Lessons from Benjamin Franklin

Benjamin Franklin famously said, “An ounce of prevention is worth a pound of cure”. Youngsters these days might say, “Check yourself before you wreck yourself”. Regardless of your age or vernacular, as the Christmas spending season is upon us, it is important to financially prepare. Taking small steps now can keep you financially strong instead of turning holiday spending into more serious long-term financial problems. With the help of Benjamin Franklin’s insight, the following are suggestions on ways to financially prepare for the upcoming holiday shopping season:

* Cash is king. Keep long-term and short-term money separate and don’t tap savings or retirement accounts for short-term needs or wants. While it is too late to start for this year, put away monies each month throughout the next year so you have a cash Christmas spending account for next year.
* Use restraint. Franklin reminds us that “A penny saved is a penny earned.” Do you really need to buy gift for everyone you know? Drawing names might work well for large or extended families. You might even consider a “White Elephant” or “Secret Santa” exchange. Maybe this year your family collectively makes a contribution of time or money to a charity instead of giving gifts. It is not the things in a relationship, it is the time you put into that relationship that matters the most.
* Make your list and check it twice. Plan ahead with a written budget. An easy way to determine an appropriate gift is by first differentiating wants versus needs. Don’t buy Dad a fancy but useless new tie when it is actually new socks he really needs.
* Don’t shop with emotion. By sticking to a written list, you can avoid those impulse buys that can tip your budget over the edge. A little self-control goes a long way.
* Keep credit in check. Do you think your family and friends want you to go into debt for them? Don’t use credit if you cannot immediately pay it off. If you have a problem with credit, keep the credit cards at home and only shop with cash. Not only does Benjamin Franklin remind us that “Creditors have better memories than Debtors”, but he reminds us to “Think what you do when you run in debt: you give to another power over your liberty”.

Think back to your fondest Christmas memories as a child. Likely it will not be the Space Hoppers or POGS toys that you remember, but it will be singing carols, decorating cookies, watching “It's A Wonderful Life” or building that giant snowman that stirs the finest memories. This Christmas season, enjoy family and friends, but when it comes to money, remember Benjamin Franklin wisely said, “Beware of little expenses, they can sink a great ship.”

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