



Janet Luhrs

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Dear Reader, Abundance, simplicity, and the hunger for stuff

I received a letter to the editor that brought up a fundamental question: what is the root cause of all of our shopping and accumulating? If we learn the tricks of getting organized, but don't make any internal shifts – won't we simply return to our disorganized, cluttered state again? In her letter, reader Candace Pidcock comments on my clutter editorial in the July issue of *Simple Living*:

"... Nowhere do you address the fact that many millions of people in "developed" countries experience a deep and pervasive spiritual emptiness. There are many ways we attempt to fill ourselves – with food, alcohol, drugs, by engaging in extreme activities of all kinds, and by acquiring things. To lecture people and tell them to de-clutter and simplify does about as much good as a diet or drug treatment that does not address core issues. Just about anyone can lose weight or kick a habit for awhile. Until we arrive at insight into why we pursue empty activities and find something that is fulfilling, we will be like the proverbial dog who chases his tail to no avail."

There are a zillion ways to make changes and enrich your inner, or spiritual life. Which way you choose depends on your own psychology. For many people, simply the act of clearing clutter and living with less is enough to start an internal shift. They begin to notice that they are happier with more air-space – the literal air from having less material stuff around, and the psychological air from having more open time – time that was previously spent shopping or filling calendars with unfulfilling activities. Over the many years that I have been involved with simplicity, I've noticed that once people start the act of simplifying on the outside (clearing clutter, clearing calendars etc.), oftentimes they very gradually begin to develop a more rich inner life. It is only *after* they have opened up space in their lives that they have the time and openness to even *think* about what's inside.

On the other hand, many people come to simplicity the opposite way. They start taking a look at their inner life first, and once they begin developing an inner life, the outer life follows suit. It's the classic debate: Is it better to start inside to make changes, or should you change your outward behavior, and the inner will then shift?

My feeling is that both avenues can work and it depends on the individual. In my book, *The Simple Living Guide*, I profile a fascinating man who had tried every outward way to simplify that he could – even leaving his suburban home to move to the woods – but still found he was empty. It wasn't until he discovered a spiritual path that he began feeling fulfilled. So, one thing I am clear about – whichever way you do it – outside in or inside out – the significant piece is development of your inner life.

I spoke recently to a woman who teaches a program titled *Embodied Abundance*. The state of feeling that life is abundant can open people up to a very rich life, be it spiritual or otherwise. As an executive coach and consultant, Victoria Castle has been observing people for over 15 years, looking for patterns common to people who seem to be effective in the world – and more importantly – report feeling satisfied with their lives.

"I kept watching for the patterns and elements that were common to these people. I read loads of books about the science of how our brains and systems work, and books on metaphysics and prosperity. My research has shown that the feeling of abundance and satisfaction is largely the result of two factors:

- 1 The story we live in.
- 2 How we hold that story in our bodies.

"We keep accumulating things because we don't feel satisfied. We keep trying to make circumstances provide an experience they can't provide. When people attend to their inner state of feeling satisfied, they



“I’m 55 and I want to feel alive.”

will experience far more freedom and release than by trying to get the circumstances (outer life) right.

“The experience of abundance is dependent far more on our inner state than on our outer circumstances. I continually see people spending all of their time and energy trying to get their circumstances right so they can have an experience of ease in the world and to me, that’s not a very reliable route. It takes much longer than if we attend to our internal state. That is what makes us more available to the abundance that’s around us all of the time.

“The state of abundance is about ease and flow, like a river that’s allowed to move as opposed to one that’s dammed up. When we start getting tight and constricted and working and pushing really hard – that’s like putting a dam in the river.”

How our stories dictate our life

A pivotal point in Castle’s work is helping people to see how their “stories” shape their lives. For instance, it’s fairly easy to spot people who believe that life is hard. They walk with their shoulders hunched and their head facing down. They also tend to be people who feel they need to push to get what they want. “The story that life is hard is no more true than any other story,” Castle says. “My work helps people to shift that story, using their mind and body.

“When people are of the mindset that life is hard, they will not be able to feel real satisfaction or gratitude for what they have. That is what often causes people to seek to feel good by accumulating, pushing through life, or over-scheduling.

“For instance, I have a client who is a successful attorney with a good marriage. Yet she walks around with her shoulders hunched, jaw tight, and looking apologetic most of the time. She has chronic headaches. Her “story” is that she doesn’t deserve a good life. That story, and way of living in her body, colors her perception of anything that’s going on around her. She’s not able to enjoy her life or to experience any of it as abundance.

I’m 55 and I want to feel alive

“She came to me complaining that she doesn’t feel alive. She said: ‘I’m 55 and I want to feel alive before I die.’”

Castle helped her open up her body and move differently. Most importantly, the client came to see that what she was oriented to was a story, and not the truth. She changed her story to ‘Life is rich, and

so am I.’ She still has her same job and same relationship, but she moves through life with more ease, more pleasure, and seeing more opportunities. Now she can enjoy the circumstances of her life. Before, she couldn’t.

