



# THE 12 SPIRITUAL LAWS OF MONEY

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## 1) Money is narrative fiction.

- In 2008, in the midst of the last global financial crisis when we kept hearing that trillions of dollars were being lost in the stock market and the housing market, there was a strange question on the minds of many people who were not in finance. **Where did all that money go?** How come there was trillions of dollars and suddenly it was no longer there? The answer is actually that the money never really existed in the first place. People simply agreed that the value of the stock market and the housing market was worth X trillion one day and now decided it was worth less than X trillion on another day. Money is fiction. The value of Money exists on the faith only of the people who use it.
- And the value of any portfolio is the agreement that thousands or millions of people believe is the value. The value does not exist independent of the people's belief. Once you understand that salaries, pricing and value is determined by people's belief you begin to create the first big shift in your relationship with money.
- Very few people feel that they have enough money, and the amount required usually to feel like its enough is usually between 2-3 times more than you have currently. At every level of personal wealth, the desire is always for just a little more. A shifting perspective if there ever was one.
- Rich Enough is a combination of "what you have" and "what you desire." If you have \$1,000 and want nothing you will feel rich. If you have \$10 million but want a \$15 million dollar home you will feel poor. Feeling rich is a mental matter.

## 2) Those with an extended financial horizon beyond the now will build greater wealth over time.

- Who do you wish to be financially in 5-10 years?
- What is your desired Net Worth? Have a specific \$\$\$ number in mind!
- Clear objectives have a better chance of success!
- What's your pathway to achieving it? How much must you put away and invest each year to achieve your financial goals?



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## 3) Money comes to those least interested in the things that money can buy.

- Dream a future as Assets Invested, not as a Consumer.
- If you value money over things, then money rather than useless things will fill your life.
- Look around at the number of things in peoples' homes that they are not using; imagine all of that as cash invested instead of a pile of things.
- Let your lifestyle lag your income and not let your income lag your lifestyle.
- Take the bus long after you can afford a car; drive a modest car long after you can afford a better car; live in a house less than you can afford—at all levels lag your lifestyle and the money will come. Keep pushing your lifestyle ahead of your income and things will choke you physically and psychologically.
- The money paradox is the less things you want, the wealthier you will be.
- Have you ever noticed that if you have 100 dresses or shirts in your closet, you always find yourself choosing from only 15-20 options? Do you ever notice people who live in big houses with many rooms end up only hanging out in the kitchen, the TV room and the bedroom and many rooms are simply left empty? How many people or complexes do you know that have a pool that is rarely used? When you have too many options you do not have the mental capacity to select so you collapse the choices to far less to be able to choose. The paradox of choice is that we can have too many choices. If we have spent money on too many choices (too many dresses, too many shoes), that is money that we could have had for a nest egg that is now lost.



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## 4) You cannot work your way into wealth, you can only save or invest your way into it.

- Save before you spend. 15-30% of whatever you receive or your after-tax income should be a gift to your future self.
- Time Value of Money means the earlier and the higher amount you save or invest will create more wealth in your future.
- Compound interest is interest earned on interest. If you save today and earn interest by the end of this year, next year your interest earned will be both on the initial savings as well as the interest earned in the first year, then second year, then the third year and so on. It is therefore, compounding. Start early with a higher savings amounts and your financial future will be bright.
- Critical to understand Inflation & Risk.
- What is inflation and devaluation of the dollar over the year? If you have \$100 today, what will that \$100 be worth by the end of the year? Your savings or investments must at least exceed the anticipated inflation and devaluation.
- What is your risk profile? Are you comfortable losing 100% of all the invested capital you are putting away? Are you uncomfortable losing any of it? Or are you somewhere in between? High risks often lead to high reward, but there is a potential of high loss. This is a brave man's game. For example, stocks are more risky than Certificate of Deposits. What kind of fluctuations in value can you handle? Invest accordingly.
- Savings vs a balanced investment portfolio is important. Money in savings accounts is often eroded by inflation versus investments through the ups and downs of the market beat inflation and ensure you maintain purchasing power and also build your capital for your goals including education for children, buying a home or real estate investments or building your nest egg.
- How do you achieve that? With a diversified portfolio either direct investments or through collective investment schemes
- People earning the same income but divergent attitudes towards money end up in very different places in 5-10 years.



