

Ask the Advisor



What's the secret to becoming rich?

Christine in Walpole

Contrary to what the late-night infomercial pitch people would have you believe, there is no earth-shattering secret to financial wealth.

Wealth is simply the creation of value, most often resulting from owning something that increases in value (a business, securities, real estate...), and/or earning more than is spent and investing the surplus in something that increases in value.

Two overnight paths to wealth, inheritance and the lottery, are certainly appealing and exciting, but the majority of large inheritances and lottery winnings are spent to zero in 18 short months.

If one has not achieved a pattern of fiscal conservancy well before such windfalls, then the amount of inflow is both irrelevant and temporary.

The equation of balancing money coming in with money going out,

living beneath one's means, to amass wealth isn't a secret of the wealthy, it's just hard.

It first requires there be more money coming in than basic essentials demand, and then requires equal doses of restraint, patience and persistence.

Even with large sums of money, failures on either side of the equation can be devastating.

In the 1980s, the pop entertainer MC Hammer, sang and danced, "You can't touch this," to the tune of \$30 plus million only to end up \$13 million in debt three short years later.

On the other end of the thrift scale, in the 1950s a Boston woman froze to death in a one-room flat.

The initial assumption that she was too poor to afford heat was soon overshadowed by a much more sinister culprit.

She had more than a million dollars in cash, stocks and bank accounts,

but was too cheap to spend any of her precious money on heat.

What if there just isn't enough inflow to meet basic needs?

Then invest in the best investment anyone can make, yourself.

Make yourself more valuable in the market place with career-specific education and anything else that will make you a more valuable commodity; commitment and service that is above & beyond, not watching the clock, and keeping a positive attitude.

If you do all this and your talents still aren't properly recognized, go somewhere else where you will be valued.

Perhaps the greatest gift though, is that enjoying most of life's riches: family, friends, freedom, conversation, nature... have little, if anything, to do with money.

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