Embodied Abundance focuses on these themes:

1 Be aware of your current emotional and physical state. Where is your attention most of the time? What are your thoughts, what are you worried about, what are you planning? Also pay attention to how you are breathing. Is it tight and high in your chest? Where is the tension in your body? Jaw? Throat? Shoulders? Do your legs twitch, like you always have to keep moving?

Practice paying attention to your mental and physical state for two weeks. As a reminder, you can check in with yourself five times a day, such as when you wake up, when you go to bed, when you use the bathroom, and so forth. During this time, start practicing what it feels like to move your body into a state of flow. Do that by breathing deeply from your belly, and letting go of tension in your body. Bring your body to its full length – not straining – but filled out.

This practice will help you recognize the difference between living in a state of flow and a state of difficulty.

2 Recognize your “story” and begin shifting that story to a positive one. Your story will show up in your body, which is why it is so important to learn how to recognize your physical symptoms and change them.

3 Juice up your life. Most of us are great at giving, but not receiving. Start by planning for more time for yourself so you have a juicier life, and can let more abundance come to you. That abundance could be opportunities, conversations, or some material item you have always wanted. You’ll begin to appreciate things that have always been in your life, but slid by unnoticed before, such as a friend’s kindness. People often over-consume because they cannot deeply appreciate and receive what is around them, so they continually search for more. Our Protestant work ethic has taught us to frown on being a receiver, but if you can’t receive, it’s hard to ever feel satisfied.

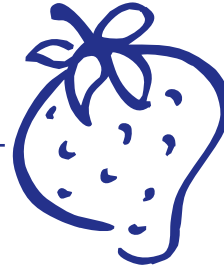


4 **Be an overflowing bathtub.** To fully enjoy something is to feel grateful for it. If someone has a problem feeling grateful or generous, it's often because they haven't ever fully received. If we're full, we're like a bathtub overflowing. Giving then becomes the most natural thing in the world. Most of us, however, have been taught to give from obligation and duty. It feels like a burden, rather than pleasure. People who get

burned out keep giving what they don't have to give. If you only take five minutes a day to enjoy something – that's a good start.

For more information on Embodied Abundance, visit castleenterprising.com, or call 425-985-9058.

Janet Lubrs



You are what you eat – really

You are what you eat. No, really. Every little thing that you put into your body becomes you. If you're ready to simplify your life at a most basic level – meaning maintaining and enhancing your health and well-being – it pays to understand the relationship between the food you choose to eat and the health of your body.

A simplified life after all, is merely about making conscious, rather than unconscious choices with regard to the way you live your life. Food choices are much like financial choices. With every dollar that comes through your hands, you have a choice. Will you spend, save, or invest? If you're conscious, you'll manage your money according to your own grand plan that gives you the life you want, rather than spending too much and then wondering why you can't seem to get off the treadmill.

Your food choices have a similar effect. With every bite of food you take, you make the choice to contribute to or detract from your health and well-being.

I spoke to nutritionist Kristi Wrightson, who teaches a program called *The Simple Series*. She says: "I want people to be very conscious about the food they're eating and preparing. It's an easy concept – you are what you eat – but I don't think most people totally understand what that means on a molecular level. Those Cheetos you eat make up cells in your body. Your body breaks down all the food you eat and pulls out the nutrients that you need, and makes new cells or stores nutrients. It's important to educate people about what happens so they have a choice. They can eat Cheetos in moderation, but I help them understand what happens to their bodies when they make this choice.

"Our *Simple Series* shows students how to choose food according to nutrition and seasonality, and how to prepare it using easy recipes. We provide our students with a nutritional analysis of every menu item so they can have in front of them all the vitamins and nutrients they are eating. And we show how to make cooking as easy and healthful as possible.

"We focus not so much on calories, but on getting the most nutrition you can for the least amount of calories and fat, so you have a nutrient dense meal. If you have more nutrients, you get more satisfied and you feel complete."

Here are sample menus you can try:

Summer: Simple Salads

During summer, it's good to eat cooling, lighter foods, such as entrée salads.

RECIPE: Roasted Vegetables and Spring Mix

- 1 Buy pre-mixed spring salad mix
- 2 Roast summer vegetables, such as red pepper, zucchini squash, sunburst squash, baby onions, and carrots. To roast, place in pan covered with a little olive oil, salt and pepper, and bake at 400° until they just begin to brown.
- 3 While the vegetables are roasting, make a vinaigrette dressing using walnut, avocado, or olive oil. Add lemon juice, a little mustard, salt and pepper, and toss with the roasted vegetables. Add homemade croutons (slice French bread, season with salt, pepper and basil, and put in the oven until brown and crispy). Add crumbled Feta cheese on top.

For a heartier summer meal, add a small soup, or use the bread to make a grilled eggplant sandwich.

