



Money Management

Based on the 7 Principles from
The Richest Man in Babylon

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We are living in a financially insane world. The same problem existed in ancient Babylon that existed in 1926 and still exists today: most people are broke. You can bring sanity into your financial world through these 7 Principles from *The Richest Man in Babylon* by George S. Clason. Clason refers to this “broke” condition as having a “lean purse.” The lean purse cure is told through the story of Arkad.

Prolog – Bring in More Money than Send Out

Get a Second Job



The first rule of money management is to have money to manage. Ideally, you need to be bringing in more money than you are sending out. If you are not, think about getting a second job, or a side hustle, or starting a business, or network marketing, etc. There are options available that can help.

I mentioned in a workshop that Dave Ramsey says you can be a pizza delivery person to help get your money in order. A member of the audience said he was a pizza delivery person. I asked him how that was working for him, and he said great. That extra money was getting him out of debt.

In our crazy world right now, so many people are looking for work. But don't let that deter you. You have to go looking - so you can find.

Resources: Freelancer.com, CraigsList.org, GlassDoor.com, Guru.com, Indeed.com, PeoplePerHour.com, Thumbtack.com, HomeAdvisor.com, UpWork.com, FlexJobs.com, VirtualVocations.com.

If you are interested in **FlexJobs.com** or **VirtualVocations.com**, please email me at bgayle@outlook.com for a discount.

What is your plan to bring in more money?

1 – A Part of All You Earn Belongs to You

Pay Yourself First



If you are like I was, I thought that ALL I earned belonged to me. When I started calculating how much went out, I realized I was a sieve - money ran through me rather than to me. So how can you turn your sieve into a bowl - and how can you fill that bowl to overflowing?

Start by putting aside FOR YOU a tenth of what you earn. As I teach business owners about their finances, I insist that they have a business savings account. Every time a customer pays an invoice, they are to put 10% of that payment into the savings account.

The same for you. Every time you get paid, put 10% aside into your savings account. And before you know it, your sieve becomes a bowl - and you will need a bigger bowl, and so on and so on.

What is your plan to save more money?

2 – Control Your Expenses

Know the Difference Between Needs and Wants

The National Endowment for Financial Education (NEFE) defines these terms as:

- Needs - the very basic things we must have to survive
- Wants - the things that make life more interesting and fun, but you could live without if you had to



It's hard to determine a need from a want if you don't know what goals you have for your money. Is buying a family home or a reliable car or a college education a money goal? So with your paycheck you must keep your goals in mind and still handle your day-to-day needs - phone, rent, transportation.

Let's look a little deeper. Electricity is a need, but you want a specific temperature. Do the Home Energy Audit at nvenergy.com to help you better determine how much of your bill is a need versus a want.

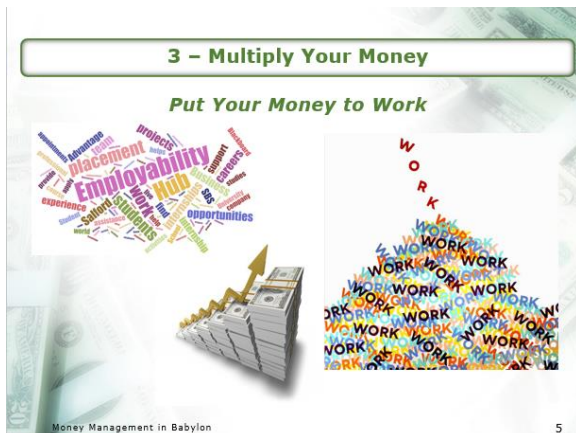
You need a phone, but do you need a cell phone. Yes? Then do you need texting or access to the internet or is that a want? You need transportation, but do you need a new BMW or is that a want?

Each of us will answer these questions differently depending on where we are in life, how much income we have, and how much debt we need to pay down. It is extremely important for us to honestly discriminate between needs and wants. Michelle Singletary, author of the Washington Post column *The Color of Money* say we must decide what we value the most and spend our energy and money to achieve those goals.

What is your plan to control your expenses?

3 – Multiply Your Money

Put Your Money to Work



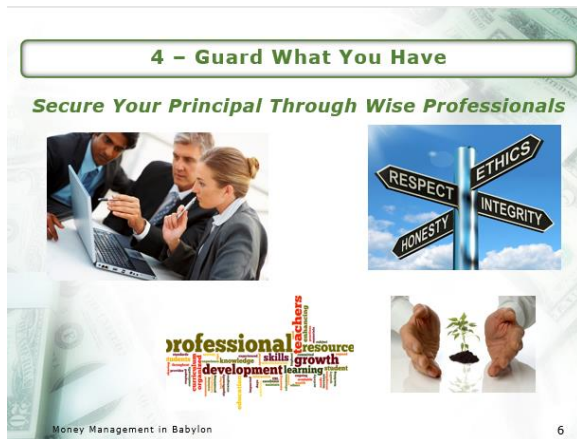
Now that your bowl is filling up, what do you do next? Find a way to increase your money. You started with the most simple way; you started building your savings account. Nowadays the interest is very small, so how can your money work harder for you? Money Market Accounts, Certificates of Deposit? You want it to work even harder? Mutual Funds, Bonds, Stocks, etc.

