RICH BUT ALWAYS BROKE

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Contents

INTRODUCTION

Like the elite economists rightly stated, our wants/needs are unlimited but the resources with which to satisfy them are scarce.

Over the years, man as an economic being has been in a continuous struggle to make ends meet. Many means have been devised, various strategies have been employed and a lot of principles have been developed and followed by many people, all in the bid to satisfy unlimited wants with scarce resources.

Indeed, some people have mastered the art of managing and also multiplying their resources, so as to meet more of their needs, whereas some others still struggle to draw the ends closer but the ends widen apart adamantly.

Given the same amount of resources, some people would manage to meet many needs as possible, whereas some others would always complain of not having enough.

- ***Being broke like always, could it be as a result of mistakes or just fate?***
- ***What are the basic things one should do or not do in order to avoid being financially low all the time?***

You do know that as humans, we have rights to certain freedoms- freedom of association, freedom of worship, freedom of expression…the list continues.

I suffice it to say that we also have an inherent right to financial freedom. Yeah! Call it the human right to financial freedom, if you like. It is not enshrined anywhere in any constitution, but it is a right we all should uphold and defend.

However, we have certain obligations in turn to fully exercise this right. Interestingly, if you are ever denied your right to financial freedom, you cannot actually sue anybody but yourself. Really, you should be suing your own very self for illegal personal maltreatment and undeserved deprivations.

What is this financial freedom all about?

Well, let me make it very short. Financial freedom is a situation in which one is no longer limited financially, where one can now meet his/her needs with ease. I guess you can make a mental picture of the kind of people who are already at this level. Don't you desire to get to this level? I am not there yet and I definitely want to get there someday

Meanwhile, attaining this level of being financially free is never by miracle, magic or by mere wishes. It is rather through a gradual process which we should diligently and consistently work at.

In a bid to becoming financially free, our goal should be as George Clason puts it, "to earn money, to keep money, and to make our money earn more money."

What this book is NOT talking about

I am neither a billionaire who is trying to teach how one can become a billionaire nor a financially free citizen preaching to you about becoming financially free too. This is not another epistle of wealth creation where the writer dishes out principles which he has applied. It is not also a book about how to operate some magical money making machines for "bumper harvest"

So what is the deal?

I want to point you to certain personal financial mistakes {actions and inactions} which when left unchecked and uncorrected will plunge one into deeper financial hardship and other forms of embarrassments.

Some of these mistakes experience and observations have taught me are common with young earners.

Truth is, we all ought to perpetually overcome every form of financial embarrassment in our lives. Of course, no one loves being broke every time.

We all love to have a continual inflow of finances to cater for our needs and satisfy more of our unlimited wants. To achieve this, there are certain basic principles we have to follow and certain roles we must play consistently. Of course, there are as well certain practices and mistakes we must avoid in order to remain financially afloat in life's ocean of challenges and scarcity.

A shocking reality is that even a steady income does not always guarantee freedom from personal financial hassles. We may have seen people who receive fat paychecks or those who make steady profits from their various successful businesses, yet sometimes they seriously complain of financial imbalances.

Indeed, without a proper personal financial management, fat paychecks and large business gains may never amount to a thing.

But who am I to tell you about finances?

If I tell you that I am an expert in financial management that would make me a big liar. And if I claim that I have mastered the art of managing my own personal finances, then I am being very economical with the truth.

What I am sharing with you, in part, stems from my own struggles in managing personal finances and as a result I realized certain basic truths about finances which should be upheld by every earner.

And like we all know, a lot of things in our world are guided by principles, so do matters relating to finances. Ignoring some fundamental financial principles may mar one's financial well being.

Stay with me, let's learn together!

Perhaps, you already know enough in this area of life. I still invite you to view from my own perspective…

1

POOR SAVINGS ATTITUDE

In one of the simplest terms I could come up with, saving means an amount of money or anything that is not spent or used.

As an action, it entails putting aside some amount of money over a period of time, to be spent or invested in the future.

Well, let's not dwell so much on the semantics of savings. I believe the idea is very clear.

So what is it about savings, really?

Savings is an idea a lot of people know about, yet in reality, it poses some level of difficulty for some people to practice it.

I bet you are familiar with this phrase, "saving for the rainy days." "Rainy days" here may translate to days of economic depression, periods of absolute lack or relative deprivation. In this context, a rainy day is definitely such that every right thinking person wouldn't wish for.

However, whether we anticipate a rainy day or not, saving should be like the mathematical constant—K

In proverbs 6:6, king Solomon the wise, declares; "go to the ant you sluggard…consider her ways and be wise…"

Relax…

I am not suggesting that you are a sluggard or unwise. Here is the point; aside the very conspicuous virtue of diligence of the ant, which Solomon admonished the sluggard to imbibe, one other 'ways' of the ant that is very remarkable is its saving attitude. If you observe the ants closely, you will discover that they gather so much food during harvest time, but they do not eat all at a go, rather they roll down as much food as possible into those tiny holes they usually bore. For what? You may ask. Of course, in preparation for the rainy days!

Savings is God's idea too.

In Genesis 41, where Joseph interpreted the dreams of king Pharaoh of Egypt, the simple but invaluable advice that Joseph proffered to cushion the effect of the years of famine was for Egypt to save up grains in the years of plentiful harvest.

It was God himself who gave Joseph such wisdom—the wisdom to save.

Indeed, even in recent times, proper savings strategy can keep a country's economy afloat during period of global economic recession, whereas poor or total lack of savings can plunge the economy into deeper recession.

Do you save?

Yes, that is one question we need to ask ourselves and also answer it sincerely.

Do you even consider it worthwhile to keep aside a part of your income?

Do you believe that saving should be a habit?

Well, unfortunately, some people who struggle financially do not believe in saving money at all, and that may partly explain why they are always broke.

Let's view it from the religious perspective one more time.

Tithing and saving—any correlation?

The principle of tithing which many Christians believe in, as recorded in the book of Malachi 3, indicates that 10% of all income should be taken into the storehouse of God.

This can be interpreted as depositing into the heavenly savings account which will yield interest in form of blessings, good health, prosperity, favor, etc.

Failure to save in the storehouse of God will attract devourers…many Christians understand this kingdom principle so well and it works.

Paying to God {tithing} is the first form of savings you should make out of your income and then, there is a second saving to make - to yourself. Yes! Pay yourself next.