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*We focus not
so much on
calories, but
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least amount
of calories and
fat, so you have
a nutrient
dense meal.*



WHY IT'S GOOD FOR YOU: *The salad mix is a very good source of fiber, and romaine lettuce is a good source of many vitamins and minerals, including potassium, which has been shown in numerous studies to be useful in lowering high blood pressure, another risk factor for heart disease. With its folic acid, vitamin C, beta-carotene, potassium, and fiber content, romaine lettuce can significantly contribute to a heart-healthy diet.*

Other vitamins and minerals are the following: Squash is full of vitamin A, C, calcium and potassium. Carrots are high in beta-carotene. Feta cheese is high in protein, and onions offer antibiotic properties, plus are anti-inflammatory and anti-viral. Onions also have vitamins A and C, both, high in antioxidants.

Winter: Simple Soup and Ahi Tuna

During winter, squash is plentiful and very grounding.

Ingredients:

4 large winter squashes (any variety)
 4 T maple syrup; plus 2 T
 1 medium onion
 1 small apple, cut in half
 2 cloves garlic
 1 Pablano pepper
 1 – 4 T olive oil
 ½ c almond butter
 ½ t nutmeg
 ¼ t ginger
 1 t cinnamon
 2 T soy sauce
 Pepper to taste

RECIPE: Creamy Squash Soup

- 1 Pre-heat the oven to 425°. Cut squash in half and scoop out seeds. Add ½ T maple syrup to each half of the squash. Cut onion into quarters. Cut top off garlic. Put halved apple skin side up. Put squash, onion, apple, garlic and pepper on a roasting pan and coat with 1–2 T olive oil, adding salt and pepper to taste.
- 2 Put in the pre-heated oven for approximately 45 minutes, turning onion, pepper, and garlic several times. The vegetables should be tender and darkened when done.
- 3 Remove vegetables from the oven and let cool. Pour maple syrup from the squash in food processor. Scoop meat out of the squash; discard stem and seeds from pepper and apple. Add all veggies to the food processor with remaining maple syrup.
- 4 Add almond butter to the processor and blend on high until smooth consistency, adding water if necessary. Add nutmeg, ginger, cinnamon, soy sauce, olive oil, salt and pepper. Blend until creamy. Put soup in pot on stove and heat until bubbly. Serve. Makes 6 servings.

WHY IT'S GOOD FOR YOU: *Winter squash is an excellent source of vitamin A (in the form of beta-carotene), a very good source of vitamin C, thiamin-vitamin B1, folate, pantothenic acid-vitamin B5, potassium and dietary fiber. In addition, winter squash is a good source of vitamin B6 and niacin-vitamin B3.*

One of the most abundant nutrients in winter squash, beta-carotene, has been shown to have very powerful antioxidant and anti-inflammatory properties. Beta-carotene is able to prevent the oxidation of cholesterol in the body, and may also protect against diabetic heart disease. Studies have also shown that a good intake of beta-carotene can help to reduce the risk of colon cancer, possibly by protecting colon cells from the damaging effects of cancer-causing chemicals. The potassium in winter squash may help to lower blood pressure, and the vitamin C may be able to reduce the severity of conditions like asthma, osteoarthritis, and rheumatoid arthritis.

Ingredients:

3 oz. fresh tuna
 ½ t mustard
 1 t olive oil
 10 tamari roasted almonds
 20 tamari roasted pumpkin seeds
 1 clove of garlic
 Pinch of fresh cilantro
 Pinch of fresh ground pepper

RECIPE: Nut Crusted Ahi Tuna | Serve this meal with a green salad.

- 1 Combine nuts, seeds, garlic, cilantro, ½ teaspoon of oil, and pepper in a food processor and blend together until smooth (or whatever texture you like).
- 2 Spread a light coating of mustard on one side of tuna followed by a thick coat of the blended mixture. Use the other ½ teaspoon of oil to coat a hot pan before placing the tuna crust side down inside.
- 3 Once you see a thin grey line forming on tuna just under the crust, check for browning of the crust. Once it is brown, place tuna in a 400° oven until done. This should take approximately 3 minutes for rare, 5 minutes for medium rare and 7 minutes to cook through.

WHY IT'S GOOD FOR YOU: *Tuna is an excellent source of high quality protein, and is rich in a variety of nutrients including the minerals selenium, magnesium, potassium, iron and zinc; the B vitamins niacin, B6, B12, pantothenic acid, and riboflavin; and perhaps most important, the beneficial omega-3 essential fatty acids. Essential fatty acids are so named because they are essential for health but cannot be made by the body; they must be obtained from foods. Cold-water fish like tuna are a rich source of the omega-3 essential fats, a form of essential fatty acids.*



Omega-3s benefit the cardiovascular system by helping to prevent erratic heart rhythms, making blood less likely to clot inside arteries (which is the ultimate cause of most heart attacks), and improving the ratio of good (HDL) cholesterol to potentially harmful (LDL) cholesterol. Omega-3s reduce inflammation, which is a key component in the process that turns cholesterol into artery-clogging plaques.

