**Hello, this is Helen Jones and Cynthia White coming to you today for our second Podcast on small steps to Health and Wealth.**

**There are many similarities in Health and Wealth, which people are not aware.**

Health and wealth are both important resources for living a happy and successful life. People in poor health often die young and spend thousands of dollars on health care costs. On the other hand, those who practice recommended health behaviors are more likely to exceed average life expectancy and need a large nest egg to insure that they do not outlive their assets.

Research data indicate that four factors strongly predict happiness and well-being in most cultures: health, economic status, employment, and family relationships. Studies indicate that people are happier when they are healthy, employed, married or in a long-term committed relationship, and financially secure.

**14. People want quick fixes; targets for fraud -** Health and personal finance issues are both ripe for claims of "miracle" cures and quick fixes. One reason is that it is not easy to make behavior changes. Promises of quick results provide an attractive alternative, resulting in thousands of books, infomercials, and products that claim to offer fast and effective solutions to health or financial woes. Unfortunately, many product pitches are outright scams designed to defraud consumers. Some claims that should raise "red: flags" about the possibility of fraud:

**Health Claims**

* + - * "Lose 30 pounds in 30 days" advertisements
      * Quick weight loss claims for dietary supplements, body creams, drugs, and patches
      * Ads such as "lose pounds while you sleep" that claim you can lose weight without any effort

## **Wealth Claims**

* + - * "Guaranteed" investment returns, often at rates above historical investment averages
      * No apparent relationship between risk and reward
      * Pressure to invest money quickly or to pay a high advance fee for services

**15. Denial and disconnects -** Studies of both health and financial planning topics indicate disconnects between perception and reality. According to the 2006 Retirement Confidence Survey, 3 in 10 American workers haven't saved anything for retirement. Yet, over half are somewhat or very confident they'll have enough money to retire. Similarly, an Associated Press survey in 2004 found that 60% of those who qualify as overweight under government standards (body mass index of 25+) say they are at a healthy weight. Only a quarter of those who are obese consider themselves very overweight.

Regarding both their health and finances, many Americans are in denial and think they are doing a whole lot better than they actually are. This, of course, makes behavior change difficult when people don't see their situation as a problem.

**16. Need for routine check-ups -** Nobody would argue that regular medical screening tests, such as blood pressure *(*checks, blood glucose checks, mammograms, prostate cancer PSA tests, or colonoscopies, are essential for maintaining good health. Regular check-ups are especially important as people age and are at greater risk for health problems. Diseases, such as cancer, can take years to develop and people who are diagnosed in the earliest stages usually have a better prognosis than those who are diagnosed later when a disease has spread to other parts of their body. Timing is everything when it comes to identifying a health problem and dealing with it.

Periodic financial check-ups are equally as important as routine physical exams.

People can be sick health-wise or financially and not know it. A review of one's finances can help "diagnose" problems (e.g., high consumer debt ratio) before they get worse

(e.g., bankruptcy) and assess uncovered risk exposures (e.g., inadequate auto liability coverage). A financial check-up can also evaluate progress toward financial goals, identify needed action steps, and provide accountability to oneself and/or to others (e.g., a financial advisor) and the motivation to change.

**17. Many available resources -** Lack of money is no excuse for skipping periodic health or financial reviews. For those with limited funds, assistance is available. Free or low-cost medical screening tests are often available through city or county health departments, health clinics, and non­profit organizations such as Planned Parenthood and women's centers. Inexpensive financial check-ups are available through non-profit consumer credit counseling agencies and governmental and non-profit organizations that provide financial education programs.

An increasing number of financial planners also provide advice and financial check-ups to middle-income consumers on an as-needed basis. The fees charged are generally around $150 to $200 an hour. To minimize the cost of these services, go prepared with cash flow and net worth statements and a list of questions in hand.

**18. Poor risk perception -** Poor health and financial outcomes are often couched in vague and relatively unthreatening terms such as ''you are at increased risk for" (heart disease, cancer, outliving your assets, etc.). People see "you're at increased risk for" warnings and tune out. Why? First, there is a natural human tendency to believe that these cautions apply to everyone else. Second, everyone knows somebody who successfully "defied the odds" or, worse yet, did "everything right" (e.g., healthy living and saving money) and died at a relatively young age. Third, risk warnings are rarely personalized or prioritized. We are told that we are "at risk" for so many things in life and the result is that most people just "freeze" and do nothing.

Familiarity is closely related to perceived risk. People often view *their* home, *their* car, *their* food, and *their* employer retirement plan as less risky than objects owned by others. This helps to explain why a common risk in employer 401(k) plans is holding a concentrated position in company stock. A health example of how familiarity affects risk is when someone (themselves or a loved one) is diagnosed with a life-threatening disease. Suddenly the disease and all of its risk factors become *extremely* personal. People often change their lifestyle as a result and pay more attention to expert recommendations for diet, exercise, and other risk-reduction strategies.