Sunday Adelaja puts it this way;

For everyone to become wealthy (financially free) the first thing to learn is to pay yourself second (personal savings).

Most times, we make incomes- salaries, wages, profit only to first of all pay rents, electricity bills, gas, groceries, etc. by doing so, we are paying others first, out of our own income. The ideal thing should be; pay God first (tithe 10%), pay yourself a certain percentage secondly (savings) then start paying others (spending).

For Christians, it is believed that if you do not pay your tithe you are robbing God, isn't it? (Malachi 3:8). That's so true, and same applies to you. If you do not save, you are robbing yourself. Spending all you have at a go means paying every other person from your income but yourself.

But when you save, you are keeping aside money, which could yield interest when deposited in the bank overtime or which could be multiplied when invested wisely.

Is savings necessary for wealth creation?

Definitely! Warren Buffet one of the world's richest men once said; "the right savings and investment strategies can guarantee anyone future wealth"

Indeed, saving is a first step to becoming wealthy. Experts in the study of entrepreneurship also indicate that one of the easiest means of raising capital for a business is through personal savings.

Having brought some of these facts about savings to the fore so far, do you agree with me that saving should be a habit? You are concurring? Great!

Can we now talk about Poor saving attitude?

You see, when it comes to poor attitude towards saving money, I conceptualized two categories of people… let's meet them. (Maybe you'll get to find out where you belong).

- ***The unconcerned***
- ***The wanton spenders***

Who are the unconcerned?

These are people who think it is not necessary to save, since their incomes are very low. To them there is no point keeping any money aside when their total income cannot even meet all their basic needs. I used to belong to this category. Actually I knew quite well that I should save up some money whenever I received pay. But by the time I could make a list of the basic things I needed, the whole money would be exhausted. So, I would justify my inability to save by the fact that my income was still very small, postponing savings till when I start receiving fat paychecks.

The reason that this set of people does not save anything is largely predicated on low income. Their thinking is that the idea of saving is none of their business yet, because their earnings are not even enough for their needs. Low income may seem a reasonable excuse for not saving, but would a higher income change their attitude about saving? Not really. Fact is, if you cannot form the habit of saving when the income is low, you cannot as well save when the income goes higher. You know why? It is as simple as - the higher the income the greater the wants.

Jack Benny corroborated this fact when he advised, "try to save something while your salary is small; it is impossible to save after you begin to earn more". I hope that makes some sense to you.

The wanton spenders:

This set of people is the reckless spenders who are likely to justify their inability to save with the popular economic fact, “human wants are insatiable”. Though they earn enough, they simply cannot save a thing because they cannot control their wants. Their mental framework when it comes to spending is; “consumerism”—(let’s consume all today, since we can always make more tomorrow).

It is almost impossible for these types of persons to save. Chances are they may never deem it necessary, not until they unlearn splurging and gradually begin to learn frugality and financial prudence.

Honestly, dear reader, the ability to make savings, especially in the face of numerous needs and insatiable wants against scarce resources, can be quite challenging. Therefore, the act of saving demands a high level of self-discipline in addition to financial prudence. Indeed, this is the first step to mastering the art of saving. Yes, financial prudence.

Specifically, why is savings necessary?

- *Savings aid in managing emergency situations.*
- *It helps to keep one going in periods of poor economic situations (e.g., nonpayment of salary, or business losses).*
- *It helps in executing projects which one cannot fund immediately with current earnings.*
- *Savings lead to investment which in turn leads to income multiplication.*
- *With savings as a habit, an average income earner will hardly go broke. (This I can confidently attest to).*

Common sense strategies for saving more money

- *Form the habit of saving at least 2 to 10% of your earnings.*
- *Have a personal savings account without a debit card.*
- *Strive to meet more needs and less wants*
- *Learn to delay gratification, all your wants must not be satisfied immediately.*
- *Save up for a bigger project instead of borrowing.*

But does this mean we should be afraid to spend money just because we want to form the habit of saving? The answer is… no. We shouldn't live in utter deprivation simply because we want to save up something for the rainy days. The idea is to strike a balance, meet your basic needs, gratify your wants (not the inordinate ones) but be sure you are keeping something aside from your income no matter how small it is.

Further insights on savings

“The easier way to double your money is to fold it over and put it in your pocket.”

--Kin Hubbard

“Annual income: twenty pounds. Annual expenditure: Nineteen six. Result: happiness.

Annual income: twenty pounds. Annual expenditure: twenty pounds ought and six. Result: misery.”

--Charles Dickens

“A man who both spends and saves money is the happiest man because he has both enjoyments.”

--Samuel Johnson

“A penny saved is a penny earned.”

--Benjamin Franklin

“It is not how much money you make, but how much money you keep, how hard it works for you and how many generations you keep it for.”

--Robert Kiyosaki

“The habit of saving is itself an education; it fosters every virtue, teaches self-denial, cultivates the sense of order, trains to forethought and so broadens the mind.”

--T. T Munger

“The principles of wealth are true regarding large amounts and small amounts. It all begins with the smallest unit of currency.”

– Hendrith Smith

2

LIVING ABOVE EARNINGS

Sometimes, people remain poor, not because of how small they earn but because of how much they expend.

A popular cliché says; 'cut your coat according to your cloth'. The principles of contentment demands that even while we hope and work towards the next higher class, we should be happy to live within our present means at a given period of time.

Specifically, what does it mean to live above one's earnings?

I suppose this idea is somewhat self-explanatory, isn't it? But let me buttress it a little.

Living above earnings (salary for the employees, and profits for entrepreneurs) entails constantly desiring to satisfy certain wants which the available resources to you at a given time cannot accommodate. It can also be interpreted as the inability to streamline one's needs and wants to conform to one's available resources in form of salaries and profits.

Let's consider this illustration:

A 28-year-old man, sought for a decent job for over 5years after graduation. He finally got this job in a company where he was paid N100, 000 per month. Aside meeting his basic needs and gratifying some of his wants from this income, he had plans to save up some money for his masters' degree, and also had to send some money back to his aged parents in the village, almost every month. He as well intended to get married and start a family immediately after the masters' degree programme.