Throughout the year: Simple Sauces and Appetizers

RECIPE: Roasted Pepper Coulis | *This simple sauce is as wonderful in color as it is in flavor.*

Ingredients:

- 1 Heat oil in saucepan on medium heat and add chopped garlic. Let garlic cook for about one minute and add peppers.
- 2 When peppers are tender and slightly browned add lemon juice, salt and pepper.
- 3 Remove from pan and add to food processor or blender.
- 4 Blend until sauce is smooth and creamy, adding additional oil if necessary.
- 5 Serve over fish or pasta, as a spread for sandwiches or as an appetizer with grilled bread.

3 T olive oil
3 cloves chopped garlic
2 red peppers, diced
Juice of half a lemon
Salt and pepper to taste

WHY IT'S GOOD FOR YOU: *Red bell peppers are sweet, juicy, colorful, and are excellent sources of many essential nutrients. By weight, red peppers have three times as much vitamin C as citrus fruit. Red peppers are also a good source of beta-carotene, and they offer a good amount of fiber and vitamin B6.*

RECIPE: Roasted Cauliflower Dip | *Roasted cauliflower is sweet and tasty; use purple or green cauliflower for added color.*

Ingredients:

- 1 Pre-heat oven to 400°. Cut main stalk off cauliflower and separate small heads. Put in roasting pan with two cloves garlic and cover with olive oil, salt and pepper. Roast until tender and browned, turning once.
- 2 Place in food processor with remaining ingredients and blend until creamy, adding water if necessary. Serve with crackers, pita bread or carrots.

1 head cauliflower
2 cloves garlic
1 t olive oil
Salt
Pepper
2 T tahini
1 T lemon juice or vinegar
½ T honey
Water, if needed

WHY IT'S GOOD FOR YOU: *There are two main ingredients in cauliflower, and all of the cruciferous family, that are the main disease fighters. These are indole-3 carbinol, or 13C, and the photonutrient sulforaphane. In research done at John Hopkins University in Baltimore, sulforaphane lowered the occurrence of breast tumors in lab animals by almost 40 percent. Toxins that would normally damage the cells and turn cancerous, are swept out of the system by sulforaphane, preventing tumors before they begin. 13C works in concert with the sulforaphane by acting as an anti-estrogen. Estrogen in high levels is known to foster tumor growth, especially in the breasts and the prostate glands. 13C helps to lower the estrogen count, thus lowering the chances of tumor growth.*

Cauliflower also contains vitamin C and folate. Folate helps the blood work more efficiently and is often recommended for preventing anemia. Folate is also essential for proper tissue growth, and not getting enough can make you susceptible to many diseases such as cancer and heart disease. Vitamin C is considered an antioxidant. When used alongside other antioxidants such as vitamin E and beta-carotene, you can keep your immune system strong.

Three florets of cauliflower a day will provide you with 67 percent of your daily vitamin C requirement. When purchasing cauliflower, make sure the tops are white. If the floret has begun to spot brown or purple, it is past its nutritional peak. Serving cauliflower raw will give you the highest nutritional benefits. However, if you must cook it, light steaming will also keeps its cancer-fighting components intact.



RECIPE: Perfect Pesto | *Pesto is a quick fix to spice up almost any meal.*

Ingredients:

- 1 Add ingredients to blender and pulse until blended.
- 2 Additional oil may be added for consistency.
- 3 Pesto should be pureed and bright green.

2 cups cilantro
1 cup olive oil
1 T salt
3 T lemon juice
½ cup pecans

WHY IT'S GOOD FOR YOU: *Cilantro is very low in saturated fat and cholesterol. It is also a good source of thiamin and zinc, and a very good source of dietary fiber, vitamin A, vitamin C, vitamin E, riboflavin, niacin, vitamin B6, folate, pantothenic acid, calcium, iron, magnesium, phosphorous, potassium, and copper.*

<p>Ingredients:</p> <p>2 cups mixed pitted olives 1 cup olive oil plus additional if necessary ¼ cup flat parsley 1 clove garlic Salt and pepper to taste 2 T sun-dried tomatoes (optional)</p>	<p>RECIPE: Olive Tapanade Use this wonderfully versatile spread as a dip, a bread topping, or pasta sauce.</p> <ol style="list-style-type: none"> 1 Add all ingredients to food processor or blender. Pulse until chopped. 2 Add additional olive oil if necessary, for consistency. The end result should be blended and chopped, but not pureed. <p>WHY IT'S GOOD FOR YOU: <i>Olives are a very good source of monounsaturated fats and vitamin E. Because monounsaturated fats are less easily damaged than polyunsaturated fats, it's good to have some in our cells' outer membranes and other cell structures that contain fats, such as the membranes that surround the cell's DNA and each of its energy-producing mitochondria. The stability of monounsaturated fats translates into a protective effect on the cell that, especially when combined with the antioxidant protection offered by vitamin E, can lower the risk of damage and inflammation. In addition to vitamin E, olives contain a variety of beneficial active phytonutrient anti-inflammatory properties.</i></p> <p>For more information on The Simple Series, or to ask for information about nutrition, contact Kristi Wrightson at klou@mind-spring.com.</p>



Family/Home ▶

I have noticed that when my external environment is organized, my internal, emotional environment reflects it.

