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Wealth Advice that Should Be Obvious



We have been having a lot of fun around here, and thus straying into topics that are only loosely related to building financial freedom. These lessons can be handy, since getting rich is only the first baby step in living a long and prosperous life. After all, if you adopt a Mustachian ethos fairly early, you will spend *most of your life* in a permanent bath of surplus money, and thus your challenges and growth opportunities will lie in areas other than the financial.

But still, all this big thinking can cause us to gloss over the details a bit, and we don't want to lead any new arrivals astray. With that in mind, this article will serve as a review of some of the basic principles that we don't usually cover around here, because to many people they are already obvious. Read 'em over, and see if they are already obvious to you.

1. You Don't Try to Gamble Your Way to Wealth:

I read a fascinating article about the state lottery system the other day. It described life in the small low-income towns and rural areas throughout the US. People struggle from paycheck to paycheck, frequently encounter medical bankruptcies, and almost everyone in town *buys a shitload of lottery tickets every week*.

"You gotta be in it to win it"

"When my numbers finally come up in the powerball, I'm gonna get my life turned around"

...and other such tragically misinformed nonsense.

A similar phenomenon occurs in Las Vegas and on every cruise ship on the planet. People feed their hard-earned little green employees into the slots and cashiers of these rigged games, impoverishing themselves and enriching the sneaky owners with mathematical certainty.

So let's just put all of this to an end right now: **You never, ever gamble if your goal is to get richer.** It's as simple as that.

Most gamblers and lottery winners I have quizzed believe in superstitious concepts like "luck" and "magic numbers". They don't exist. Every single person on the planet is equally lucky and just as likely to lose money in rigged games of chance. The only way to win, is to not play. The only way to get "lucky" in life, is to understand the odds in all areas, and place your own chips on the side where they are *in your favor*.

Gambling and lotteries are actually a double-whammy of loss: you are sticking your fingers into the spinning blades of poor odds, *and* you are handing over psychological control of your wealth to something out of your control. You are making yourself the victim: “I will become rich if the system decides I will, and otherwise I will remain poor”. It’s the wrong way to think.

Here’s how to get rich: earn as much as possible, waste as little as possible, and invest the difference. And no, investing doesn’t mean buying a hot tech or penny stock because you think it will triple – that’s just gambling again with only-slightly-better odds.

2. Windfalls are for buying Freedom, not Jet-skis

Almost every hard-working person ends up with a lucky break or two in his or her lifetime. You might get a raise or a bonus at work. A hefty insurance settlement for cosmetic hail damage on your car. A gift or an inheritance from family or friends.

Most people promptly go out and spend these windfalls.

“Thanks for your generous gift! I took my lady out to the restaurant we thought we would never visit!”

“The annual bonus was hefty this year, and I’ll remember it every time I see that new Infiniti G37x sitting in my driveway”

“Shoes, shoes, shoooooes!”

and other such blunders.

No. None of it. When you get a windfall, it goes *straight* to your highest-interest debt, or your mortgage, or to buy your next chunk of index funds or your next rental house. Why would you inflate your lifestyle, when you haven’t even bought your freedom yet? Windfalls should be viewed as giant Groupon discounts on Freedom Itself.

For a windfall over \$5000, you may get yourself one gourmet coffee or a Chipotle Burrito, but that’s about it.

3. You Don’t Buy Shit you Can’t Afford

“I can afford it, and I deserve it”, is a common refrain from people with high incomes and virtually no savings. So just a couple of reminders on how to tell if you can afford something:

If are in any sort of [debt emergency](#), you probably can’t yet afford “it”

If you still have to work for a living, and would prefer to have a choice in the matter, the diagnosis is the same.

Occasionally, we will all break this rule if something is really important to us. But in general, it is a good guideline. It helps you avoid things like buying a new car or that \$3000 set of cobalt-blue LG laundry machines on credit.

4. You don't buy shit you don't need

A more gentle version of rule #3, is to really think about what it means to “*need*” something. For example, on a recent trip to Ecuador, my heart was captured by a very manly drinking flask made of leather and animal horns, and emblazoned with a badass South American face.



AND it had a Huge Mustache, AND it was only ten bucks.

“Gasp!”, was my first response. “This thing is perfect! I *must* have this. I could fill it with wine and sling it over my shoulder for the weekly [Longmont Bike Night](#). I would be considered hilarious and become more popular with this product.

