

Principles to Ensure a Fantastic Financial Finish

Every now and then you read an article about someone who never made more than \$15,000 a year and yet left an estate of millions.

by **Chris Widener**

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Most people want to get to the end of their lives and be able to live comfortably, take care of themselves and leave something for their children. These are admirable goals and very achievable - especially if you have a good plan! While I am not giving specific financial advice, these are the principles I live by and believe can bring anyone to a fantastic financial finish! As always, check with a financial consultant

before taking action.

Aggressive in the Beginning, Conservative in the End.

The way finances work long-term is that you want to maximize your returns when you are young, while tolerating more risk because over the long-term you will recoup any losses you may incur because of the risk. This is why when you are young you can get more aggressive. You have more time to let your returns accumulate. However, the older you get, the more you want to be transitioning into more conservative, capital-protecting investments. This way short-term market fluctuations won't affect your day to day living situation. I personally, at 33 years of age, have my investments in very aggressive stocks and mutual funds. I may be down 10 percent one year but up 80 percent the next. Over time the investment makes more gains than losses. I have 30 years before I need to be more conservative. As I get older I will shift into stocks and mutual funds that may only give me 7-20 percent a year but will assure me of less risk. This idea lets me get as much as I can while I am young and can afford risk, so that when I am old I can draw a lower percentage off of a bigger net dollar amount.

Use Insurance.

I am not an insurance salesman, but I could be! When my dad died when I was 4 years old, he was making \$89,000 a year (In 1970). That's pretty good! He had \$30,000 of life insurance. That's pretty bad! For a very nominal fee, he could have protected his family and left them with a couple of million dollars to maintain their current lifestyle. For many, you will want insurance to protect your assets you will be passing on to your loved ones. Don't let the government get too much! Find a good insurance agent and they will help you out. Also, make sure you have all the right kinds of insurance: Life, health, disability etc. All of these tragedies can drain your long-term financial health.

Use a broker.

The brokerage business is going through a radical transition with the onset of the Internet and that is good. It will make them sharpen up a bit, drop their fees and offer more in return. For a while I was anti broker but now I have come full circle and realize that it is good to have somebody watching your investments for you. Just be sure to tell them that you want them to be proactive with your account and communicate with you regularly. This way you get the benefit of their expertise. If you want to keep an online brokerage and trade stocks, that's okay. Give yourself a little to play with and leave the rest to the professionals.

Start Early.

Even if you can only put \$10 a month away, do it. The law of compounding interest is simply amazing. If you put it away early on, at least you give yourself something that is growing. And if you have kids, consider giving them a head start by putting some away for them. The 20 years it grows before they take it over will mean a lot to them.

Be disciplined.

There are primarily two ways to be disciplined if you want to have a fantastic financial finish: Disciplined in controlling your spending and disciplined in saving or investing. This means that you commit to spending less than you earn. Add it all up. Are you spending less than you earn? Or are you going deeper into debt? Also, are you putting something away each month? You may think that you don't have enough to put away. Even if you can only put away \$10 a month, you should be saving and investing.

Stay Out of Debt.

Debt is an absolute killer. It will kill your future, it will kill your balance sheet, and it will kill your emotional health. If you can live absolutely debt free, I would advise it. Most people should only have a house debt. "But I

wouldn't have the car I want!" you say. The question I would ask is "Do you want one of the cars you want now, with a debt coming due every month and causing pressure, or would you like to buy any car (or two or three) you want later on out of the interest your investments are throwing off - and pay cash, with no debt?"

Delay Gratification.

This is the key to staying out of debt and to accumulating what you will need later on to maintain the lifestyle you desire. You have heard the old saying, "A penny saved is a penny earned." Well the truth is that a penny saved, and invested for a number of years is more like ten pennies earned! Don't get me wrong, I don't mean to live life as a pauper. In fact, when I get a big check or extra income, I give ten percent away to charity, spend ten percent on things my family would like (in other words we splurge), and the rest we save and invest. This allows us some "extras" but causes us to delay gratification that we could otherwise have if we spent the other 80%. In the end, I will be glad that I invested that money.

Read up.

I would encourage you to learn about money and how it works. Even if it doesn't particularly interest you, you need to know how it works in order to manage your affairs. Know the basics of saving, investing, interest rates, stocks, mutual funds, and the power of compound interest. If I had to pick a beginner magazine that is well written and very good information, I would suggest to you Smart Money, published by The Wall Street Journal. Pick one up at the newsstand and then you can subscribe from there.

In closing, let me say that

I think anyone can have a fantastic financial finish! It is simply a matter of applying these principles over the long-term and watching your money grow.

Every now and then you read an article about someone who never made more than \$15,000 a year and yet left an estate of millions. Get behind

the scenes and you find that they saved, invested, and watched their spending.

Here's to your Fantastic Financial Finish!



Chris Widener is an example of how anyone can overcome any odds to achieve a successful life and help others achieve the same. Chris has overcome many obstacles... living through his father dying suddenly when he was four, being sent away from his family to live with relatives at age nine and becoming involved with drugs and alcohol by the age of twelve. Chris overcame those obstacles and has for the last ten years worked with some of the most financially successful families in America, helping them to achieve both personally and professionally. Now he can do the same for you!