Design Simple Systems | By Cris Evatt

I love organization. I have noticed that when my external environment is organized, my internal, emotional environment reflects it. Before I organize, I simplify as much as possible. Sometimes I simplify several times before I organize.

Simplify, then organize. Always in that order.

When you simplify an area of your home, you reduce the number of items in it. Organizing is a very different process. To organize, assign each item a special place and a way of being in that place.

To make functioning in your storage areas simpler, fill them less than three-quarters full. Keeping space around items on shelves, in drawers, and in the fridge makes them easier to find and put away. In general, hanging things is more efficient than placing them in drawers, and drawers are more accessible than cupboards.

Shake up your random systems

A system is basically a habit, the way you do a task repeatedly. The routines you use to grocery shop, do laundry, and clean your house are all systems. Any repeated steps that lead to the completion of a task form a system.

There are two kinds of systems: Random Complex Systems and Planned Simple Systems. There is an enormous difference between the two. A simple system requires forethought and planning. A complex system is the result of doing something thoughtlessly, haphazardly. Here are some examples of complex systems:

- Hem a Dress Before the Party system
- Pay the Bills After the Bill Collector Calls system
- Go on a Diet When Your Clothes Don't Fit system
- Tune Up Your Car When It Smokes System

These complex systems are stressors. They can make you feel angry, anxious, and unbalanced. By contrast, simple systems do not disturb your peace of mind. You feel grounded while operating them.

To keep things in their place, planned systems utilize hooks, bins, boxes, trays, dividers, labels, and Lazy Susans. Before you design a system, give it a name. Naming a system dignifies it. Instead of telling someone, "I'll show you how to do the laundry," say, "Let me show you The Laundry System."

Systematize everything

KEYS SYSTEM. Seek, sort, and organize the keys to everything in your life. Purchase key labelers and rings and make duplicates, if needed. Then create a place just for keys. Install a rack or board with pegs or nails and label it so missing keys can be identified. For everyday keys, try this system: 1. Put a basket by the front door for family members to deposit their keys. 2. Hang a hook inside your entry door. 3. Provide each family member with his/her own set of keys.

RECYCLING SYSTEM. Create a system that is easy to use. In your kitchen, create a garbage area with one large trash can for regular trash and two smaller cans for recyclables. By the back door, keep a basket for newspapers. In your mail-handling area, keep a



mixed-paper recycling basket for junk mail, catalogues, and computer paper. Then become more conscious about how much you recycle and make an effort to reduce that amount. By reducing the quantity, you will simplify your life and protect the environment.

FORMS SYSTEM. Create a customized form format, collect data, and keep your forms current in a binder away from curious eyes. Here are examples:

- *The General Information Form:* Basic information about each family member, including name, birthday, social security number, driver's license number, and passport number. Note expiration dates. Write: "Where is," followed by lines titled Passport, Birth Certificate etc, and record the place where you stored each item.
- *Professional Relationships:* Include the name, address, and phone number of your attorney, accountant, stockbroker, and insurance broker, etc.
- *Bank Accounts.* Include the bank name, address, phone number, and account number of every personal or business bank account held in the family.
- *Credit Cards:* Include the name, account number, expiration date and phone number in case of loss for each credit card. Another solution is to photocopy all credit cards.
- *Estate Plan:* List the name of your estate planning attorney, the location of your original will, and the names of trustees and guardians, etc.
- *Insurance:* List the broker, insurance company, policy numbers, and premium due date for your car, house, medical, and life insurance.

TICKET SYSTEM. You receive flyers for the theater, lectures, and other events and you discover events in the newspaper. Here is an easy three-step strategy for handling *ticketed* events:

- 1 Ask yourself, "Do I really want to go out or would I rather stay at home with my slippers on?" If your answer is "out," write the event in your calendar.
- 2 Place the order form in your Bills to Pay file.
- 3 When your tickets arrive by mail, place them with the directions in a Pending folder.

Mini Systems

- *The Eyeglasses System:* Collect reading glasses, sunglasses, and cases, and put them in a box, drawer, or basket. You will always know where to find them.
- *The Shoes-by-the-Door System:* Shoes track in dirt, mud, small stones, and grass clippings. Floors are frequently damaged by shoes. To remedy this situation, ask the members of your family to leave them by the door as they enter the house. Your reward is less sweeping, vacuuming, carpet shampooing, and a quieter home.

OTHER SYSTEMS. Systematize everything you do repeatedly. To find out what needs revamping, look for things you do randomly. Before you design a system, ask yourself, "Can I eliminate this routine completely?" Dropping a routine is the simplest system of all.

Cris Evatt is the author of several books, including 30 Days to a Simpler Life; Café Conversations on Love and Relationships; The Givers and the Takers; and Opposite Sides of the Bed. Order from www.crisevatt.com.