Meanwhile, just within his first year of working, he rented an apartment worth N400,000 per annum, which was about half of his annual income, he was using a smart-phone worth N100,000, a personal computer worth N300,000, designer's wrist watch and other luxury accessories. Summarily, his lifestyle and tastes tended to measure up with that of his senior colleague who was already earning over N400, 000 per month. With this sort of high taste, do you think he would be able to meet up with all the other plans he had, given that he had no other source of income, but the N100, 000 monthly pay?

Obviously, this man has two problems in relation to managing personal finances…

First, he couldn't adjust his lifestyle and tastes to fall within his current financial capacity. He was living beyond his means and the probable consequence is that he would have to borrow most times or literally live on debts to be able to keep up.

The second problem is that he was having a faulty scale of preference. His inability to put first things first would result to him not being able to save up anything for whatever future plans he had.

The illustration may have been exaggerated, but in reality, the financial lives of some persons mirror that of the man pictured. Going forward, such lifestyle should be dropped.

There is a tendency that when we start making more money, our wants would expand and we would want to meet every felt need. This is a danger zone and we do have to walk around it carefully; lest we gradually plunge ourselves into some sort of extravagant lifestyle which will in turn deal some disastrous blows on our finances, limiting our financial growth that before we regain consciousness we are already standing face to face with bankruptcy.

Some years ago, as a very young earner, I was naïve with finances. I couldn't allocate resources properly and I was constantly feeling unhappy with the way I expended money. Fortunately, I was able to retrace my steps early enough, I began to control my desires according my income, and I was able to set priorities and began to discipline myself towards putting first things first. My finances improved rapidly.

It is a well-known fact that human wants are insatiable. Therefore, it is wiser to control what we desire according to the resources disposed to us at a given time. If you must desire more, then you should devise more means to increase your resources and not borrow. If we must not live on debts, then we must live within our incomes while we work towards expanding in order to accommodate more needs and wants.

Problem of unguided spending

We may run the risk of spending above our income, thereby incurring debts when don't guide our expenditure and guard our reserves with a budget. Not making a monthly or quarterly, personal budget may often give rise to splurging.

For instance, a young woman who receives her monthly pay and walks straight into the shopping mall and buys at random everything that accords with her whims and fancy may end up always expending more than her income simply because she does not plan her spending.

Budgeting is not something meant for governments alone. A personal budgeting system which is religiously maintained is sacrosanct for everyone who desires to overcome financial frustrations. (I maintain a monthly personal budget and it has been very helpful).

The need to belong

Sometimes, our desire to belong to a certain class of people makes us spend rather irrationally. Haven't you ever felt so left out because you couldn't afford a thing that seemed to be trending all around you?

For the ladies especially, it could be the desire to update their wardrobe in tune with the most current fashion or to also own certain gadgets— mobile phones and the likes, with which certain class of people in the society, are reckoned.

Some years ago, in the area I reside, having a personal computer was the in thing for many young people. You would often see people move around with laptop bags hung on their backs. It was then very common to see people brag about their various models of personal computer, making others who couldn't afford any feel like they are yet to arrive into the tech driven 21st century. If you had a computer then, you were a 'big boy' or 'big girl'. (In recent times though, personal computers have become so common to the point that it is no longer something to boast of).

So, I so much desired to belong to this class of people who moved around with computers. My goodness, I loved computers! (Of course, I was already working and I had some money in my account). Although I knew I could not afford any type of computer yet, but my mind was already made up to purchase one by all means, even if it meant borrowing. I acted on impulse, cleared every penny in my account and purchased my first personal computer (a fairly used type though) and alas... the motherboard failed, just after few months of using the computer sparingly. I didn't even enjoy it!

I suddenly became woken and realized that I should have waited. I should have gradually saved up to purchase a brand new one and even an improved model. Although I was able to save up again to purchase a better one, but I learned the hard way. That particular financial mistake and loss took its toll on my personal finances for months.

With the experience, however, I learned to limit my longings to my financial capacity at a time, and as well discipline my mind to delay gratification when necessary.

What else happens when we live above our earnings?

In a nutshell, we limit our capacity to grow financially. Once we have formed the habit of spending more than our incomes, it will be near impossible for us to save and invest. In this regard, Warren Buffet advised; "do not save what is left after spending, instead spend what is left after saving."

Truth is, it is very normal to desire many beautiful things of life. Yet it is inordinate to insist on satisfying the desires which your resources at a given time cannot accommodate. To be happy, you may have to be contented first.

When one is just starting out in life, it is wise to shrink desires and seek to increase resources base first, for misery is not far from one who is beset by crazy appetite and desires which he has no ability to gratify.

Common sense strategies to avoid living above earnings

- *Plan your spending—personal budgeting is very vital. Monthly or quarterly budget will make you a deliberate spender and save you from the frustration of spending big on the things you need less or things that matter least.*
- *Avoid luxury product. They are not ideal for a builder (a builder is one who is still growing economically).*
- *Imbibe contentment as virtue; it gives one an inner peace.*

Always bear in mind; life is not an Olympic game. You are not competing with anyone. Do not spend to impress people and do not inconvenience yourself trying to fit in. Will Rogers noticed, "too many people spend money they earned to buy *things they don't want, to impress people they that they don't like." In spending your hard earned money, the goal should never be to impress anybody.*

To wrap up this chapter, I like to point this out. I am not suggesting that we should become miserly and restrict ourselves from enjoying all the good things of life. Of course, life is replete with so many beautiful things which we should enjoy while we are still alive. Indeed, one of the major goals in life is to stay happy always and you will agree with me that a happy life is one with less or no frustration of any type. In essence, one of the ways to live without frustrations - financial frustrations especially - is to be content, work diligently and consistently from one strata of life to another, learn to delay gratification and live within your reality.

Further insights against living beyond your means

“You can be rich by having more than you need or by needing less than you have.”

--Jim Mott

“Life is in phases and men are in sizes; live your size, phase by phase.”

--Francis Uka

“Wealth, after all is relative thing, since he that has little and want less is richer than he that has much and wants more.”

--Charles Caleb Colton

“If you buy things you do not need, soon you will have to sell things you need.”

--Warren Buffet

“Financial peace isn’t the acquisition of stuff. It’s learning to live on less than you make, so you can give money back and have money to invest. You can’t win until you do this.”

--Dave Ramsey

“It is not the man who has too little, but the man who craves more that is poor.”

