

WISE MONEY MOVES PODCAST  
Episode 4: Cash Flow Connections



Kamal Basra: Hello, I'm Kamal Basra.

Tracy Theemes: And I am Tracy Theemes

Kamal Basra: And this is Wise Money Moves.

Tracy Theemes: It is, indeed. And it's podcast number ...

Kamal Basra: Four.

Tracy Theemes: Look at that. She's not a financial advisor for nothing.

Tracy Theemes: I know the numbers. Last time Tracy, we were talking about the five steps of financial planning. Just for our listeners, today we're going to be talking about cashflow. Can you tell us a little bit about what the difference is between cashflow and budgeting?

Tracy Theemes:

Well, I know last week when we were talking about the five steps, and we are seeing the very first step, everybody's financial plan is determining what their cashflow is. I know we did get some questions about that. Cashflow, as you explained last week, is money in and money out, but it brings us to that question which is most people are familiar with the term budget. I think the difference is that budget to me ... Well, it's one of our B words, right? There's a bunch of B words that we don't like in finance, but budget is one of them because it gives the impression that it's a short term fix. A budget has always struck me as being like a diet: it's something that you do to yourself sometimes against yourself.

It can be very masochistic. The thing I don't like about diets and the word budget is typically it arises from somebody feeling there's something wrong with them. It's very different if you look and say, "I want to be healthier. I'd like to run 10K. I want my blood pressure to go down and taking steps." Well, that's the same if you look at me like, "I'd like to have more peace of mind about my money. I'd like to have more money in my savings. I really want to save up for my kid to go to that private school."

That to me is fundamentally different than, "Enough. Our life sucks. We've got to stop doing this. I'm putting you on a budget," which, there's a violence attached to it.

Kamal Basra:

I think in my mind when somebody talks about budget, what I hear is, "I don't have time to do that. That is so hard and it's going to take me so much effort

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and it's hard enough just cooking the meals and going to work and packing my lunch and going to the gym and all those things. The budget is just one more thing."

Tracy Theemes: Yes.

Kamal Basra: That makes it really hard because it's one of those things I *have to do*. Right?

Tracy Theemes: Right.

Kamal Basra: It's exactly what you're saying instead of, "I want to do it,"

Tracy Theemes: That begs the question then, "Well, how do I get ... How do I wrestle control? How do I get healthier? How do I put my finances on the right track?" You and I have always said, "keep track." It's like you hear about food diaries. Well, there's diaries that you have with your money. And again, it's because our perspective, even working with multimillionaires and high net worth clients, is it money at the end of the day is a flow, right? It's an energy. There's nothing tangible about money. We can do a whole podcast about what money is and isn't because it's always moving. You can't live in this world without money. It's just like you can't live in this world without breath. It's a fundamental piece of survival in our culture.

A budget again, is something that you're attacking onto a problem as opposed to flow, which is starting from a position of curiosity. If we could ever give people some type of inoculation of compassion, inoculation that you'll watch your flow of money for a certain predetermined period but with compassion and curiosity, not with self-loathing, not with fear-

Kamal Basra: Or guilt.

Tracy Theemes: ... Or guilt and shame.

Kamal Basra: Yes, yes.

Tracy Theemes: We hear so much about shame, in here. What I like to do, and I've heard you do this with people too, is just track for a bit. The first step is looking at the flow with curiosity and compassion. We look at the flow, money in, money out. How exactly? What's money in, Kamal? I know they ask you this question all the time. What is this?

Kamal Basra: Yeah. So money in, is just what are your sources of where the money's coming into your bank account? It's as simple as that? It includes things like your wages, you get your paycheck maybe twice a month, maybe once a month. It might be rental income, it might be income from investments, for retired clients or older clients, it might be pensions. They might be receiving pensions or annuities. It's just money that's coming and being deposited physically into your bank account.

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Tracy Theemes: What about when my brother loans me \$50 bucks.

Kamal Basra: No, because you have to pay it back.

Tracy Theemes: Okay.

Kamal Basra: This is money that is yours that you get to make choices with about how you're going to use it to purchase things or services. So the piece that people forget, Tracy, is that there is choice involved. When I see it in clients' faces where they really get that understanding of, "Oh, okay, it's not just a brutal exchange of have to pay the bills, have to do this and have to do that." No, there's actually some choice involved of, "I'm going to spend it on, whatever it is, " ... Rather than buying another purse. I'd like to use it as a gift for my mom." You could sponsor a person or it could be a charitable donation. There's choice in that.