I indulged the fantasy, felt the temptation wash over me, then proceeded to *not buy the flask*. Why? Because I didn't go to Ecuador in search of a flask. Digging deep into my past, I realized that I have never felt that my life was lacking in any way due to the absence of a carved leather-and-horns drinking flask, and I distinctly remember being perfectly happy in the recent past without owning one of these things. I also remembered the storage room in my basement filled with other cool objects I never use yet still seem to have a hard time parting with.

Every material object must be looked upon as a lifelong burden. Will its benefits outweigh the lifelong burden? Consider carefully.

To put this principle into profitable practice, just remember this rule: **You never, ever go “shopping”**. You go to the grocery store and get stuff for salads and the healthiest meals you can dream up. And that's it.

For everything else, you start a list. Replacement parts for the broken faucet. A new pair of hiking boots next year because your old ones only have a few hundred miles of hiking left in

them. And eventually, when the items on the list become urgent, you go on a fast and targeted mission to buy only that item. Then you return and cleanse yourself with a hot shower to wash off the Shopping Juice.

Other things you never need to buy: bottled water, packaged desserts and convenience foods, soda, juice, status watches, jewelry, and anything ever found in a “gift shop”.

5. You don't Pay to Have Shit Stored

I was shocked to learn that many people pay to maintain a permanent storage unit in this country. No, not just for a month after selling one house and before buying another one. They do it *for years*. At \$100 per month or more.

This is a sign from the Stuff Gods that you have too much stuff. There's a new way to store stuff that actually makes you money instead of losing it: Craigslist. Use it to [store the stuff you don't need](#). Re-buy it in the unlikely event you ever need it again.

6. You Don't think of Restaurants as a Source of Food

I love eating out as much as you do. Possibly more, because I appreciate the true amazing decadence of it every time I partake. *“Look at me, I am renting this huge venue and paying an army of servants to prepare food for me!”*, I marvel every time I do it.

But the world is not your personal buffet. It is a forest filled with bear traps designed to ensnare and impoverish your ass. And thus, you don't go out on the town with no plan for where you'll get your next meal.

This summer my wife I disregarded this advice while spending the day in Montreal. After several hours of walking, we ended up getting very hungry and still couldn't find a reasonable place to eat. Everything was either fried foods, pizza, or closed on Sunday. Finally we found a cafe and gratefully sat down. Two shitty salads and \$30 plus tip later, I reminded myself to follow my own rule. Sustenance comes from your backpack. Restaurants are for carefully planned experiences with good friends.

A very similar rule exists for Coffee.

7. You put the Good Shit on Automatic

When visiting family members recently, I was intrigued by the ubiquitous piles of opened telephone and utility bills. They explained that they still paid bills by mailing checks. This is crazy: your utility bills and credit cards need set to automatically pay themselves, just like your 401(k) deductions and other investment programs. Why waste time and risk late payments? There is no benefit to doing these things manually – free your brain and your cashflow for the task of actually getting rich.

Update: In the comments, some people shared scary stories of being overcharged for things like AT&T phone bills. To protect against this, I always do the automatic payments through a credit card (preferably a [high-reward credit card](#) to get some cash back). This gives you a 1-month buffer to review charges, plus you can simply block payment to any vendor that comes up with a charge you disagree with. The credit card companies are pleasantly ruthless on your behalf when you do this – it is up to the vendor to prove you owe them that money, rather than vice versa.

8. You Stock Up When Things are On Sale

In Canada, cheese is very expensive. 200-300% of what we pay in the US. But everyone still eats it. This summer, the country's largest grocery chain had a sale on cheese, where it went down to US-like prices. This has never happened before.

“Wow, look at that”, my brother marveled, as he threw one pack into his shopping cart. “Good deal!”

What is missing in this picture?

Cheese lasts at least 3 months if you keep it closed in the fridge. His family uses about 1 pound per week. So the correct amount to put into the cart is *twelve pounds of cheese, not one pound*.

You must apply this philosophy in all areas of life, whenever presented with savings on an item you already use. It minimizes both the time and cost of shopping.

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These are the obvious tips that have scribbled themselves into my notebook during our travels of the past year. None is worthy of an article by itself, but I hope that together they will instill some of the background fabric of efficient living that is essential for stitching together a happy and efficient life.

Once you get that *happy and efficient life* deal going, the fabled 50-75% savings rate that scares so many people away from this blog becomes automatic rather than torturous. And that is when the real fun begins.

What are *your* things that should be obvious? Lifestyle tips that are powerful, self-explanatory, and yet overlooked by most of the population?