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A simplified way to invest | *By Gillette Edmunds*

Investing can be very complex. Money managers work 80-hour weeks and never master all the complexities. International investors toil around the clock as markets open in Asia just as they close in the Americas and open again in Europe just as they are shutting down in Asia. Some investors love the complexity. I enjoy investing in stocks and bonds all over the world, and also in real estate, natural resources, and hedging strategies. While I embrace the complexity of investing, I keep many other areas

of my life as simple as possible. My house is small, a short walk to grocery stores, shops, and public transportation. I drive only a few times a week. My car is a reliable brand that never needs repair so I don't have to learn all the complexities of auto mechanics, and so on.

When the complexities of investing overwhelm me, I disengage and come back to it another day. My wife and children, my spiritual activities, my volunteer commitments, friends, exercise, sports, and

◀ Time/Money

If you want to invest, but don't like complexity, my favorite simple investing solution is to divide your money into five equal parts. I invest four parts in index funds in four different asset classes — U.S. stocks, foreign stocks, REITs, and U.S. bonds — and invest the fifth part in a money market fund.

entertainment activities are easy to turn to when the stock market has me baffled.

If you want to invest, but don't like complexity, my favorite simple investing solution is to divide your money into five equal parts. I invest four parts in index funds in four different asset classes — U.S. stocks, foreign stocks, REITs, and U.S. bonds — and invest the fifth part in a money market fund. A more complex option is to buy managed mutual funds instead of index funds. The most complex option is to invest in individual securities.

least complex: Index funds

Indexes seek to measure the return from the various asset classes. Each asset class has at least one index that measures its returns. About 10,000 stocks trade on the U.S. stock market. Various indexes try to replicate the return on these 10,000 stocks. The Dow Jones Industrial Average measures the returns on 30 large corporations that Dow Jones believes represent the average return of all U.S. stocks. The Standard and Poor's 500 index measures the returns of most of the 500 largest stocks. The Wilshire 5000 index measures returns of most of the 5000 largest stocks. No index contains all 10,000 U.S. stocks. There are more than 10,000 non-U.S. stocks and far more than 10,000 U.S. bonds. Fortunately, there are only about 150 publicly traded REITs (Real Estate Investment Trust). Some REIT indexes measure the return on all publicly traded REITs.

Index funds are mutual funds that own a representative sample of the stocks, bonds, or REITs in an

index. Vanguard Total Stock Market Index fund owns 3,600 of the 5000 stocks in the Wilshire 5000 index. If you buy Vanguard Total Stock Market Index fund, you are buying into the entire U.S. stock market. Index fund returns rarely vary from the returns of the indexes, and the widest indexes fairly accurately represent the return of the asset class.

Below is my recommended, simple portfolio using Vanguard index funds.

The fourth column is my projection for the average annual return for the next ten years from each asset class. **If my projections are correct, the portfolio will return 6.8% a year for ten years with very little volatility.**

This simple portfolio should provide decent returns in most market environments. If the U.S. economy is growing and inflation is moderate, U.S. stocks and REITs should do well. If inflation accelerates, REITs should do especially well. Foreign stock returns depend on the economy outside the U.S. Foreign stocks could do well even if the U.S. is in the doldrums. If the U.S. economy is in a slow down or recession, bonds will do fine and money market funds will hold their value. If we have actual deflation, bonds and money market funds will be excellent choices and foreign stocks could work as well.

The simple example above uses Vanguard index funds. Vanguard is one of the oldest and most experienced managers of index funds. However, there are many other index fund managers. Go to www.index-funds.com if you want to find better or different index funds.

Asset Class	Index Fund	Allocation	Return
U.S. Stocks	Vanguard Total Stock Market Index	20%	7%
Foreign Stocks	Vanguard Total International Stock Index	20%	10%
Real Estate Investment Trust	Vanguard REIT Index	20%	10%
U.S. Bonds	Vanguard Total Bond Market Index	20%	5%
Money Market Funds	Vanguard Prime Money Market Fund	20%	2%

Total Return: 6.8%



more complex: **Managed mutual funds**

Buying actively managed mutual funds is more complex than buying index funds. Index funds just buy and hold the securities in the index, whether the securities go up in price or go down. Active fund managers only buy securities that they believe will go up and try to avoid those that go down. If they are correct, they will produce returns higher than those of the index. Index fund fees typically range from 0.15% to 0.40% a year while active manager fees range from 1.0% a year to 3.5% a year. Active managers therefore must beat the index by 1% to 3% a year just to break even with the index funds after fees are subtracted from returns. Most active managers don't beat the indexes by enough to account for their fees. **Here is a simple system for finding actively managed mutual funds that have a good chance of beating an index.**

- 1 The fund must be 100% no load.
- 2 The fund must be at least 10 years old.
- 3 The fund must have beaten the index over the last 10 years.
- 4 The same manager or team of managers that compiled the record that beat the index must still be managing the fund.
- 5 Expenses must be below average for the fund category.
- 6 Turnover must be below average for the fund category.