--Seneca

“Don’t tell me what you value, show me your budget and I will tell you what you value.”

--Joe Biden

“Money never made a man happy yet, nor will it. The more a man has, the more he wants. Instead of filling a vacuum, it makes one.”

--Benjamin Franklin

“Wealth consists not in having great possessions, but in having few wants.”– Epictetu.

3

INCURRING DEBTS

Debts, in most cases are offshoots of living above income. As I mentioned in the previous chapter, a less frugal person who expend more than he/she earns would invariably run into debts.

Over time, in managing my personal finances, a proper financial management to a large extent means a complete absence of debt. Personally, I find it quite embarrassing to owe even a kobo (no one enjoys owing anyways).

Aside being embarrassing, it is as well demoralizing when one incurs huge debts that he/she struggles to manage. Perhaps, a truer definition of unhappiness is the state of a debtor. No one in his right frame of mind enjoys incurring debt. However, while some persons incur debts for some good or pardonable reasons, some others do it out of their own financial recklessness.

Some people are of the opinion that debts cannot be avoided completely. I also belong to this school of thought, considering the poor economic conditions that many people have to contend with. Debts become inevitable even as one progresses in life.

However, the motive for which one incurs debts may be justifiable or defective. This brings me to classifying into two categories namely:

Positive and negative debts, just in the same order as experts in public finances classified public debts into *productive and unproductive debts.*

Let's talk about these two categories of debts.

The Negative debt:

I will dwell a bit on this type of debt because it is the one we ought to avoid by all means.

These are debts incurred on relatively less important things. They are debts that can be avoided but are rather incurred as a result of poor financial management and to some extent, unhealthy lifestyles, greed or inordinate desires.

For instance; here is a chronic alcoholic who is a salary earner. He goes to the bar every day, after work and drinks at least three bottles of alcoholic beverage. He does this as a ritual even when he has no money to pay immediately for the drinks. The bar tender agrees to always serve him drinks on credit, since he has become a regular customer. So, what this alcoholic ends up doing is; clears old debts by month ends and then continue to drink on credit for yet another month. Hence, in each month of the year he has programmed himself to incur debts on alcohol which he can as well avoid.

This as illustrated is a typical example of a negative debt. It is not wise to incur debts on things we can avoid, wants we can control or needs we can cope without.

The illustration may have sounded artificial, but in reality there are people who actually go about incurring debts to support their addictions—yes! People pile up tiny debts on things like cigarette, which to me is quite ridiculous.

I like to reiterate; it is indeed a gross financial folly to incur debts on things we can do without. No one ever died or suffered illness as a result of alcohol deficiency. So why should a person incur debts on alcohol?

An addiction by itself is harmful to personal finances. When one now degenerates to the level of borrowing to support an addiction, it becomes a humongous problem. Can you picture addiction as a prison and debt as abduction? I tell you; when this duo teams up in an individual's financial life, misery is not farfetched.

Addiction plus debt is equal to financial bondage!

Generally, negative debts are usually those incurred on mere desires which can actually be control or incurred out of the need to belong or impress others, like when people incur debts on expensive clothing, accessories and other luxury which they cannot afford at a given time under normal circumstance.

Negative debts can be avoided.

To avoid incurring negative we ought to always distinguish real needs from mere desires, make personal budgets and set financial priorities.

Here is one of my personal financial guiding principles, you may want to adopt:

If I do not have enough resources to gratify a desire at a given time, I delay it or avoid it completely.

Action line: *Do not step an inch further to borrow in order to gratify a desire or an appetite.*

Positive Debt:

This category of debt stems from the need to accommodate basic necessities of life. We may rightly consider a debt positive when it is incurred on acquiring assets and not liabilities.

In the study of public debts, when a country incurs debts to fund recurrent expenditure in her budget, it is termed unproductive debts. But when the debts are incurred for carrying out capital projects, it is known as the productive debts. Hence, productive debts facilitate economic growth and development, therefore, repaying both the principal and interest of such debts do not pose much difficulty to a country.

This also applies to individuals. It is a lot less frustrating to repay debts that yield some financial returns.

For instance, a salary earner who takes a bank loan to acquire a landed property can be adjudged wiser than another who takes the same loan to purchase a luxury car for personal use. For the man who acquired the land, he may finish repaying both the principal and the interest of the loan, say in two years, but the property will not cease to appreciate. On the other hand, for the one who purchased a car, even before he finishes repaying the debt in two years, the car would have started depreciating, and he would have spent almost one-quarter of the un-repaid debt as an extra amount in fueling and maintaining the car.

A debt may also be considered positive when incurred to manage emergency situations or to support major life projects, like in completing a building project and in seeing an individual through school or other sorts of life impacting trainings. Debts incurred for major productive projects are definitely on the right track!

Like I established earlier, debts may be largely unavoidable as one progress in life. But to avoid the frustrations that may arise thereof, it is a lot wiser to rather owe in acquiring things that can yield some financial returns than to become a debtor in gratifying controlling desires.

How NOT to join a thrift group

A thrift group or *isusu/contribution* as it is popularly called in local parlance is a social arrangement, more like a cooperative society, usually formed by a group of persons on self-help basis. It is common in many organizations across Nigeria (both public and private organizations). Many employees, especially the low income earners testify that such arrangement is a better alternative to bank loans in taking care of their pressing needs. No doubt, thrift groups have been proven to be a lot helpful especially to those who live from paycheck to paycheck and to many small business owners as well. However, a thrift group can also be a source of financial frustrations. In my place of work, some people can be heard complaining in this manner, "I can't point to any concrete thing I achieved with my own share of the contribution."

I observed that some persons join a thrift group, collect their share and simply waste it! Yes, they waste it because never had a target in mind to achieve before joining the thrift group.

An ideal thrift group is formed on the basis of commonly felt need and self-help. For instance, I have a pressing need which I couldn't meet with the resources available to me at a given time. I look for two or more other persons who also have pressing needs but with meager resources as well. So, we agree to pool our little individual resources together to form a bulk, from which we will then take turns to meet our various individual needs, conveniently.

Chances are that some persons - colleagues or friends - who have more pressing needs, would come to persuade you to join a group, sometimes, just for you to complete the tripod for them to reach their own goals.

Here is the ideal thing: Never agree to join a thrift group when you clearly do not have any predetermined target to achieve or pressing needs to meet with your own share of the contribution, else you may simply be helping others solve their financial imbalances while you create a financial problem for yourself.

