

MONEY MISTAKES THAT KEEP US FROM FINANCIAL FREEDOM

In my career as a Wealth Manager and public speaker, I have spoken to thousands of people about their money. I am always reminded during these conversations about the one factor that differentiates the financially successful people from those who are struggling – it comes down to the person's attitude towards money. Successful people approach money in a fundamentally different way from those who have money troubles. Here are some of the major areas of difference.

“THERE IS NOT ENOUGH”

One of the most frequent questions I get asked is, “how can I save when there is not enough money to cover my expenses”. There will NEVER be enough money to pay for all the things we want. It is a fact of life that we don't have enough resources to meet our requirements but this does not mean that we cannot succeed with limited resources. You can either earn more or control your spending so that you have “enough”. It comes down to making choices about how you spend your money every day. Try to spend on necessities only and fight the urge to splurge.

DEBT

People with money troubles often have far too much debt. When I try to understand the problem and to see how it started, I find that a large portion of the debt was incurred to buy unnecessary items. People who control their money properly use debt wisely, most often to purchase assets that will appreciate in value or generate additional income. I rarely see a financially successful person who uses debt to pay for: appliances, holidays, clothes or even cars! Their approach to buying these items is, “if I don't have the cash, I don't buy it”.

INCONSISTENT SAVING

If you want to be financially independent you only have to do one thing; spend less than you earn every month of the year. It is so simple (I'm not saying it is easy) and is the one factor that is guaranteed to get you on the path to financial freedom. The people who succeed in doing this are highly disciplined with their spending, they find reasons to save every month, not reasons why they could not save. We can all come up with great excuses as to why we overspent; sadly these excuses will not help us achieve our financial goals - you have to make the hard choices.

SINGLE INCOME STREAM

If you don't have enough money, find ways to earn more – possibly from a side business. People with limited resources can always use their time to earn more money. Try to determine how your skills can be used to make extra money. No one is saying it is easy but it is possible – thousands of people with sufficient motivation do it every day.

LETTING ONE PERSON “TAKE CARE OF THE MONEY”

If you are in a relationship, don't let one partner “take care of the money”. You are both earning and spending the money and therefore you have a joint obligation to build your savings. It is too much responsibility for one person to handle all the money matters. Money troubles are at the root of many divorces and failed relationships, if you work together on your money goals, you will certainly increase your chances of success and possibly ensure the survival of your relationship.

There is nothing easy or necessarily fun about building wealth however the principles involved are simple to understand and possible for anybody to achieve – if you have the right attitude.