In that choice comes the real power and it's not from that whipping of, "You did it wrong." There is no right or wrong with how you choose to make those decisions.

Tracy Theemes: Yes. I've often said that I think that cashflow is a powerful metaphor. I think for about half the population, money and the financial flow is really just keeping track. It's mirroring the rest of the life; the emotional life, the situational life. I remember an insolvency specialist once talking to me about debt and when a debt is when the cash going out or the money going out exceeds the money coming in over a long period of time. We've talked a little bit about that, about our net worth statement and that it tracks a pattern of unmanageability.

I think flow ... If the flow is constricted, and you'll see that because the numbers won't even out at the end of the month, that it becomes a mirror for us, a window into what's going on in our life. Lots of times, and we're seeing this, the epidemic, especially with women ... I do not hear as much about men being burned out as I do women. The men look just fine in my world and the women are falling apart, especially during childbearing years. That's where we see a lot of the stress come. Well, it's stress because the system itself has got so much in it. There's no flow. The flow is getting all munched up.

Kamal Basra: The other piece is the choice is taken out. As soon as that stress comes in and overcomes the flow of money, it then becomes a chore and it becomes very stressful and anxiety producing. We see that all the time where people in and they feel that they have no choice.

Tracy Theemes: Right. When we see people filled with anxiety and fear, what do we see happening in their financial situation?

Kamal Basra: It's paralysis, right? It's the inability to make those choices. Whereas what we're talking about is if we can overcome those initial barriers and get to the

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underlying reasons behind our decisions, then there's power. That's where, when you see that power being taken, that's where freedom starts from.

Tracy Theemes: Because when people too are stressed out, they move into fight or flight.

Kamal Basra: Right.

Tracy Theemes: Right? When you move into fight or flight, you're only activating a couple of areas of your brain. For most of us in this world, we need to be lateral thinkers. We have to be creative thinkers. Flow and money is actually, it's because it's not real, it's just a representation of things. We have to actually be able to see it in a big way. When we're stressed out, we make fast truncated decisions and people think exactly what you said. They have no choice.

Tracy Theemes: "Well, my daughter, da-da-da-da-da," and I'm like, "Hold on. Let's just breathe our way through this. Can we just take a few minutes? Your daughter doesn't need braces today. Let's go back and let's check with the orthodontist and see what a three or four month delay will do when you're off parental leave and the money's coming in fully. Will it screw up her teeth forever?"

Tracy Theemes: We can create more space and that is like a self-perpetuating anxiety spiral and cashflow shows it because people aren't taking the time to slow down their decision making and to recognize the power of the choice that they're making. So cashflow to me isn't about money. It's as much about the flow of energy in and out of a personal system or a family system as it is anything else.

Tracy Theemes: The other thing I think that's interesting is that when people do start to feel that they have more control, it's not just a downward spiral. You can start an upward spiral. We've watched that healing happen so many times.

Kamal Basra: And it translates across to other areas of their life, so it doesn't even matter where you start, as soon as you get out of that anxiety producing environment and you take those steps back and a couple of breaths and create some space around you, all of a sudden those choices translate to your career, to your relationships, to your health, how you eat. It's all about self care and nurturing.

Tracy Theemes: Right. Yes. I know that sometimes I put people on prescriptions of self-care.

Kamal Basra: Right.

Tracy Theemes: I'm just like, "You know what? You're so stressed out right now and the cycle is so embedded, we have to find some way to break out of these patterns. I think the best way is for you to add in one thing that makes you happy or makes you feel good." And of course I get a lot of pushback for that. It might be something as simple as, "Make a decision. You're only listening to CBC radio when you're traveling through town or you're only listening to the most beautiful music that heals your soul and that makes you happy that within the car time that you're driving, you're in control of that, or that you're going to walk two blocks around

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the block after you drop the kids off from school, and in that, all you're going to be doing is tracking your breathing."

Tracy Theemes: They're like, "What does this have to do with our money situation and that we're falling apart?" Well, I can't fix this until I get your creative thoughts and I get space in your brain because at the end of the day, there's no fixes that we can apply as financial advisors. The only person who carries a solution to how to get the flow is that actual person or that family themselves.

Tracy Theemes: That's what they say about conflict as well. The solutions are held by the people in conflict. We have to create this space and try to create some of the, I don't know, some of the mentoring and some of the encouragement-

Kamal Basra: And awareness.