One painful aspect of joining a thrift group is when you have wasted your own share of the contribution because you never had a clear cut objective in mind before joining. But you have to continue contributing in order to compete the turns for others.

Let me reiterate. Never join a thrift group without a clear set objective in mind or a challenging need to meet, if you don't want to find it frustrating.

I like to wrap up this chapter with this rhetorical question from Adam Smith. He asked, "What can be added to the happiness of a man who is in health, OUT OF DEBT and has a clear conscience?"

Whatever the case may be, do not incur debts that will frustrate your life. Think it through.

Further insights on debts

“Before borrowing money from a friend, decide which you need most.”

--American proverb

“Running into debt isn’t so bad; it’s running into creditors that hurt.”

--Unknown

“Rather go to bed supper less, than rise in debt.”

--Benjamin Franklin

“When you get in debt, you become a slave.”

--Andrew Jackson

“The second vice is lying; the first is running in debt.”

--Benjamin Franklin

“Never spend your money before you have it.”

--Thomas Jefferson

“If I owe you a pound, I have a problem, but if I owe you a million, the problem is yours.”

--John Maynard Keynes.

“Today there are three kinds of people; the haves, the have-not, and the have-not-paid-for-what-they-have’s.”

--Earl Wilson

4

LACK OF INVESTMENT AND POOR INVESTMENT

To invest simply means to commit money into something with the hope of getting greater financial returns with time.

In another sense, investment can be explained as planting viable seeds in a fertile land and waiting to reap harvest in due time.

Indeed, investment is not a concept that requires an elaborate explanation as it is very common among us.

I do know that investing one's money in viable ventures is one sure way to create wealth, but at the extreme when investment is poorly handled, it sometimes leads to misery.

Savings and investing—the correlation

Investing follows savings. Therefore, one who has not been disciplined to save money may as well not be able to invest wisely. In essence, just as savings requires a lot of financial discipline, investing requires a level of discipline and financial responsibilities too.

In the bid to multiplying one's income, savings precedes investment. There should be an endeavor to convert savings into investment.

Really, saving is the very first step to take in trying to multiply income. However, it is one thing to master the art of saving money, but another thing to invest such money in such a way that it can yield good returns. Emphatically, it is just not enough to save! Got it?

Let's dig deeper into this…

Having some money lie idle for long is definitely not the way to go. When we hoard money in a fixed deposit account or savings account it can only yield a sort of 'water droplet' returns in form of interest. The only way to really multiply such money is to put it to work— invest it wisely. Robert Allen hinted the folly of saving without investing when he asked; "how many millionaires do you know who have become wealthy by investing in savings accounts?" Really, who is that wealthy man that has not invested his money? I have not seen any.

Money saved over time, without a plan on how to invest it or without a clear cut objective for which it can be used, may as well be wasted.

Personally, by the time I fully learned the art of saving money, I made it a habit to keep aside at least 5% of my monthly income, I was enjoying the experience because I never lacked money in my account. But I discovered that I began to expend money somewhat irrationally, you know why? Because I had idle cash lying in my account which I had no plan whatsoever to invest or which I had no specific concrete project I wanted to channel it into as at that time.

The main issue was that I had mastered the art of saving, fine! But did it end there? No! I had not trained myself to seek good opportunities where I could invest my savings wisely so as to multiply my income. Perhaps**, I saved to spend** which is not completely ideal. **Saving to invest is a better idea.** Don't you think so?

Saving as a practice should not be seen as an end but rather a means—a starting step towards multiplying incomes.

Conclusively, savings is a great way to start but what you do with savings matters the most—waste it or multiply it?

The choice is yours!

An investment not planned, fails.

It was Napoleon Bonaparte, a war veteran who once said, “The art of war is a science in which nothing succeeds which has not been calculated and thought out.”

This is just as true of investing one’s money as of engaging in a war. Like it is popularly said; one who fails to plan has planned to fail.

Before one moves to commit money into a venture, some calculations and researches should have been made in order to ascertain the viability of such venture. It is not uncommon to see people make huge losses out of investments they had hoped to get positive returns from one common reason for such losses, among others, is lack of proper planning.

Proper planning entails gathering enough data that will enable you forecast correctly into the future of the investment opportunity. That way you can decide whether to commit your money or not.

The how of investment— my personal experience

I am not intending to write you a template for investing money (of course, I am not an investment expert) but to share my own mistakes and the lessons I learnt.

One of the very first trying moments I ever faced as a young adult was losing my hard earned money while I was trying to multiply it via investment (the risk taken made me strong, anyway)

I had saved up some money in a year, having formed the habit of saving at least 5% of my monthly income. Out of the blues, a business opportunity presented itself (for the records; it wasn’t a ponzi scheme). I felt comfortable with it. I had this assuring feeling that the business would work out, maybe because it seemed interesting to me. So, I followed my instinct and hurriedly committed my money. Unfortunately, my instinct was wrong. The return on the investment was utterly poor, and I barely broke even. Afterwards, I realized that I had a very poor knowledge about the business opportunity and I didn't carry out a proper SWOT analysis.

I only acted based on the immediate interest I developed about the opportunity which was actually superficial.

Therefore, I learned that in making investment, knowledge is paramount.

You see, the fact that you find an opportunity so fascinating or you are just so passionate about it, is not enough to invest. The ideal thing is; study to gain adequate knowledge before you commit your money. It will be wrong to allow people talk you into investing your money into anything you know little or nothing about. If you desire to invest, seek out an opportunity on your own, using your own creative ability. Study it thoroughly, become very satisfied with the depth of your knowledge about it, and then invest.

I know a person who was talked into mini importation business. He felt so fascinated about it (of course, the opportunity sounded so juicy), invested his money immediately and made great loss afterwards. The reason for his loss was not unconnected to his shallow knowledge about the business. Had he taken his time to know all the nitty-gritty of the business before investing, he would have done better.

Another important fact I learnt about investing is to put my money in the areas I have advantages, in terms of my abilities, talents or expertise.

We can relate this fact to what Duncan Bonatyne said about running a business. Hear him, "you can run a business anyway you like, but you will run it better if you build it around your strengths."

An investment in the things that comes naturally to you is an investment in the right direction. The things you are naturally very passionate about could serve a great opportunity to invest your money.

