

Living Your Life with Moxie! Newsletter – June 2003

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In this Issue:

1. Something to Think About: The Shocking Attitude Towards Women Wanting Economic Power
2. Money Muscle – Questions and Answers
3. Investing – Importance of Diversification, Asset Allocation and Rebalancing
4. Entrepreneurial – Important Questions to Tackle to Make Your Leap Successful
5. Legal – Intellectual Property
6. Pay It Forward – Being a Great Mentor!
7. Resources – Book and Website Recommendations
8. Moxie Workshops for June and July
9. Other Moxie Services

Life Moxie! mission: women seizing their economic power to take on their lives will make a profound difference in their families, their communities and the world!

Life Moxie! is committed to training women to be powerful about money – how to manage it, grow it, make it and protect it. Through information, resources, and advocacy, women become knowledgeable and skilled in the areas of money, investing, entrepreneurship and the law; and as a result they develop more confidence in their own lives. We work with women to develop this knowledge and acquire these skills, so that they have the freedom, power and courage to take on their own lives.

“Obviously it requires effort to use your potentialities to the best of your ability; to stretch your horizon, to grasp every opportunity as it comes, but it is certainly far more interesting than holding off timidly, afraid to take a chance, afraid to fail.”

~Eleanor Roosevelt

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Something to Think About:

The Shocking Attitude Towards Women Wanting Economic Power

Last week, I was relaying a story to a group of women in their 20s and 30s about the Entrepreneurial Education class that I teach at the Girls Middle School. One of the young women in the group worked at a non-profit and refused anything associated with corporate America. I was telling this group the story about one of my 12-year old students who wrote a thank-you letter to one of the women investors that participated in their Entrepreneurial Night and invested money in this girl’s company so she could launch her own business. This unique 12-year old wrote to the investor:

“Thank you for coming to Entrepreneurial Night and investing in our company. I want you to know that you are my role model. When I grow up, I want to be a venture capitalist just like you.”

Of course, I was moved and delighted that we had inspired this young girl to think so big. I was proud of the organization that helped to ignite this possibility in this 12-year old girl.

The young woman that worked at the non-profit, however, was not so impressed. She scoffed vehemently and cringed dramatically as she proclaimed, “Ewww. Just what this world needs – another venture capitalist!”

I stopped and looked at her and said very seriously, “Actually, what this world needs is more women in control of money. Only then will we see significant and profound differences in how its problems are solved.”

Unfortunately, it is her attitude, not her commitment to the world that will, in the end, keep her poor. As a result she will have a difficult time making the difference in this world that she wants to make.

What attitudes do you notice when it comes to women making big money? Are you aware of the cheerleaders and the scoffers? Which one are you? Are you willing to stand up for and support those women, including yourself, committed to being powerful about money? Women in control of the money in the world starts with you embracing your own economic power.

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MONEY – “MANAGE IT”

Money Muscle Answers Your Questions

Question: I am finally committed to taking control of my debt. I would like to get a lower interest rate credit card, but I don't know how. I just applied for a new card and I was denied, and I don't know why. Do you have any advice for me?

Answer: I have plenty of advice for you!

1. First, call your current credit card companies and ask them to lower your rate. They could say no, but chances are, they could lower your interest rate a couple points. They are in the business of lending money, and they know that there are many credit card companies out there itching for your business, so they want to keep yours. They are also in the business of keeping their risk low, so upon your request, they will re-review your credit and assess if your credit rating increases their risk. If so, they may not lower your rate. If not, they may offer to lower your rate instead of risk losing you as a customer.

2. If they do not agree to lower your rate, you have 2 options: (1) transfer the balance to another credit card company (this act alone will sometimes prompt your current credit card company to lower your interest rate), and (2) call back in 6 months and ask them to re-review your credit rating to see if you qualify for a lower interest rate.

3. In addition to working with your current credit card company, there are 3 good websites that will help you locate long-lasting, low-rate credit cards and credit cards offering “teaser” deals (ex: no interest for 6 months):

Bankrate.com (www.bankrate.com)

CardWeb (www.cardweb.com)

Consumer Action (www.consumer-action.org) (800) 344-7714

Also check with credit unions and local banks, as they are also in the business of lending money and are also always looking for new business.

4. If you apply for a credit card and you are denied, you have a right to request a copy of the credit report that caused the company to deny you a credit card. Upon receipt, check it carefully for any errors and report it immediately to the credit bureau. Incorrect information on a credit report may prevent you from receiving a credit card or a loan to buy a home or a car.