All the information you will need to choose funds using this system, including a glossary, can be found in Morningstar in the reference section of your local business library or on Morningstar.com. Active funds that meet these criteria typically beat the

indexes by 1% to 4% a year. With this strategy, you can conceivably improve your returns from 6.8% a year to 8% to 10% a year without increasing the volatility of your portfolio.

most complex: **Individual securities**

The next level of complexity is to buy individual securities in one or more of your asset classes. Using individual securities, you can beat the indexes by a wide margin. You can also under perform by a wide margin. **There are no simple systems to successfully pick individual securities.** If you like complexity in your investing life and want to embrace complexity here, this is the way to go. There are hundreds of books you can read, dozens of journals and magazines to study, and thousands of reports to track down just to get you started. This topic is beyond the scope of this article. But only invest in individual securities if you enjoy it. There is no guarantee of higher returns.

Do you have investment or retirement questions, or would you like advice setting up your portfolio based on your individual circumstances? Send your questions to me in care of *Simple Living* to janet@simpleliving.com. In future columns I will make specific recommendations to help you meet those goals. Your name, place of residence, and other personal data will be changed to protect your privacy.

Gillette Edmunds has lived on his investment income since he was 29 years-old. He is the author of How to Retire Early and Live Well With Less Than a Million Dollars (Adams Media, 2000); REITS for the New Decade (Knexa, 2001); and Comfort Zone Investing (Career Press, 2002).

Quiz: What are you *really* doing with your time?

I read something interesting about the Spanish artist Salvador Dali. One of the reasons why he was so continually creative was his "The Key" system. You'll understand why this applies to you in a minute. Dali was fond of his short siesta that he called "The Key." He would sit in a comfortable chair with one arm draped over the side. In his hand he held an antique metal key. On the floor under his hand was a china plate. As he relaxed and lost consciousness, his fingers loosened and the key fell onto

the plate. The noise wakened him. He roused himself and looked out at the sea with new eyes.

Then I read that a great many artists were sickly as children. Is this a coincidence, or is there something to the fact that their creativity was nurtured by an abundance of open time?

I also frequently read that most Americans think they don't have enough time and if they did – they'd surely be more relaxed and creative. They blame it on the incessant demands of modern day living.



Have you ever taken a close look at how you spend your time? A really close look?

But hold on! Have you ever taken a close look at how you spend your time? A *really* close look? Author Judith Wright (*There Must Be More Than This*) has looked, and noticed that an enormous amount of our time goes to what she calls “soft addictions.” Check any of these “addictions” that apply to you.

Noticing, after-all, is the first step to changing a behavior. If you find that one or more of these behaviors is taking over too much of your life, then go easy on yourself. Pick just one at a time – and make a pact with yourself to stop it for only one week. If that is successful, then go another week, and so forth.

What are your time-wasting addictions? Take this quiz:

Media

- Watching television/channel surfing
- Surfing the Internet
- Participating in chat rooms
- Checking investments
- Checking weather, statistics, news
- Constantly checking e-mail

- Playing computer games
- Checking eBay

Buying/Shopping

- Shopping
- Hanging out in the mall
- Cruising garage sales
- Collecting
- Antiquing
- Bargain hunting

- Perusing catalogs
- Clipping coupons

Work

- Overworking/Keeping busy
- Overscheduling
- Overcommitting

Social/People

- Name-dropping
- Follow celebrity news

- Gossiping
- Storytelling
- Fantasizing/day-dreaming
- Lying

Avoidances

- Procrastinating
- Isolating
- Being late
- Playing dumb
- Living in clutter

- Playing the victim
- Being too busy
- Maintenance
- Overeating
- Overexercising
- Glamorizing
- Housekeeping
- Being a pack rat
- Caregiving

Here are a few questions to get you thinking about whether these are soft addictions or harmless activities:

- 1 Do you do this activity or retreat to a mood compulsively or habitually?
- 2 When asked why you do this thing, do your reasons sound like an excuse or a rationalization?
- 3 Is there a particular routine that you follow, almost like a ritual, for this behavior?
- 4 Do you have difficulty imagining life without it (or even with less of it)?
- 5 Do you want to change this behavior, resolve to do so, but then find yourself unable to keep your resolution?
- 6 Do you feel scared or stubborn when someone suggests you stop or reduce this behavior?
- 7 Has the time you spent doing the activity or being in the mood increased without providing the same level of satisfaction it once did?
- 8 Has someone close to you become annoyed or angry with you about the amount of time, money, and/or energy you devote to a given activity?
- 9 Have you canceled or turned down positive opportunities in order to indulge an activity, substance, or mood?

For more information about “soft addictions” check out *There Must Be More Than This*, by Judith Wright.

What's important in your life? Three questions to consider:

- 1 How do you recover a fuller sense of your own body, when, in our technological age – our focus is primarily on the mind?
- 2 How, in the midst of so much information, do you discover real knowledge and wisdom? How do you discover what you should really be paying attention to when flooded with so much information?
- 3 What would it mean for the “haves” of the digital divide to have more than just the technology? What in the end is most worth having?