# Divergent decisions about money will lead to very different lives

Working Adults	What they Did	Year 5 Net Worth	Year 10 Net Worth
“Save First then Spend” Joanna	<ul style="list-style-type: none"> <li>Earns \$7 million a year; \$580K a month</li> <li>Put away 20% a year: \$1.4 million</li> <li>Her investments earn 10% per annum</li> </ul>	\$8.5 million	\$22.3 million
“Late to the Money Game” Peter	<ul style="list-style-type: none"> <li>Earns \$7 million a year; \$580K a month</li> <li>For 5 years, he saves nothing. At the end of 5 years he starts to put away 20% a year: \$1.4 million a year</li> <li>His investments earn 10% per annum after he starts to save</li> </ul>	\$0 million	\$8.5 million
“Never saw a thing he did not want to buy” John	<ul style="list-style-type: none"> <li>Earns \$7 million a year; \$580K a month</li> <li>He never has enough money for all the things he wants to buy</li> <li>He borrows \$700K a year at 20% interest on a credit card to support his lifestyle</li> </ul>	(\$5.2 million) negative	(\$18.2 million) negative
“Stayed home until a relationship messed up her head” Marsha	<ul style="list-style-type: none"> <li>Earns \$7 million a year; \$580K a month</li> <li>Lived at home for 1 year and saved half her salary \$3.5 million which earned her 10% per annum</li> <li>In year 2, she met a flex man and never saved again but kept the initial \$3.5 million saved</li> </ul>	\$5.6 million	\$9 million



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## **5) Financial Independence and Financial Integrity are leading sources of mental strength and peace of mind.**

- The ability to walk away from any situation is one of the greatest powers in life. Make it a priority to build walking fund so you can leave parents, spouses or jobs with your dignity intact.
- Overwhelming debt can rob you of inner peace; the psychological weight of debt is never discussed but it is very real.
- Be in integrity with respect to your word and monies owed. Money will flow to those who have financial integrity.

## **6) The wealth of a community begins with understanding the difference between good debt and bad debt.**

- Good debt is where you borrow to invest in an appreciating asset like a growing business. Bad debt is where you borrow to buy consumer items. It is better to save towards a vacation, than to borrow for a vacation.
- Immigrating Jews, Arabs and Chinese often arrive in a new country like Jamaica or in Africa and in less than two generations control significant wealth in their new country.
- A community that borrows primarily to buy cars will eventually work for a community that borrows primarily to start and grow businesses.
- An issue has arisen since COVID-19 which has put many small businesses in a dilemma. With base revenue contracting should SMEs finance operations through credit card debt? Small payments in the near term but very expensive over the long term. You can end up digging yourself into a hole. With credit card financing often between 20-40 percent compounding, which is likely much more than many businesses ever earn you are simply throwing away money. Best to seek cheaper sources of financing or close-up shop. Think in terms of 2-3 years financial horizon not just in terms of incremental one and two month payments.



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## **7) Respect Money and it will respect you. Know your own strengths and weaknesses when it comes to money and things.**

- Know your money inflows and outflows. Always know your investment balance. The money you earned last week. The money you spent last week. Respect and understand your financial state.
- Do not be praying to the ATM in the hope that money will be there, out of respect for money, you should already know.
- Determine weekly or daily the planned maximum you have to spend and take that only. Leave the credit card at home if you are not disciplined. If you really want to buy something that you see but do not have the cash or credit card on you, you can always go back. Most times you will not.
- Mythological Roman God Plutus, the god of wealth is a cripple with wings. Slow to arrive but quick to depart.
- The Bible makes it clear: *“a fool and his money will soon depart”*.
- It is easier to earn money than to hold on to it. Learn to hold on to it.

## **8) Socialize across the financial spectrum. Other people’s financial lives can give you an unrealistic perspective about ways of living.**

- Following the rich and famous on social media is actually destroying your own relationship with money. All this is doing is teaching you to see and feel lack.
- Open your awareness to those who have achieved happiness with less money than you have and you can see that you are more than enough.
- If you heard that if you are at home reading this on your laptop or phone it is likely that you are in the top 20% richest people in the world, you would think, “that is crazy”. The truth is that, in fact, you are in the top 1% richest people who have ever lived. Poverty, disease, homelessness is the norm of human history, not the exception. If you have a steady supply of food, clothing, shelter with electricity and running water and a computer, welcome to the life bonanza!