However, if you are passionate about a thing, it would be a lot helpful to first gather some in-depth knowledge about it before investing or partner/consult with someone who already knows more about the area you intend to invest.

One mistake I have seen some persons make is to conclude that their interest in an opportunity is enough to invest in it. Some see a seemingly viable opportunity, and they get too excited about it. They hurriedly conclude that they know enough and then plunge their monies with all the zest and vigor. Thereafter, they come out with very poor or no returns on investment at all.

Interest and passions are hardly enough. Experience taught me that!

Assuming I have interest in poultry farming. I want to run my own poultry farm and make great profit from it, maybe on a small scale. Though I have the money to invest and I am quite enthusiastic about the idea, but I have absolutely zero prior knowledge about poultry farming. Do you think I would succeed?

Not likely. What I must do first is to consult experts in poultry farming or some other persons who have been running a poultry farm, to at least gain a basic knowledge in the area regardless of how simple the idea of running a farm may seem to me.

Investment involves risks, but better information about an investment opportunity makes the risk involved a calculated one. Calculated risks are easier to bear, aren't they?

In a nutshell and in the manner that George Clason advised, to minimize the risk of financial losses, invest in the things you know about or consult the people who know more about the things you want to invest in.

Invest in yourself

Investment is not limited to the material things of life alone. It also involves putting money into personal development.

One who desires to increase his/her resource base should be able to give value that people can pay for. But then, one who has not built up values over time cannot offer any value. One becomes a person of value through a process of personal development, in acquiring relevant skills and knowledge and in solving problems that many people are seeking solutions for.

To develop into becoming a fountain of values demands a lot of resources, time and will. Indeed, it is an infallible form of investment.

An employee, who desires to grow rapidly in the ranks and of course, receive the accompanying higher monetary rewards, should invest in developing himself to remain relevant in the ever dynamic work environment. Technology is changing the way we do work in our various organizations, artificial intelligence technology is evolving, many tasks are being transformed and new frontiers are emerging. Every employee in the 21st century ought to be developing in tune with the dynamism in place in order to avoid any form of redundancy.

In the same vein, entrepreneurs ought to invest part of their earnings in developing themselves in order to stay up to date with the recent business environment which has also become more dynamic. The skill set required in managing a business successfully is increasing with time. Any business person who fails to develop in line with the current trend may end up losing out to more sophisticated and daring competitors.

An entrepreneur should always be well informed so as to easily locate and explore more opportunities and as well, constantly improving on business management skills in tune with the realities of the time. This also constitutes a form of investment.

Further insights on investment

“An investment in knowledge pays the best interest.”

--Benjamin Franklin

“Empty pockets never held anyone back, only empty heads and empty hearts can do that.”

--Norman Vincent Pearlse

“If your money is your hope for independence, you will never have it. The only real security that a man will have in this world is a reserve of knowledge, experience and ability.”

--Henry Ford

“Everyone wants a piece of land; it is the only sure investment; it can never depreciate like a car or a washing machine.”

--Russel Sage

“If you want to be truly successful, invest in yourself to get the knowledge you need, to find your unique factor. When you find it and focus on it and persevere, your success will blossom.”

--Syndney Madweed

“Invest in yourself, you can afford it, trust me.”

--Rashon Carraway

“Wise spending is part of wise investing and it is never too late to start.”

--Rhonda Katz

“Your body will be around a lot longer than that expensive handbag. Invest in yourself.”

–Anonymous

5

HABITS AND ADDICTIONS

A habit, simply put, is a usual way of behaving which could be good or bad. When one's usual way of behaving becomes detrimental to his/her wellbeing and/or to the wellbeing of other people around, we term it a bad habit.

In that sense, there are also bad financial habits, which are those usual way of behaving which affect one's finances adversely.

Have you noticed this; some people are caught in the web of always spending big on a particular thing which in most case is even less relevant to them— things they could actually do without.

I know a young man who always carried sweets about. I wondered why a grown up person should be all about sweets and chocolate candies which are usually meant for kids, and then I asked him once, why he was always sucking sweets. He simply said it was something he grew up with, he just couldn't stop. I told him that that is a bad habit he had formed overtime and should break it as soon as possible, but he laughed my advice off.

One negative effect of this habit to this young man was that every money of the lower denomination left with him, he would always buy sweets with, almost on a daily basis, and this is even aside the possible health implications of constantly sucking the sweets.

Really, this is a similar story with persons who are addicted to things like cigarette and other petty indulgence.

Anyone who desires to grow financially must do away with all petty habits that breed financial wastages.

Wrong habits stem from thoughts and when left unchecked they mature to form a lifestyle. A set of wrong habits give rise to a whole bad lifestyle. In the words of James Allen; "our thoughts rapidly crystallize into habits and habits solidify into circumstances." Suffice to say that if your habits which make up your lifestyle are such that outrageously demand on your finances, then you are probably cruising on the highway to financial doom.

Bad financial habits lead to spending more on less important things which in one way or another negatively affect the level of savings and investment. One whose life has been ridden by poor financial habits knows not how to hold money.

Some common habits people form which are detrimental to their financial wellbeing include:

Gambling addiction:

Gamble can simply be referred to as to do something that could produce a desired result or an unpleasant result. Gambling therefore, means to bet money or other valuable things on an event of uncertain outcome, with the hope of winning additional money thereof.

Sport betting and other forms of gambling, to some persons are considered as forms of recreational activities which people engage in for the fun of it.

However, many people have drifted from gambling as a pastime to being seriously addicted to it. When gambling becomes an addiction, it affects both the financial and emotional wellbeing of its victim.

In recent times, sports betting and many other forms of get rich quick schemes have become so widespread, planting in the mind of many young persons, the bad seeds of indolence and greediness.

I am a football enthusiast and as well a supporter of Manchester United football club of England. I love to go watch football matches at local viewing centers, just for the fun of it. Of course, in watching football matches, the more is usually the merrier.

So, one of those days, I had gone to watch a European champions' league match between one of my favorite teams and their popular rivals. By the end of first half, I was already feeling really good because my favorite team was leading by two goals to nil.

