

Get Rich Slow

Money management is a life-long process. This fact can work against you (good practices can be repetitive and tedious), but it can also work for you (compound interest). The aim here is to describe straightforward strategies for long-term saving and investing. We'll also tackle some other basic financial areas, such as insurance and home-buying.

If there is a theme to these essays, it is this. Over the course of a lifetime a typical American will bring in well over a million dollars in income (\$25,000/year for 40 years = \$1,000,000) and will also spend nearly all of that money, if not more. This is a large and constant flow of money, much of which goes directly from paycheck to basic expenses: housing, transportation and food. "Saving" is the practice of capturing some portion of the very large stream of cash that flows through your life. Because the Income and Outgo numbers are so large, and because a typical lifetime is so long, small changes in either Income or Outgo, especially Outgo, can yield huge changes in long term results.

A second theme is that good money management is about habits. Over time (and we're talking about a lifetime here), people fall into habits. For example, any one of us can attempt to scrutinize each and every expense. We can attempt to guilt-trip ourselves into spending less money each and every time we consider a purchase. However, neither of these practices is fun and neither is sustainable, for most of us. Constant guilt-tripping seems, to me, to be rather unhealthy. On the other hand, positive habits, once cultivated, can continue for years, almost without thinking.

These ideas are hardly new. Many of these ideas come from a book called *Your Money Or Your Life* (Dominguez and Robbins). Some come from *A Random Walk Down Wall Street* (Malkeil). In the unlikely event that readers of this web page wish to offer essays that present contrasting views, I will post them as well (within reason).