

What is your Real Hourly Wage?

By Patricia A. Konetzny, CFP® EA

Do you ever feel like the harder you work, the more it costs you to live? In a workshop based on the book, Your Money Or Your Life, Transforming Your Relationship with Money and Achieving Financial Independence, by Joe Dominguez and Vicki Robin, I learned about a useful way to take a hard look at where our money goes. **Consider that every decision we make, whether it is where we live, what car we drive, what we read, or whether we save, should be based on what we value most in our lives. Think of money as something we trade our life energy for.**

1. Identify your hidden job costs

- **How much time and money does it cost to get to work?** Whether you drive your own car or take the bus, it costs money to get to and from work. What about the time you spend commuting?
- **Does your job require special clothes?** Nurses' uniforms are obvious, but also consider suits, ties, nylons, briefcase, and time spent shopping for work clothing.
- **Are your meals affected by your job?** Do you stand in line to buy coffee every morning and at coffee break, lunch at the local restaurant, use expensive convenience foods for dinner because there is no time to plan and cook? How many extra dollars are spent?
- **What other job/stress related expenses do you have?** What activities must you do in order to relax after a hectic day at work, how often do you need a weekend getaway to escape the rat race, what are your day care costs so you can work, do you need a gardener, a housekeeper or a handyman?

2. Calculate your *Real Hourly Wage*

Use the answers to these questions to establish the actual costs in time and money required to maintain your job in addition to the hours you work, and then compute your real hourly wage. After adding all these hidden costs you may find that the \$25 hourly wage you are paid is really worth about \$8 an hour.

3. Keep track

Track all the money that comes in and goes out of your life. Then convert the “dollars” spent into how many “hours of energy” you have given up.

HOW TO CALCULATE YOUR REAL HOURLY WAGE	
	PAY PER WEEK: _____(A)
MONEY: Costs per week related to maintaining your job	TOTAL COST: _____(B)
TIME: Hours per week worked plus hours related to maintaining your job	TOTAL HOURS: _____(C)
Subtract your Total Costs (B) from your Pay Per Week (A) then divide by Total Hours (C) for your Real Hourly Wage	
REAL HOURLY WAGE: _____	

4. Ask yourself three key questions

- **Did I receive fulfillment, satisfaction and value in proportion to life energy spent?**
- **Is this expenditure of life energy in alignment with my values and life purpose?**
- **How might this expenditure change if I didn't have to work for a living?**

5. Repeat

Do this exercise every month and keep asking the questions. Did you receive satisfaction from the things you did or bought? Does your spending relate to your priorities? If not, take the time to re-evaluate what you are doing. Remember, we only have 24 hours in a day and one life to live!

Patricia A. Konetzny, CFP® EA provides unbiased, life-centered financial planning to people from all walks of life, through all the stages and ever-changing circumstances of their lives. She is a Certified Financial Planner and Enrolled Agent and has been quoted for articles in the *Wall Street Journal*, *Wall Street Journal Online*, *Kiplinger's Personal Finance*, *Fidelity Investment's Stages* magazine and *E-News*, *Investment Advisor* and *Parent's* magazine. If you are interested in learning more, please visit her website at www.practicalplanner.com. She can be reached at 978-461-4932 or pk@practicalplanner.com.