Suddenly, I noticed that the young man sitting beside me, whom I had made acquaintance with before the game started, became so troubled, he was almost at the brink of crying as he looked fixedly at a piece paper he was holding. I needed no prophet to tell me that his bet had probably gone the wrong way. I wanted to talk to him, maybe to console him, but I figured I might even infuriate him the more. So I held my peace.

By the end of the game, my favorite team had gone ahead to win by three goals to one. The young man fully broke down and was then sobbing profusely. Many other persons began to rally around him to ascertain what exactly his issue was. Why was he crying like a baby? It happened that he placed the bet with a part of his school fees, with the hope that the bet would go in his favor, so the money could be multiplied.

Meanwhile, that was his first time of placing a bet and it was a friend of his who persuaded him to do it. Some persons mocked him remarking that the loss is not enough to make him cry like a baby. The question then was; how would he replace the money taken out of his school fees and what sort of lie would he tell his parents? Some even suggested that he summon courage and place another bet, claiming that he would make it the second time! Isn't that ridiculous?

In the bid to gathering relevant information that will aid me to write this chapter, I sampled the opinions of some persons concerning gambling and the likes.

Many strongly argued that nothing is wrong with gambling. It is not harmful. Rather it is just like every other investment or business venture which involves risks, sometimes you gain and some other times you lose.

Really, at first, gambling may look like a normal activity to engage in, but not until it gradually becomes an addiction and begins to eat deep into the fabrics of the victim's personal finances.

If every gambler can be sincere, they would admit that the major motive underlying every gambling activity is greed. Of course, greed is morally wrong, but let's put that aside, even. How many of the well-known wealthy men across the globe today made their fortune through gambling or other get rich quick schemes? Obviously, none!

Gambling addiction stems from the inordinate desire to amass wealth mere luck, without work. Whereas true wealth comes through diligent work and not by whims and fancies. Proverbs 12: 11(NIV) says, "He who works his land will have abundant food, but he who chase fantasies lacks judgment."

In recent times, we have seen many people chase fantasies in the gaming houses, with nonsensical ponzi schemes and other get rich quick schemes that have never made anyone rich.

Anyone who desires to make millions of money by investing close to nothing, with the hope that some sort of whimsical goddess of good luck will work in his favor, such a person lacks judgment! Money is not to be won but earned. Let me quickly emphasize, anyone who constantly desires to win money by sheer luck, lacks judgment.

Let's even assume we have such thing as a goddess of good luck in our time, do you think she would be interested in attending to mere fantasies of men? Not at all. I am sure the goddess would have better things to do with her magical powers.

George Clason, speaking through the character; Arkad, said, "the goddess of good luck is a goddess of love and dignity whose pleasure it is to aid those who are in need and to reward those who are deserving. I look to find her not at the gaming tables, or the races where men lose more gold than they win but in other places where the doings of men are more worthwhile and more worthy of reward"

Fact is; one can never make a fortune through gambling, regardless of how long one has been in the game. It only continues to fan the embers of greed. Perhaps, a few persons have won some huge amounts of money (of course, once in a while one or two persons would hit the jackpot) but does that justify gambling addiction? Hell no!

Against the desire to hit fast money through gambling and other get rich quick schemes, always remember that wealth that comes quickly goes the same way. But the wealth that stays to give enjoyment and satisfaction to its owner comes gradually, because it is a child born of knowledge and persistent purpose.

Common side effects of gambling addictions

- *Restlessness or irritability, resulting from losing out on bets or not having enough money to gamble. One who is already addicted may go as far as stealing in order to continue to gamble.*
- *Continuous thoughts of gambling: it disrupts the victim's normal productive thinking. Most of the times, he thinks about new opportunities to gamble.*
- *A victim lies about his finances; how he spends his money is rarely disclosed to the people that matter in his life. In addition, he downplays how much involved he is in gambling.*
- *A gambling addict is usually not stable emotionally. In extreme cases his relationships and even job are adversely affected. He may as well become depressed as a result of losing so much money off gambling.*

Can one who is already addicted ever break loose?

Really, it may prove to be an uphill task because most times, the victims of gambling addiction don't actually consider it an issue. They see gambling as a normal recreational activity with little risk involved and they often downplay the amount of money they lose thereof.

The yoke can be broken, anyway. It only takes one becoming completely conscious of the great disadvantages involved in gambling and then takes necessary actions to quit.

Emeka (not real name) is an acquaintance of mine and a former gambler whom I met in a viewing center where I had gone to watch a football match as usual. We were talking sport betting was gradually killing the usual joy derived in watching the beautiful round leather game.

Then, he narrated to me how he got himself addicted to sport betting and how he eventually broke away from it after several financial loses and heartbreaks.

According to Emeka, the disadvantages of gambling far outweigh its advantages. He further remarked though jokingly, that when it comes to gambling, it can be likened to one swimming in a magical pool. Once you step in your first foot, you will unconsciously continue to go deeper until you get to that drowning level where you could possibly place a bet with your car, house, land or maybe your spouse and children.

He had had his own fair share of loses but a very few wins which actually amounted next to nothing when compared with the amount he 'invested'. Had he invested such sum in a regular venture, he would have earned a greater positive return. The gaming houses always gain more out of the whole thing by simply rekindling the splinters of greed in people every now and then.

Emeka said he was able to gradually break away from the stronghold of gambling when he recounted his losses and decided that continuing in the greed game was not worth it. So, he made conscious and concerted efforts to quit and quit forever.

His strategies were; first, he gradually killed the thought of gambling by constantly reminding himself of how much he had lost and then downplaying the few pleasant moments he won money.

Then, he as well minimized his association with other gamblers, lest he would be tempted back to the games by hearing their success stories.

Sincerely, from this Emeka's story, I believe that gambling and every other form of addiction can be broken, only when the victim first realizes he is actually a victim not a winner, and then begins to make conscious efforts towards setting himself free. Someone once said; "before you can break out of prison, you must first realize you are locked up."

Meanwhile, this is not to 'demarket' the gaming houses and other centers where gambling take place. I understand some of them are actually registered businesses, duly approved by governments. I am only pointing to the obvious—gambling can be addictive and when it becomes addictive it leads to a level of financial frustrations on the side of its victim. Of course, some of the gaming houses often place a caveat on their services.

Drug/ alcohol addiction:

I have interacted with some persons who are addicted to either drugs/substances or alcohol and who have also struggled without much success to break off the bondage. I can tell you this; the emotional, social and above all, the economic adverse effect this particular issue has on its victims are quite enormous.

