Financial Lessons Learned

As a Wealth Advisor for nearly a dozen years, I am supposed to be the authoritative figure on all things financial. However, I often find myself being the student, not the teacher in certain financial matters. Many of my most valuable financial lessons have come from conversations with clients about their past experiences. Here are a few financial lessons that I have learned, or have been reminded of, from clients over the years.

* Except in rare cases, anything with wheels depreciates. I am not an expert in the history of words, but I am pretty certain the words “wheels” and “depreciate” are rooted in the same origins. Wealth is created over time by putting dollars towards assets that appreciate, not those that depreciate.
* When you purchase something on credit, what you really have done is bought yourself a payment. Is that monthly payment over the next five years really what you want?
* Kids grow up fast and college costs are expensive. There is often sticker shock for both parents and students when looking at colleges. Save early and often if paying for post-high school education is a priority for your child or grandchild.
* Don’t get caught in the trap of procrastination. There is always going to be an excuse why tomorrow is a better day to start saving. Creating good financial habits early, like paying yourself first, can reap huge benefits in the future.
* Discipline, not luck, creates wealth. Deliberate and proactive behavior is the cornerstone on which wealth is created over the long-term.
* Cash (in moderation) is king! Having an adequate emergency fund isn’t only a good thing for when the roof leaks, but also when opportunity knocks! While keeping an adequate emergency fund should be the foundation to any financial plan, remember to hold cash in moderation as it is a terrible way to accumulate wealth long-term.
* A notepad and a pencil can be worth their weight in gold. Budgeting is proactively writing down your income and expenses before the beginning of the month. Proactively doing this on a monthly basis and finding a home for every dollar of income before the month begins is the basis of budgeting. Differentiate between “needs” and “wants” and carefully prioritize a spending plan. Proactive budgeting brings control.

If you are reading this and a bullet point sounds familiar, your wisdom and insight are sincerely appreciated. I hope others may gain from your valuable lessons.

Legendary country vocalist Tim McGraw sings “In my next thirty years I'm gonna have some fun. Try to forget about all the crazy things I've done. Maybe now I've conquered all my adolescent fears. And I'll do it better in my next thirty years”. Hopefully some of these lessons that I have learned may be helpful to you in gaining and maintaining your financial independence over your next thirty years.

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