**19. Personal Traits = Success -** Whether it is losing weight or preparing for retirement, people with a positive mental attitude (PMA) have an edge. Why? If you expect to succeed, you will succeed. If you expect to fail, you will fail. Itis as simple as that. Seeing results (e.g., pounds lost, lower body mass index, dollars saved, debt reduced) is a powerful motivator and a great way to increase your PMA. Another is consciously replacing negative thoughts (e.g., "I'll never have $1 million saved in time for retirement") with positive ones (e.g., "I'll save as much as I can now and save even more later when I am earning more money.").

Nobody can control everything that happens to them in life but they can control their attitude toward life events. A common trait among successful people is their PMA. They look at challenges as opportunities, learn from mistakes, and make the best of difficult situations. A final personal success trait associated with health and wealth is having a tangible goal, passion, or sense of purpose. In other words, something that motivates you and makes the steps required to achieve it worth the effort. People will work long and hard if something is important to them. Create a mental picture of health and wealth for yourself and then determine the steps required to get there.

**20. Government and employer intervention -** We may have reached a "tipping point" in society's concern about Americans' poor health and low wealth. Government and employers are starting to take "serious" action. One example, reported in 2004, was the state of Louisiana contracting with a hospital to provide gastric bypass surgery, at $25,000 per operation, for some of its most obese employees. Cost was a primary motivator with the thought being that the operation was cheaper than health complications related to obesity down the road. Employers are increasingly implementing policies and fitness programs that provide incentives and opportunities for workers to improve their health. *Smart Money* magazine wrote about a company that pays its employees $25 per quarter, plus a yearly bonus of another $25 and a day off, if they are able to lose weight and keep it off. That's ''the carrot" approach.

Other employers are using ''the stick." For example, some have benefit programs that penalize workers who smoke or are obese.

In the wealth-building arena, there are also ""carrots" and "sticks." Perhaps the sweetest carrot is the match provided by employers to workers' 40l(k) and, in some cases, 403(b) plans. This is "free money" that no one should pass up, if possible. A growing "stick" approach to wealth building is an "opt-out" retirement savings plan.

This automatically enrolls workers by deducting a relatively low default contribution amount (usually 2% or 3% of pay) unless they specifically indicate otherwise.

**Ongoing Maintenance is required** - Health and wealth can free you or restrict your life and should never be taken for granted. Otherwise, you could wake up one day and realize that you're broke or in poor health or both. Health and wealth require periodic "maintenance" activities and can be destroyed by doing nothing. In other words, like a marriage, you need to work at health and wealth and develop good lifetime habits, including self-control. Recommended health maintenance activities include eating a nutritious diet that follows recommended dietary guidelines, regular exercise, and adequate sleep. Recommended financial maintenance activities include regular deposits to retirement savings plans and an emergency fund of at least three months' expenses.

Health and wealth should be viewed as simultaneous goals. Itis not a case of "either/or" or "now/later." Some people make the mistake of spending the first 20-30 years of their working life focused on accumulating money, often with a high level of associated stress that harms their health. Their busy schedule crowds out a good diet, exercise, and adequate sleep but, for a while, they get by. Health problems eventually occur, however, and they then spend their hard-earned money on expenses associated with failing health. In other words, they pursue wealth at the expense of health instead of considering both areas of life equally important and working on them together.

Summary

People "invest" in their health through healthy lifestyle choices, just like they invest in wealth-building assets such as stock or a college education. Good health is a form of human capital and has been identified as a major factor in the accumulation of household wealth. Conversely, high medical expenses and unhealthy habits, such as smoking, erode household wealth and claim income that might otherwise be used to save or reduce debt.

Poor health is a financial albatross around the neck of anyone trying to live a financially secure life. Medical crises are a particularly difficult source of financial problems because there are two negative effects: the high cost of medical bills (many of which are placed on credit cards) and the loss of income due to accident, illness, or disability. Coupled with inadequate savings and medical insurance, poor health is a major factor in the financial distress experienced by many U.S. households. This is especially true when families are living at or above the limits of their income.

In this podcast we have explained characteristics that health and wealth have in common. You've learned that "issues" generally develop slowly and take time to address. Also, that a lack of limits can cause problems and restrictions help avoid them.

In addition, you've learned that health and wealth are related in many ways. For example, if you practice healthy habits and live a long life, you'll probably need a lot of money to maintain your lifestyle in retirement. Healthy habits are also likely to improve

Now that we have made you aware of the connections between Health and Wealth, we will give you strategies to cope with these similarities in upcoming podcasts. Please tune in weekly over the next three weeks as we continue to bring you podcasts on Small Steps to Health and Wealth.

Thanks so much for tuning in. Please be sure to watch for the next segment.