

"A real-life look at how messy, complex—but ultimately rewarding—a personal relationship with money can be."

—MORGAN HOUSEL, BESTSELLING AUTHOR OF *THE PSYCHOLOGY OF MONEY*

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money
money
JOURNEY

HOW **30** PEOPLE FOUND
FINANCIAL FREEDOM
—AND YOU CAN TOO

EDITED BY JONATHAN CLEMENTS

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MARGIN FOR ERROR

BY
ANIKA HEDSTROM

After completing her MBA, Anika Hedstrom joined a major corporation, working on investment trading floors in the U.S. and as an expatriate in Southeast Asia. Working alongside exceptionally bright and accomplished professionals, she was surprised how few had a vision for their own financial lives. She became a Certified Financial Planner and cofounded Uplevel Wealth to help families design and lead intentional lives, while eliminating as many unexpected financial surprises as possible along the way.

BESTSELLING AUTHOR RYAN HOLIDAY believes that, if you want to be a great writer, you must first lead an interesting life. To understand the world, you need to cultivate experiences and gravitate toward things that challenge you. Holiday remarks, “What will the person who never risks hope to ever gain?”

Everything that happens to us, including our embarrassments and misfortunes, is material we can apply toward better handling the future. David Epstein, author of *Range: Why Generalists Triumph in a Specialized World*, believes such events are also the key to finding meaning and fulfillment. He notes that, “Our insight into ourselves is constrained by our roster of previous experiences. We actually have to do stuff, and then reflect on it.”

It’s through our adversities that we are given the opportunity to lead an interesting life. The old Irish blessing says, “May you be poor in misfortune, rich in blessings.” Perhaps it should be recast as, “May you be rich in blessings *and* misfortunes.” Which brings me to my money journey.

TWIN CHALLENGES

I was age 36, and working for a financial services firm in Portland, Oregon, when I was lucky enough to get pregnant. I have endometriosis—a condition that affects one out of every ten women, can take up to ten years to diagnose and can cause infertility. One of the best investments I've ever made: pursuing answers about my condition—and then getting help.

For \$10,000, my husband and I were blessed with two 'positive' pink lines, something many with my condition can only dream of. On the spectrum of infertility treatments, \$10,000 is quite inexpensive. We didn't have to endure in vitro fertilization or other, more involved, courses of action.

Shortly into my pregnancy, however, my luck turned. What started as routine nausea and fatigue escalated into countless doctor appointments, visits with various specialists, and extended hospital stays. At just 27 weeks and six days, I gave birth to our twin daughters in an emergency delivery.

There's nothing that can prepare you for this type of storm. Overnight, we went from a September due date to a June delivery. Instead of dealing with months, we were thinking in minutes. At every step, we had to make decisions where there were more questions than answers.

It's difficult to articulate what it feels like to see your babies failing to breathe—for their hearts to stop while alarms go off and lights flash in the neonatal intensive care unit (NICU). The babies simply weren't yet at the gestational stage where they had developed the capability to consistently remember to breathe. Every ounce of you wants to react, to pop open their isolette incubators, and start digging through wires and tubes to help.

But as counterintuitive as it sounds, the right antidote was to do nothing. The babies needed a chance to recover on their own. If they didn't, the nurses would flick their feet or lightly stroke their skin to stimulate a response. Through this process, they were simultaneously

training the babies' brains and setting the pace for our marathon. Watching these nurses care for our babies offered an important lesson: The novice reacts while the professional responds.

The best nurses did something else differently: They spent considerably more time bedside than they did chart-side. They got to know their newborn patients at a level that enabled them to make calls that the numbers or protocol didn't always support. I didn't walk away from the NICU experience remembering every blood oxygen saturation level or the breakdown of nutritional intake from the dietitian. I walked away feeling incredibly grateful and confident in the team that cared for our babies.

I came to appreciate their empathy and EQ—emotional quotient—just as much as, if not more, than their IQ. All too often in finance and other endeavors, we focus on the prescription and not enough on the diagnosis. We don't spend enough time wrestling with and analyzing the inputs. We flip the 80–20 rule, spending too much time with the 80% and not nearly enough with the 20% that matters most.

A LIFETIME'S PREPARATION

There's less than a 1% chance of having a pregnancy like mine. The cost involved was staggering. Yet my husband and I weren't entirely unprepared. Before we ever set foot in the delivery room, we'd spent many years laying the groundwork, financially and otherwise.

For me, that preparation began early, learning money habits by watching my parents, especially my father Ole. He was both a sports enthusiast and a total nerd. As a tenured veterinary pathology professor, Ole's work attire would mainly consist of Clarks dress shoes, Wrangler pants with a belt that often missed at least one loop, a collared shirt and coke-bottle glasses. He was the king of brown-bag lunches and DIY. His fashion sense reflected his unassuming nature and humility. From him, I learned that wealth accumulates thanks to the money you don't spend.

Layered on top of that was my education and career as a financial

advisor. I've learned that much of financial success is related to behavior, that managing money is less a hard science and more of a soft skill. Taking action, for the sake of doing something, doesn't build wealth. Adhering to a sound strategy—and focusing on what we can control—ultimately enriches us the most, while also allowing more time for the important things in life.

Ever since my husband and I were married in 2014, there were two things in our lives that we've been maniacally consistent about: saving money and investing in ourselves. Don't get me wrong: We love indulging in good food, beer, wine and friends—the prerequisites for the good life in Portland. We do our best to align our money and our time with what's important to us: adventure, knowledge, financial independence, experiences. But we also minimize or cut out the rest. Our financial approach is simple. We devote our money to things we care about, make sure we spend less than we earn, and invest the difference.