There are 3 major credit bureaus that offer credit reports to lenders, like banks and credit card companies.

Equifax (www.equifax.com) 800-685-1111

Experian (www.experian.com) 888-397-3742

Trans Union (www.tuc.com) 800-888-4213

Do you have a question for Money Muscle? Send it in by hitting “Reply” to this newsletter and submit your questions for next month’s newsletter.

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INVESTING – “GROW IT”

The Importance of Diversification, Asset Allocation, and Rebalancing

We have all experienced an enormous amount of volatility in the last 3 years. Would it have hit us so hard had we not become so cocky after the previous 5 years of fabulous investment returns? Perhaps the massive drop in the value of our investment and retirement accounts would not have been so massive and so painful if we had invested less of our money in dot.bombs and had invested more of it in line with an asset allocation that matched our risk tolerance. If we had consistently diversified our accounts to maintain an appropriate asset allocation and rebalanced every 6-12 months, then we probably would not have suffered as badly as many of us did.

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So what is diversification, asset allocation, and rebalancing?

Diversification is the process of buying securities in different investment types, industry types, risk levels, and companies in order to reduce your loss when one company or one industry in which you are invested experiences a loss. Did your mother ever tell you, “Don’t put all your eggs in one basket?” If not, your financial planner should! Diversification means putting your eggs in many different baskets. This allows you to minimize your risk, while maximizing your financial reward.

Asset Allocation is the way that you allocate your assets to achieve diversification. The degree to which you cannot tolerate risk is the degree to which you should allocate your assets over different investment categories. The main categories in most asset allocations are large cap stocks, small cap stocks, bonds, international, real estate, and cash. Asset allocation is usually achieved by investing in mutual funds that hold stocks in each of these categories.

A woman investing at age 20 will have different income, tax bracket and goals than a woman investing at age 60. The 20-year old will have on average 45 years left to invest and earn money before she retires. Therefore, a woman investing at age 20 can tolerate a lot more risk and volatility in her investment returns than a woman investing at age 60 who is planning on retiring at age 65. As a result, the 20-year old woman will have an asset allocation with more risky investments, like small cap stocks, and the 60-year old woman will have an asset allocation with more safe investments, like bonds.

There are many financial websites that will provide you with a recommended asset allocation based on your age, income, tax bracket and goals. Two financial websites that offer asset allocation models are:

www.university.smartmoney.com

www.smartmoney.com/oneasset

Rebalancing is the act of revisiting your portfolio to determine if the increase or decrease in the value of your investments has changed your asset allocation, such that it is no longer diversified or in line with your risk tolerance. For example, in 6 months, the value of your small cap stock has increased significantly and now your portfolio shows an asset allocation that is heavy in small cap stock. This has increased your risk because if there is a sharp decrease in small cap stocks the value of your portfolio will feel a significant decrease. To prevent such volatility in your portfolio, you would “rebalance” by selling some small cap stock and reinvesting that money in other assets in your portfolio, like large cap stock, bonds, real estate, etc. As a result, the value of your entire portfolio is higher because of the increase that it experienced when the small cap stock increased, however now your portfolio is diversified again with an asset allocation that appropriately matches your risk tolerance. This will help preserve the value that you earned in the event that the small cap stock experiences a significant decrease in the next 6 months.

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ENTREPRENEURIAL – “MAKE IT”

One of the best ways to seize your own economic power is to make your own money. Unfortunately many women jump in without laying the foundation for success. Here are some things to get in order before making the jump or even while you’re in the air.... And even if you’ve already taken the leap, you should take inventory of your foundation to ensure that you have landed on solid ground:

1. Personal Finances – do you know how much money you spend each month?
2. Debt – do you have a handle on what you owe? do you have a plan to pay it off?
3. Insurance – health, car, liability, unemployment, worker’s compensation...
4. Retirement – have you been contributing? will you continue?
5. Goals and Dreams – what are they? is starting a business on your list?
6. A Good Idea – do you have one? how do you know it’s good?
7. Business Plan – have you written one?
8. Funding – what money will you need to launch the business and run it until it’s generating money?
9. Support – do you have a business advisor (like Life Moxie!), networks, mentors, and a therapist?
10. Legal – what legal advice will you need? what business structure is best for you?
11. Passion – do you feel it for your ideas? do you feel it for starting a business?
12. Commitment – do you have it for when the going gets tough?
13. Vision – what do you want the business and your life to look like in 5 and 10 years? where are you going?

