

The Richest Man In Babylon; George S. Classon

Saving money is the main idea of this book.

The financial principles taught in this book are basic; however, they are taught powerfully through a fictitious story set in ancient times during the Babylonian period. In this story, what made him the richest man in Babylon was not luck or inheritance, but education. He grew up poor, and his peers continued poor, but he followed financial principles he learned that made him wealthy. Others (poor) did not know or did not follow these ideas.

The Main Principles In This Book Are;

1. Save. You can't get ahead if you don't save money.
2. Pay attention to your expenses.
3. Do something to increase your income.
4. Protect your assets from loss.
5. Buy a home. You will be happier living in a house versus living in an apartment or condo.
6. Invest.
7. Increase your power to earn.

Wealth Is Not How Much You Make

The wealthy save money! The ironic cycle is the more money we make, the more we spend. I am often baffled how celebrities who make multi-millions go bankrupt. How does that happen? This shows that even the mega-rich can overspend and land themselves in financial trouble.

How much should you save? This book recommends a minimum of 10%, even if money is tight. Saving might require some creativity such as tracking where you spend your money. Doing this will help you see glaring things you can cut back or entirely eliminate.

Additionally, it is nice to save so you can pass on an inheritance to your children and grandchildren. Even better, teach them to be self-sufficient and financially stable so they don't need an inheritance and you can give it all to charity.

Saving even a little over a long time will give you a nice lump of cash. This is difficult if you make very little; however, this book recommends saving something even if it is a tiny amount.

Discipline Your Expenses

We love to spend money, and America has an enormous consumer debt. We have a tendency to spend more when we make more. This is a cycle that perpetually keeps us poor and in debt.

Therefore, if we can clearly distinguish between wants and needs, our consumer debt will be very low if not zero. One way we can do this is by analyzing our wants and needs. Giving yourself time to think about it is critical. The more it costs, the more time you should wait to think about it. Truly, study it out in your mind and on paper. I talk more about this in my book review, *Rich Dad Poor Dad*.

Budgeting is essential, and one way to do this is to create an excel worksheet. Save all your receipts. In the excel worksheet develop categories in a column (far left) for your purchases. For example, these categories could be groceries, books, eating out, etc. Make specific items for things you spend a lot of money on.

For example, in my case, I have a category specifically for raw milk. Raw milk from grass-fed cows is my favorite food, and I drink a lot of it. This milk is creamy, sweet and one of the healthiest foods you can eat. I track this individually because it is expensive and I love it so much.

Acquiring wealth is impossible without saving. This is true whether you make a lot or a little. However, becoming financially secure will be extremely difficult by saving with a low paying job. You need something more. You need assets that bring in cash. Yet, some have acquired wealth without a high-income job. They did it by being frugal and investing (in the stock market) every extra dollar. This book recommends making sure your expenses do not exceed 70% of your income.

Protect Against Loss

I have two ideas in mind about protecting against loss. I will briefly mention investing. When it comes to the stock market, the best way is to start early and buy and hold. If you are to lose all your money, do it when you are young because you have time to make it back.

The other idea is loaning money to friends and family.

This book recommends if you loan money to someone, make sure they have the means to pay you back eventually, or don't give them any.

The Millionaire Next Door, has some great advice. A lot of people receive Economic Outpatient Care (EOC) from wealthy parents or grandparents. Other than helping out with college tuition, EOC harms more than it helps. It encourages financial dependence. For instance, the book illustrates an example of a couple in their early fifties with a combined salary of no more than \$60,000. They live a high consumption lifestyle such as living in a high-end neighborhood in a house far beyond their ability to pay. Additionally, nice imported cars and country club memberships were important. This lifestyle, is only possible because family gave them money. Their high-end lifestyle is so great that their neighbors think they are wealthy, even millionaires. However, they can't possibly maintain this lifestyle without help.

I don't recommend loaning money to people who are financially irresponsible and to family who want to look rich.

Own A Home With Enough Space So Children Can Play

I don't think most people are pleased and comfortable unless they own a home, large enough for children to run and play. Children crave play, and they need it for their development. That is hard to do if you are living in a tiny little-cramped apartment. Additionally, everyone wants a backyard. A backyard gives children more space to play and more area to chase after them. Furthermore, no home is complete without a space to grow flowers, vegetables, fruits, and herbs. A woman loves it.

The man needs a house for his ego! It gives him confidence in his role as a provider.

Invest In A Retirement Income

Prepare financially for the day when you can no longer work.

As we age, we grow weaker in body and mind. We can't accomplish tasks as we could in our prime. How will you support yourself at this stage? Retirement, a business, investments?

Make investments that last for many years, such as real estate, and stocks that you buy and hold.

Increase Your Power To Earn

One of the most significant ways to increase your power to earn is to learn and expand your wisdom and knowledge. Become a subject matter expert in your job. This will make you a highly valuable employee.

If you own a business, you can be competitive by offering a better product or service.

THE TRUTH ABOUT GOOD LUCK

Everyone wants to be lucky. However, it is not what most people think it is. For instance, you will not find luck by gambling or living passively. You create luck by investing in yourself, hard work, and seizing opportunities.

You reap what you sow!

What Would You Choose, A Large Sum of Cash Or Instructions On How To Earn It?

According to this book, most people would take the money instead of the knowledge. If you were handed a million dollars, you could spend it pretty easy. How much better off you would be if you learned how to make money. It will mean a lot more, and you will value it more.

The Value of Hard Work

Work is your best friend; however, some hate work because it is hard. This is why grit is one of the best things we can teach our children. Research shows that success comes to the person with grit, which is the person who sticks with it even when it is hard, and they aren't good at it yet. The more you do it, the better you will get.

Everything you own will come because of work. Some avoid work by shortcuts. This almost always results in poor outcomes. For example, employers eventually find out, or the product or service will be weak. Millionaires are a great audience to target, and they are willing to pay more money for high-quality products that last for a long time.

Bret Bradshaw wrote this book review and is posted at <http://www.BretAdamBradshaw.com>