Tracy Theemes: ... And awareness to be awake.

Kamal Basra: Bringing that awareness into it.

Tracy Theemes: Waking up hurts.

Kamal Basra: It hurts. It's hard, and it also takes time and it takes space.

Tracy Theemes: Yes.

Kamal Basra: One of the issues in our daily lives is the world is just getting faster and faster and our treadmills are getting faster. The little, not even treadmills, the hamster wheels are getting faster. It's actually extracting ourselves to go and take that half a day or that hour or the five minutes or the one minute to bring ourselves to that level of calmness where we can then look at our choices.

Tracy Theemes: Right. So in your experience Kamal, what are some of the reasons that people overspend?

Kamal Basra: I think it's from a place of lack, a place of not having enough, a place of fear, of, "I know there's not enough money for the month, but I'm feeling stressed so I'm going to go and spend this extra \$60 for a meal out." It's from a place of almost panic.

Tracy Theemes: Yes.

Kamal Basra: The spending is trying to compensate for this deep longing of calmness and peace and security.

Tracy Theemes: The thing that I think is so important to understand, and this is fundamentally the difference between a budget and tracking cashflow or getting a handle on cashflow, is that because money is the currency of everyday life, we can never not have a relationship with it. You're never too old, too young, too smart, too

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rich or too poor. The flow has to be managed. So even if you put yourself on a budget, you can't just stop eating. You can't just stop spending. You still have to pay rent, you still have to make decisions, you still have to exercise an architecture of problem solving.

Tracy Theemes: So by throwing things on, like you say, just one more set of things, for some people to fail that, the idea of tracking cashflow and managing cashflow is actually fundamental to getting your whole financial world in order. That's the opportunity. To me, it's the difference between, again, reverting back to the dieting metaphor ... Great, if you're two points off on your blood pressure and the doc says you need to add two extra hours a week of exercise, great. That's a pretty easy solution. But if you've had blood pressure issues now for 15 years, we've got to get to the root of that. We've got to do some self-discovery.

There's some things around cashflow that it isn't and there's things around budgeting that it isn't. It isn't something that gets solved. When I'm working with people, I often think they just want to get this done so they don't have to talk about money anymore. And I'm like, "I wish we could do that". I know that money can be at a place where it's behind us, where it's just, I don't know the wind at your back so you can go frolicking into the forest or into the meadow and live happily ever after. That's what we want.

Kamal Basra: That's the end result.

That's the end result. But even that, by that point, you're doing it. That wind's so pleasant, you don't even care if it's in front of you. Our idea is to work with that wind.

Tracy Theemes:

The cash flow versus budget question is one of perspective, and what we think is a very ... A much more healthy, respectful and empowering perspective is to look at your money as a flow rather than looking at it as something that is a problem to solve, that you're going to attach some type of restraint on yourself. I'm not saying you aren't going to have to exercise discipline about restraint.

Kamal Basra: I think that exactly talks to, it's not a punishment. Right? It's not a punishment to do a budget or to follow your cashflow. It's actually just an understanding and an awareness of, "Oh, that's interesting." If we use the food metaphor, "Whenever I am really worried, I go to the fridge and I open the fridge all the time." Instead of what might be a walk in the park or taking a few minutes to breathe or meditate. And that's, I think what you're talking about, is that consciousness behind the decision making.

Tracy Theemes: Yes. The other thing I worry about is people putting themselves into states of deprivation. There was a lot of controversy about the book that talked about ... What was it? The latte book?

Kamal Basra: The Five Dollar Latte, or something.

Tracy Theemes: Yeah. There's been a lot of, "Drink the damn latte" and that's my perspective. You're not going to cure your life. You're not going to cure longstanding issues with that or manageability by stopping drinking lattes, if that's the biggest joy

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that you have in your life. I think that's a lot of what we would call the masculine paradigm, is looking at ways to restrict and not looking at the whole reason that people overspend, the bottom line, is because they're deficient. They have an insufficiency, a lack of time or love or space or assistance or nurturance or energy or sleep. Just making them do something worse to try to solve that just seems counterintuitive.

I think maybe we should talk about that at another time. Let's pick up that discussion at the next podcast and talk about what we can do exactly to manage that and whatever else.

Kamal Basra: Yeah. Maybe more of the practicalities of cashflow, so the background.

Kamal Basra: Thank you very much for joining us today on this podcast and we look forward to talking to you soon.

Tracy Theemes: And be nice to yourselves.

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