Life Moxie! offers many workshops like Entrepreneurial Moxie, Money Moxie and 1-on-1 consulting and advocacy to give you the tools and strategies to tackle these questions and take on your dreams with passion, vigor and confidence!

LEGAL – “PROTECT IT”

We hear the words intellectual property, patents, trademarks and copyrights thrown about, but do you know what they mean and how they could add value to you or your business?

Intellectual Property: These are assets that add value to a person or a business, although they are not tangible. Examples of intellectual property are patents, trademarks, and copyrights.

Patent: A patent is the protection granted by the federal government to an inventor to prevent anyone else from making, using or selling an invention or a process without the inventor’s permission. This protection allows the inventor to grant rights (aka “license”) to another person or company to make, use or sell that invention or process for

compensation (usually money). A new idea that is protected by a patent can generate a substantial and consistent stream of revenue for the inventor.

Trademark: A trademark is the protection granted by the federal government to the owner to prevent anyone else from using a word, phrase, name, symbol (aka “logo”), or sound without the owner’s permission. This protection allows the owner to grant rights (aka “a license”) to another person or company to use the word, phrase, name, symbol or sound for compensation (usually money).

Copyright: A copyright is the protection granted to the author of original written words, music, art, movies, software, photographs, games, and business plans, etc. The author has the exclusive right to use, copy, distribute and sell copies of her work and can prevent others from doing so without her permission. Copyrights are an excellent source of revenue for an author.

Life Moxie! offers the Legal Moxie workshop as well as 1-on-1 legal advice to all of its clients to address these and many other legal issues that will allow you to protect your economic power.

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PAY IT FORWARD

Be a Great Mentor and Support Another Woman’s Journey to Economic Power.

What is a mentor?

The word “mentor” comes from Homer’s classic narrative, *The Odyssey*. The goddess Athena became an Ithacan counselor named “Mentor” in order to advise Odysseus’s son Telemachus. Telemachus was sitting around waiting for his father and Athena as “Mentor” encouraged him to sail off to find him. She inspired him to be courageous and to embark on a journey to explore his leadership potential.

Women make great mentors, but as you’ve likely experienced, there is a shortage of women mentors. Here are ways you can be a great mentor and ways you can benefit from being a great mentor:

Mentor’s Job:

- Challenge another woman to grow and change
- Give advice that she needs when she is ready to receive it
- Have an interest in that woman’s success
- Provide career progress
- Offer social and emotional support
- Help her navigate through office politics
- Be a savvy analyst of industry culture and personalities
- Bring another woman into your networks
- Give honest and effective criticism
- See deeper into another woman’s heart than she can see on her own

- Help her realize her full potential
- Be patient, loving and wise

Mentor's Reward:

- Satisfaction from seeing another woman succeed based on your efforts
- Insight into the another generation's culture
- Reciprocity when woman mentored takes her place in leadership
- Friendship

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RESOURCES – FINDING YOUR WAY

Book Recommendation: Leadership the Eleanor Roosevelt Way by Robin Gerber. Read about the fascinating life of Eleanor Roosevelt in which she developed into the quintessential leader and learn how to apply her tools and strategies to develop your leadership potential.

Website Recommendation: www.howstuffworks.com. Check out the “moneystuff” section to learn more about how things work in economics, credit, financing, etc. Be careful, it's an addicting website!

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MOXIE WORKSHOPS

Check out our website for more information on any of these exciting and informative workshops at www.lifemoxie.com.

Money Moxie

Thurs. June 5 – SF

Wed. July 9 – SF

Investing Moxie

Tues. July 24 – SF

Entrepreneurial Moxie

Sat. June 14 – SF

Sat. July 19 – SF

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OTHER AVAILABLE LIFE MOXIE SERVICES

Workshops: Money, Investing, and Entrepreneurship

Consulting and Advocacy: individuals, schools, and corporations

Women Collaborating Workgroups: money, investing and entrepreneurship

Networks: mentors, internships

Resources On Line – books, websites, networking groups, mentors, internships, inspiring stories of women embracing their economic power

What do we do? We advocate for women who want to take on their lives. Through information, knowledge, and resources, our clients take on their lives by learning about money, embracing investing, experiencing entrepreneurship, becoming savvy about the law, and paying it forward to advocate for other women.

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Information provided here is not intended to replace the advice of tax, financial and investment professionals and lawyers. It is provided merely for your continued education about the issues.

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