These questions are from the forum, *Information, Science and Sanctuary*, hosted by Professor David Levy. For more information about the forum, visit: <http://www.ischool.washington.edu/iql/forum/forum-audio.html>.



Get smart before making your next purchase

My refrigerator started heading south recently and I wanted to find a smart replacement. Naturally, every appliance salesperson I talked to had different advice, so I turned to trusty *Consumer Reports*. They publish a great guidebook titled *Consumer Reports Best Buys for Your Home*, which I highly recommend.

Consumer Reports Best Buys rates 78 products in categories such as Kitchen and Laundry, Home Entertainment, Yard and Garden, Home 'Software' such as mattresses, sheets, carpets and towels, tools and vacuum cleaners, cabinetry, toilets, wallpaper and windows, and heating and cooling systems.



Check for opinions online

When you're finished browsing *Consumer Reports*, your next step should be online to a site called www.epinions.com. This site is a great follow-up because you can read what consumers like us have to say about thousands of products. Once you have a particular model in mind, you can go to [epinions](http://epinions.com) and see what real people have to say.

Shop around

Armed with your new intelligence, you can now go out and shop for the best deal on your product. To save time, try shopping online to check for best prices and service. But don't stop there – take all of your price and product information with you to local dealers and see if you can't scare up a better price locally.

To save time, try shopping online to check for best prices and service.



Find free stuff

Some things in life ARE free! Check out www.freecycle.org and find all sorts of stuff ready to be hauled away by you. In my local chapter, I found pages of listings including three bottles of champagne, clay pots, a row boat, a futon, a toilet, and a lawnmower. If I wanted them – all I had to do was e-mail the owner, hope nobody had made contact before me – and go pick up what I wanted. Not bad for five minutes of Internet surfing.

Freecycle.org was started in 2003 by a 37-year-old recycling company manager in Tucson, Arizona and since then, more than 1,100 freecycle communities have sprung up around the world. Nearly 300,000 people have taken advantage since its inception.

All you need to do is go to www.freecycle.org, check for a local group, and sign up – for free! If there is no group near you, the site gives directions to start one yourself. It's a great way to get rid of stuff, and find stuff. A lot looks like junk – but just as much seems to be worthwhile. Recent scores have been hot tubs, nice TVs and a Sealy mattress and box springs.

If you want to try, keep in mind a few tips:

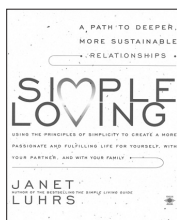
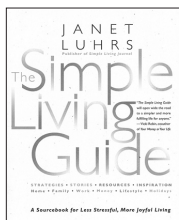
- Take only what you need.
- Don't use your main e-mail address. Instead, set up a free e-mail account through yahoo.com or hotmail.com
- Arrange to have a friend with you if you feel unsure about exchanging items with a stranger, or meet in a public place.
- If it's a baby item – make sure it's safe. Visit www.epsc.gov for advice.



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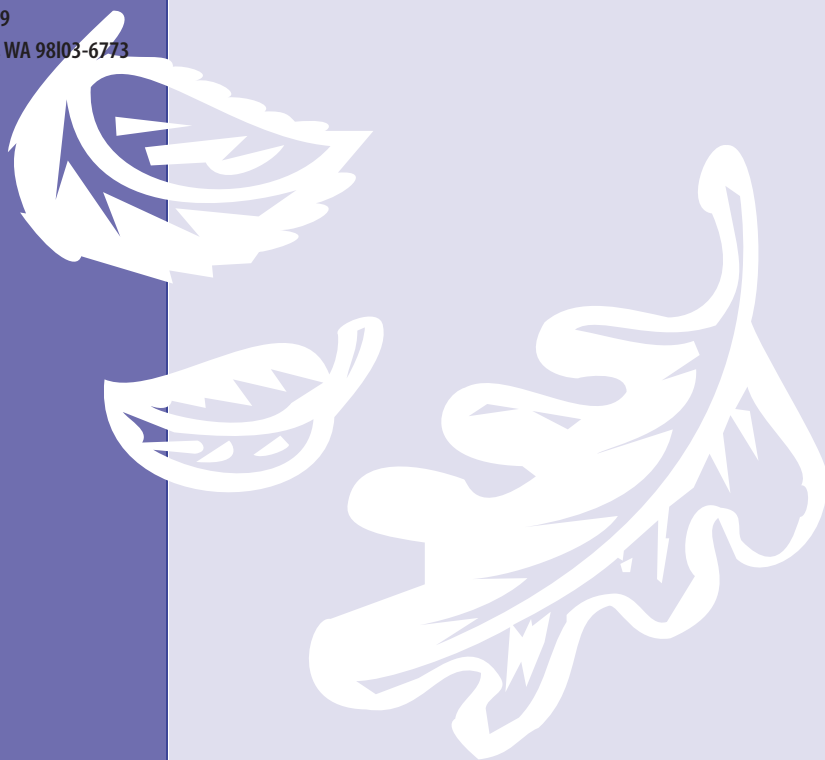
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