But beware. It's all about making choices - the right choices. Communication is not just speaking and listening; it is understanding. Understand how your money grows.

What is your plan to grow more money?

4 – Guard What You Have

Secure Your Principal Through Wise Professionals



You need to feel comfortable that your money is working for you in the best way possible for you. The best way to do this is to find the right professional, if you are not one yourself, to guide you in keeping your money working. The financial professional's job is to constantly encourage your money to grow new money.

Your job is to make sure you understand how your money is growing. One of the reasons many of us have lost so much of our funds is because we abdicated control over our money. Our job is to work with the professionals, not dump our financial “stuff” on them and expect them to be miracle workers. Not fair - to them or to us. I thoroughly believe in using the expertise of an honest and reliable professional.

Simple makes a lot of sense, and my communication style is very simple. If I don't understand what is being said, I say so. If I don't understand a document, I don't sign it. If I don't understand an investment strategy, I don't invest in it. So I ask you to do what I ask my business owners to do - turn into a 2-year-old and ask “why” until you get an answer you can understand and feel comfortable with. Then you have the power to say “yes” or “no.”

You can't control your money if you don't understand it.

Who are the financial professionals who will help you?

4 – Invest in Your Home

Buy Assets that Grow



In this time of massive foreclosures, people were still making money. How? Because they took care of the first 3 principals and were using the down real estate to fulfill the 4th. Owning your own home is one of those money goals you may have. Understand that unless you pay cash for you house, you are building a debt - a big one. Is it a necessary one? For most of us - yes. We have to pay to live someplace, so why

not build equity at the same time.

What is your plan to invest in growth assets?

6 – The Future is Now

Prepare for Your Family's Future Needs



Yes, you need a financial professional - really! There will come a time, which seems farther and farther out, when we want to retire. But for some reason we still want to live comfortably. After all, we have worked hard all our lives. Aren't we entitled to a comfortable retirement? No matter what age we are, we should have a plan for how we are going to reach that comfortable retirement goal.

Things to think about ...

- Insurance Coverage - home, auto, health, life, disability, long-term care, etc.
- Will or Trust - how you want your estate divided after you are gone
- Durable Power of Attorney - someone you have chosen to make decisions about your health, both physical and financial
- Living Will - instructions about your health care

These are just some of the basics of estate planning. The bottom line with this as well as all other money management is a 4-letter word:

PLAN

What is your plan for the future?

7 – Learn to Earn

Learn How Money Works
Learn How Debt Works
Learn How Spending Works



Become financially literate. Start with small sums and grow them into larger sums. Put the larger sums to work. Plan for the future - that house, that college education, that retirement.

Always continue to learn. The more you know about your money and how to control it - rather than it controlling you, the happier and more at peace you are.

What is your plan to continue your financial education?

Epilog – Continue to Learn So Your Money Will Continue to Grow

Read Books *Talk with Financial Professionals*



Knowledge is power - don't believe it! Knowledge that is acted upon is powerful. Knowledge that you sit on is wasted. Get good information, learn from it, act upon it, and start building relationships with people because somebody out there knows more than you do and is available and willing to help you.

Start with the basics. Here are a couple of books that I recommend.

- *The Richest Man in Babylon* is written by George S. Clason. It teaches basic money principles as Babylonian parables. It is an easy read. You should be able to get a copy from the library, from Amazon, from your local book seller, and even as a PDF online.
- *How Money Works - Stop Being a Sucker* is written by Tom Mathews and Steve Siebold. It, also, is an easy read. You should be able to get a copy from the library, from Amazon, from your local book seller, and from some WFG insurance agencies.

Also, see if you can make some information only appointments with financial professionals - accountants, financial planners, financial advisors. Remember, you are asking for information; you are not buying anything. Gather brochures and free information. Also, do your research online. It is important to understand that these resources are mainly marketing materials. They are still good sources of helpful information.

This will be a great start. Enjoy your journey.

What other financial educational resources are you using?



My Money Management Matters

If you need more money coming in, connect with people who can become your ideal customers.

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- FOUNDERS & CEOs
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