One young man who is helplessly addicted to marijuana and other petty narcotics once opened up to me, when I prodded him to tell me the sort of satisfaction he derived from the substances. He said that they help him drown his sorrows and make him feel unusually happy (he however, never knew that sorrows can swim too).

He went further to expose how badly the addiction has affected his personal finances. He calculated that he spends not less than a quarter of his monthly income in purchasing the substances almost on a daily basis— some of the substances are very expensive because they are scarce (I was shaking my head pitifully at him). He however, regretted the huge amount he expends on the addiction, but he couldn't just quit. According to him, it is his own cross; he just has to carry it!

Indeed, drug addiction has proven to be one of the cankerworms that have continued to bore destructive holes in the personal finances of young persons who give in to it. As a person's use of substances/drugs increases, the monetary demands rise as well. The resulting financial burden can extend into almost every area of their life, affecting not only their economic wellbeing, but also that of their family.

Sometimes, as a person's addiction reaches a crescendo, they discover that they do not have enough money to cover the amount of substances they need to fulfill their cravings. In this circumstance they may go about filching money from family members just to keep up. Of course, it happens every now and then in our societies. Haven't you heard of any?

When it comes to managing personal finances, a drug addict is simply terrible at it. When faced with the decision to either buy substances or pay their bills, don't be surprised, they may often choose the former. They may use their available resources on drugs and then rack up debts on footing their normal bills, or they may often forget to pay bills.

For people without addiction problems, they may strive and learn to keep away some amount of money from their income as savings or maybe for future uses. But for someone facing an addiction it is often an impossible task. Not only that they often spend heavily on the substances, but the substance itself may disrupt their mental judgment, making it rather arduous for them to make sound financial choices.

In worse case scenarios, addiction can make one begin to exhibit some less dignifying behaviors like begging to keep their habit going unabated.

One cool evening, I was just strolling down the street. A young man walked towards my path, he was looking somewhat haggard. I thought he was one of those lunatics always roaming the street during such hours in search for anything edible or maybe he was one of the street pickpockets who usually move from one corner to another looking for easy preys. Eventually, the young man was not any of those characters. He rather approached me in the most respectful demeanor, and brazenly demanded that I do him a favor of one hundred naira, so he could buy his "evening medicine". His utterance startled me; I looked at him quizzically, trying to make sense of what he meant by "his evening medicine". As though he knew what I was thinking, he gestured with his two fingers to his mouth, in the manner of someone smoking. That way he made his demand very clear to me.

I stood there for some seconds, staring at this young man, not knowing exactly what to say to him and at the same time I was thinking in my mind, how can someone go about so shamelessly (and even without any iota of fear) begging for money just so he could smoke marijuana? Was he insane or something? Well, I had to decline his request but very diplomatically. I am not one to encourage such absurdity.

This further reveals how helpless drug addiction can render a person. It is indeed, one indulgence every young adult who desires to remain both emotionally and economically healthy should stay away from.

The other side of the coin is alcoholism.

Sadly, we see in our societies today, young persons who, most of the times, are yet dependent on people of the older generation, go binge drinking.

I stay in such society where alcoholism is fast becoming a norm. It is not uncommon to see very young people spend outrageous amount of money on alcohol and they are very proud of it.

In fact, the ability to spend more on alcohol is an honorable act. In this society I live in, people, especially the young, consume alcohol in crates and everyone seems to be cool with it. There are no strong restrictions on the amount of consumption. Even if there is, it is hardly adhered to. Meanwhile, in some other climes, alcohol is consumed in mugs and there are age restrictions around the consumption.

Having stayed around people who are given to alcoholism, I found that alcoholism is like a spider web that seems so harmless at first, but gradually traps in a prey for a feast. It is an addiction whose costs are so insidious, often creeping into a person's finances without notice. Frank Scott described such permeating power of alcohol this way; "first you take a drink, then the drink takes a drink, until the drink takes you." You don't want to be taken by drink, do you?

To avoid running into alcohol addiction, moderation is the key. Yes, the merits of moderation can never be over stressed, even the brewers and the marketers often advise consumers to drink responsibly. Drinking responsibly means drinking to stay alive, you don't have to drink until you start seeing river Niger like a swimming pool.

Once a person becomes alcohol dependent, his or her financial independence becomes partly jeopardized.

Further insight against addiction

“The chains of addiction are too light to be felt until they are too strong to be broken.”

--Anonymous

“An over indulgence of anything, even something as pure as water, can intoxicate.”

--Chris Tami

“You don’t have to be ready to recover; you only need to be willing.”

--anonymous

“The unfortunate thing about this world is that good habits are so much easier to give up than the bad ones.”

--Somerset Maughan

“Addiction begins with the hope that something out there can instantly fill up the emptiness inside.”

--Jean Kilbourne

“Recovery from addiction requires hard work, a proper attitude and learning skills to stay sober not drinking alcohol or using other drugs. Successful drug or alcohol recovery involves changing attitude, acquiring knowledge and developing skills to meet the many challenges of sobriety.”

--Dennis Daley

“You know you are an alcoholic when you misplace things for like a decade.”

--Paul Williams

WRAP UP

While you are still growing economically, note this; sometimes it's okay to be termed 'stingy' so you can still stay financially afloat in life's ocean of needs and scarcity.

Splurging is not the same as generosity. Know when and how to draw the line.

Still in the building process, you may have to deny yourself some unnecessary, over-hyped fun activities which will lead you into spending unnecessarily.

Really, ladies, you may have to firmly say no to that outrageously expensive "asoebi" dress and still grace the occasion wearing what you can afford. Guys, you must not always "declare drinks" at the bars to prove that you have arrived or to show how generous a dude you are.

Cut down or totally stop spending on things that do not directly add real value to your life and the lives of people that matter to you. Everything may seem so right but not everything is necessary. Moderation is one the keys to spending wisely.

Before parting with your hard earned money, think and plan. Resist temporary gratification by all means, think beyond the now.

Think future. Think value. Think investment. Most importantly, invest in yourself— the harvest thereof is usually bountiful, trust me.

Meet Chike David.

A public servant, a budding entrepreneur and a writer who is passionate about helping young people realize and utilize their potentials so as to win more in life.

See you at the top!

CHIKE DAVID