The "best" investment strategies are usually exaggerated. Find good enough assets to buy and let them compound.
- Trying too hard to impress others is costly. Especially if you're doing it by buying expensive equipment. Impress them by being kind and original. Not by showcasing artificial wellness.
- The larger the gap between what you earn and what you spend, the better you'll feel.
- True independence is when you can afford to do the work you like with people you like without rushing to the office.

THINK WORKBOOK | SECTION 06:

READING MATERIAL

Instructions: Consider reading the book this workbook is based on. Or, the summary on my site. Focus on associating the newly acquired knowledge with your existing knowledge.

WHAT TO READ:

This workbook is based on the following book:

- The Psychology of Money by Morgan Housel: [/link to book;](#) [link to book summary/](#)

Other recommendations:

- What Is Your Money Personality Type? [/article/](#)
- Friends and Money: How to Handle 4 Tough Scenarios [/article/](#)
- Rich Spending Money vs. Poor Spending Money [/video/](#)
- Rich vs Poor Mindset [/video/](#)

Keep in mind that you don't necessarily have to read/watch everything. The idea is to get a wide understanding of this single topic, so you can later better apply the concepts to your life.

THINK WORKBOOK | SECTION 07:

NOTE-TAKING

Instructions: The best way to start engaging with the content is to summarize it in your own words, take notes, and practice. Use the following pages (or a notebook or an app) to capture your insights and your daily progress.

Daily log (write a one-line entry/prompt each day):