That's not to say we haven't had missteps. One of the biggest: We overpaid for our first home, which wasn't uncommon in Portland in 2015. Three months into homeownership, we discovered how many shortcuts were taken by the home's previous owners and how much we needed to fix.

It was December 2015 and one of the wettest winters on record in Portland. Our new neighbors invited us to their annual holiday party, where we met another neighbor who asked my husband a few things about her house and the weather. This led him to look in her home's crawlspace, where he found a few feet of standing water. We incorrectly assumed ours was dry.

Our house had a sump pump, and it had clearly failed. The one-year insurance that came with the house purchase would replace it, but only after the three feet of standing water was gone. We MacGyvered a makeshift sump pump by placing a bucket full of holes and a pump from Home Depot in the deep end of the water. An attached garden hose then carried the water to the street through the exterior crawlspace vent. After the water was mostly gone, it became evident that the flexible insulated conduit from the heating and air conditioning ducts

was damaged. This, in turn, led us to discover multiple other problems, which required a complete renovation of every single heating and air conditioning duct throughout the house. It was close to \$8,000 for all the work.

Other projects followed. Our largest started as a fence replacement and turned into a 360-degree structural landscaping renovation, involving retaining walls, fencing, drainage, sewer and gas lines, irrigation, plants and lighting. The final push was creating a covered and heated patio that my husband tackled. That unknowingly set us up for social distancing when the pandemic hit six months later.

Two days after we'd finished that project, we finally brought home our twins. It was September 2019—the month they were meant to be born. The twins had spent 87 days in the hospital's neonatal intensive care unit. The hospital bill for each baby was well north of \$1 million. We were profoundly grateful for good insurance and for 2010's Affordable Care Act, which prohibits insurers from setting a lifetime dollar limit on coverage. Our policy's annual out-of-pocket cost was capped at \$14,000. That was a hefty sum but one that pales next to the total medical cost that our twins incurred.

Our ability to make it out of this storm with our finances intact wasn't just the result of health insurance. It also hinged less on the savings we had added over the years and more on what we had subtracted—the expenses we chose not to take on. We may have overpaid for our 1962 fixer-upper, and yet its value to us has proven far greater. When we bought the house, we made sure we could qualify for the mortgage with just one of our incomes.

Those low housing costs, coupled with our resistance to lifestyle creep even as our incomes increased, left us with ample financial breathing room. That allowed us to save a healthy sum in the years running up to the twins' birth—and it gave us the financial flexibility to deal with the upheaval that followed.

BIRTHING A BUSINESS

With the arrival of the twins, I went from working full time to taking six months off. I then tried for some normalcy in my life by returning to work four days a week. But I quickly found myself caught between the needs of our young daughters and the demands of work. I was trying to keep up when life took yet another unexpected turn. In March 2020, COVID-19 hit.

Like countless others, 2020 gave me an opportunity to reflect on my life's path. I realized that what I needed and wanted for myself and my family didn't exist. Later that year, I had a routine lunch with a colleague. We were two working professional women with young children. Research suggests this is a problem: Working mothers are less likely to be hired, taken seriously and perceived as competent. They're also typically paid less than male colleagues with the same qualifications.

We decided to take matters into our own hands—by launching a fee-only financial planning firm, Uplevel Wealth.

The financial services business is a fairly tough industry with a decent failure rate. The intangible nature of what we do means it can take a long time to acquire clients. There are also high barriers to entry. For instance, one large custodian—the firm you use to hold clients' investments—requires that a financial-advisory firm manage at least \$50 million to use its platform. That \$50 million is on the lower end of the industry's asset minimums. Other custodians require your previous—and often much larger—employer to sign off before they'll allow you to use their platform. Financial advice is also a business where women and minorities hold few leadership positions. A 2019 study by Bella Research Group and the Knight Foundation found that 99% of all asset management firms were owned by white men.

Despite these barriers, COVID brought some key opportunities. The pandemic forced the industry to operate virtually. This allowed my partner and me to get a better understanding of our clients' lives. Instead of meeting them in an office, we were—aided by the internet—

able to open the door to their living room, join them at the kitchen table and meet their family. It added a much-needed human element at a strange and uncertain time.

Want a richer life? Someone once said kids are the hardest, best thing you will ever do. I agree. Want financial freedom? I believe entrepreneurship is the hardest, best thing you will ever do. I was able to make that leap because of the breathing room that my husband and I built into our financial lives. To launch my new business, we used money we had saved for years in an account labeled ‘opportunities.’

In the short term, I believe financial freedom is the ability to thrive and experience life while you’re in it. It’s the confidence to take a sabbatical, to change direction or to cope with the unexpected with ease. It’s the ability to take a calculated risk while staying in the game. In the long term, it’s the ability to determine your definition of enough, and have the humility and discipline to be satisfied once you reach it. I haven’t yet reached my *enough*. But I’ve been captivated by the journey—both the blessings and the misfortunes.

THREE LESSONS

- * Never go without health insurance. The out-of-pocket maximum may seem large—but it’s possible to incur medical costs that are far, far higher and which would bankrupt those without insurance.
- * Be intentional in how you use your money. Spend on those things you care about, while eschewing expenses that bring little satisfaction.
- * Challenges will drop unbidden into your life. Make sure you have the financial breathing room to deal with them.



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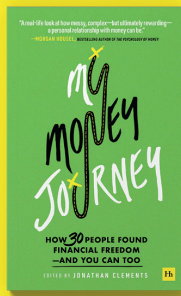
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