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## **8) Socialize across the financial spectrum. Other people's financial lives can give you an unrealistic perspective about ways of living - CONTINUED**

- The reason you do not feel rich, is because we are globally in the midst of what can only be described as a Money Mirage. Social Media with its propensity to show images of people wealthier than you living their *#bestlives* is designed to make you feel financially distraught. In a world where you were not constantly exposed to others living their richer lives you would not feel as financially distressed.
- This is the Age of the Golden Calf where 1) He with the most money supposedly wins, 2) The NEXT new thing you buy will make you happy, but never does, 3) The gods and goddesses of our time are those who display and flaunt their wealth and 4) we live in a system that deliberately suppresses messages that will tell you that you are enough or you have enough and will never promote in its media images the beauty of the simple life.
- If you understand this, that we are living in a Money Mirage designed to keep you always perceiving yourself as poor, then oddly you will then start to accumulate money.
- If you only associate with people above where you are, you will never feel rich. If you do not know people who are happy with less than you have, you will never truly appreciate what you have.

## **9) Get a handle on your (and your kids) money shame. There is power in being able to utter the words "I can't afford that."**

- Do not let other people's opinion about your money situation destroy your relationship with money.



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## **10) Give, do not lend, money to family and friends.**

- Even if you agree to lend, simply be prepared to never get it back. This way you will only lend that which you are prepared to lose.
- Do not lose friends and family over money.

## **11) Create the emergency financial plan before the crisis happens.**

- This way you already know what you will do before you are facing a financial crisis like sudden job loss.
- Do a rapid lifestyle leap backwards to minimize the bleed. Move back home, find a room mate, stop going out on the weekends until you can see your way clearly.
- If you have savings, blow through no more than  $\frac{1}{4}$  or 25% of your savings before you aggressively cut your lifestyle. If you have no savings, do not go into debt to maintain your lifestyle, stop the bleed as fast as possible.
- Find the thing that you love that is free or cheap. A walk on the beach? Coffee with a friend? Curling up with a good book? Fill your life with your simple pleasures.

## **12) Cultivate a true interest in money matters. Make the time to make a plan.**

- Read up on savings and investing! Keep track of your money flows. Speak to experts to optimize your financial future.



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# RESOURCES

The Paradox of Choice by Barry Schwartz

- <https://www.youtube.com/watch?v=VO6XEQIsCoM>

The Invention of Money

- <https://www.thisamericanlife.org/423/the-invention-of-money>

3 Psychological Tricks to Help You Save Money

- [https://www.ted.com/talks/wendy\\_de\\_la\\_rosa\\_3\\_psychological\\_tricks\\_to\\_help\\_you\\_save\\_money?language=en](https://www.ted.com/talks/wendy_de_la_rosa_3_psychological_tricks_to_help_you_save_money?language=en)

Jacob Needleman – Money & The Meaning of Life

- <https://www.youtube.com/watch?v=TW18pQFd82s>

Understanding Compound Interest

- <https://www.thebalance.com/compound-interest-4061154>
- <https://www.youtube.com/watch?v=Rm6UdfRs3gw>
- <https://www.youtube.com/watch?v=wf91rEGw88Q>

Compound Interest Calculator

- [http://www.moneychimp.com/calculator/compound\\_interest\\_calculator.htm](http://www.moneychimp.com/calculator/compound_interest_calculator.htm)

How to Manage Your Money Using the 50/30/20 Rule

- <https://www.youtube.com/watch?v=HQzoZfc3GwQ>

How to Manage Your Money: Six Principles of Personal Finance

- <https://www.youtube.com/watch?v=vl2sasYSY4E>



## RESOURCES

Tips and Techniques for How to Manage Your Money

- <https://www.youtube.com/watch?v=r5lw-k0KT98>

Managing Your Cashflow as an SME During COVID-19

- <https://www.youtube.com/watch?v=JmcMncVV1cl>

How to Manage Your Money Like the Rich

- <https://www.youtube.com/watch?v=K7uhGjsy5d8>
- <https://www.youtube.com/watch?v=wJB90G-tsgo>

Budgeting Essentials and Money Management

- <https://www.youtube.com/watch?v=QvL6m32b1eM>

6 MONEY MANAGEMENT TIPS EVERY SMALL BUSINESS OWNER SHOULD KNOW

- <https://mitrefinch.com/blog/6-money-management-tips-every-small-business-owner-should-know/>

A Complete Guide to Managing Small Business Finances

- <https://www.aabrs.com/managing-small-business-finances/>

The 9 Steps to Financial Freedom: Practical & Spiritual Steps So You Can Stop Worrying

- <https://www.youtube.com/watch?v=fBqoWuiKB4c>