1/ _____

2/ _____

3/ _____

4/ _____

5/ _____

6/ _____

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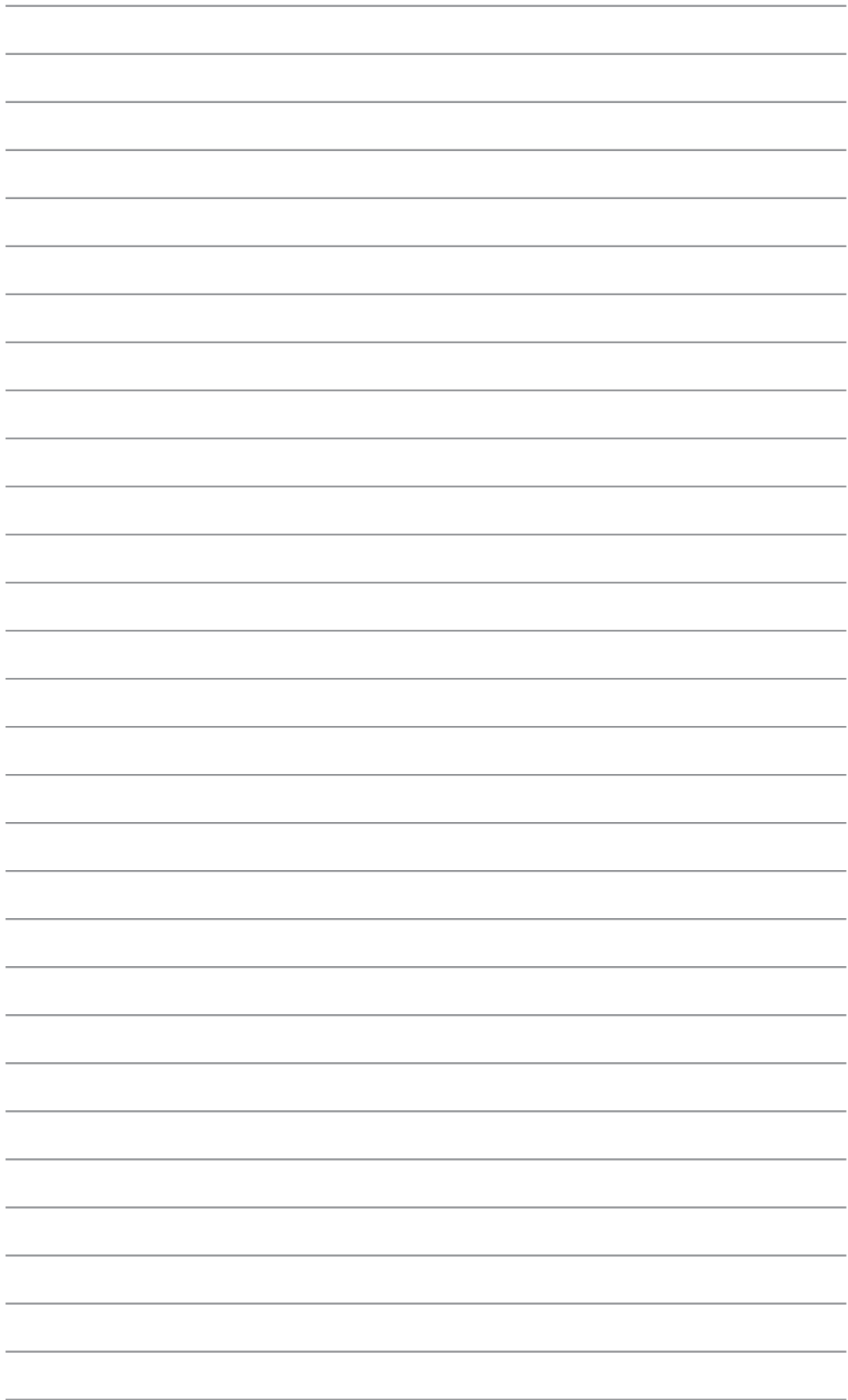
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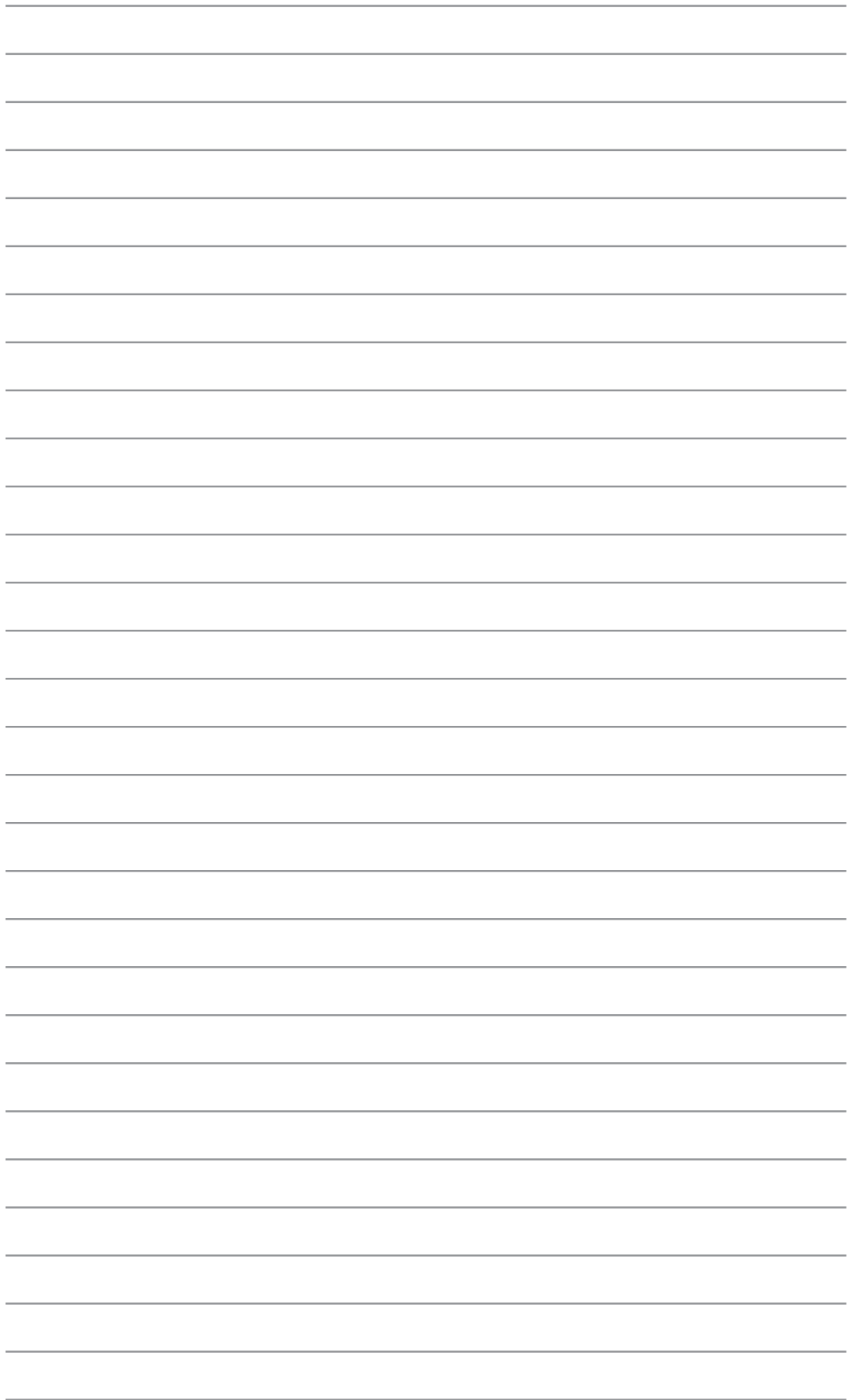
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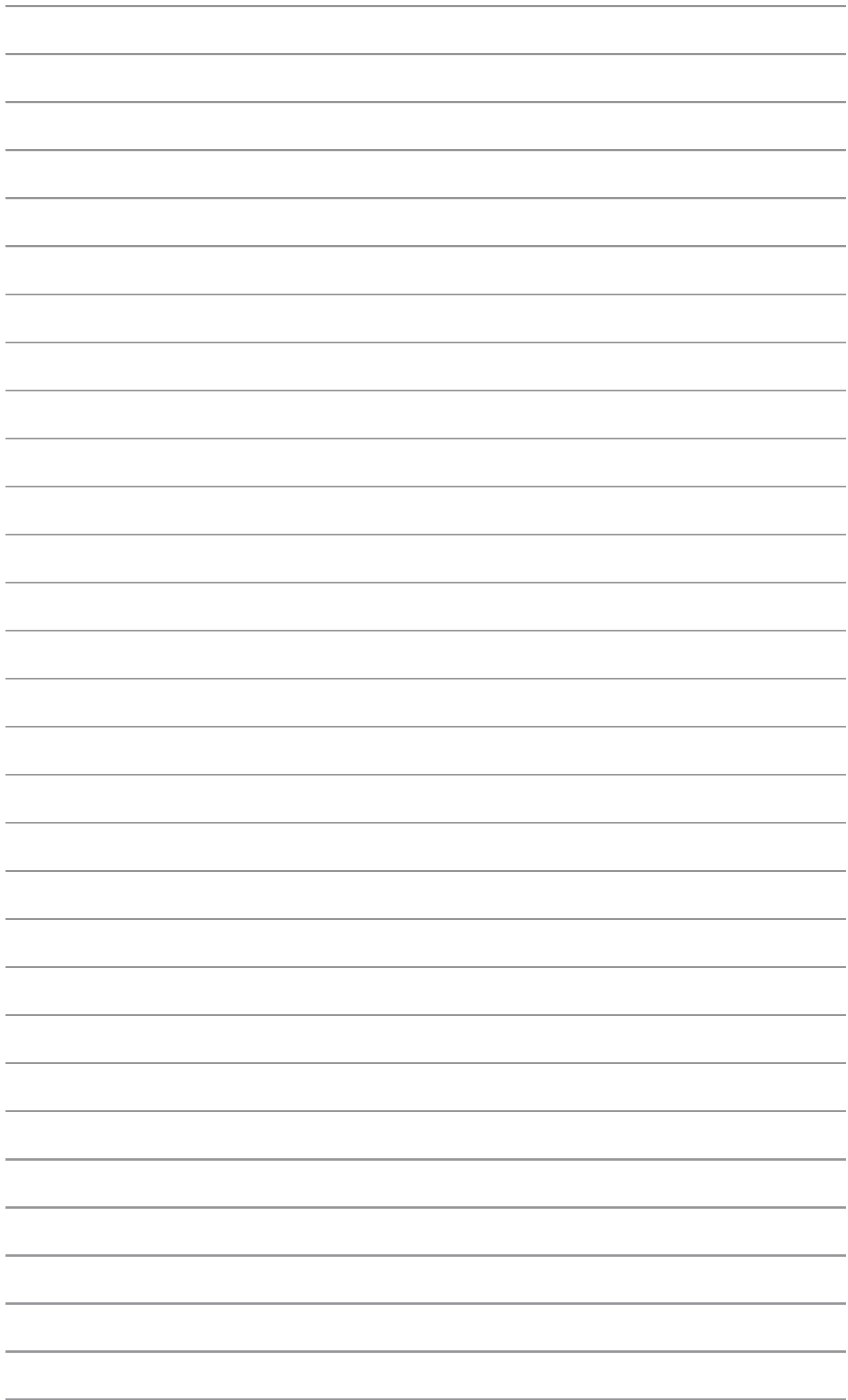
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END

All the mentioned ideas are offered only as a starting point. The main goal is to slow down and actively think about the content. This self-reflection will help you develop the skills you need to operate effectively.

Till next time!