

Financial Stress to Financial Security



*"The wise man saves for the future,
but the foolish man spends whatever he gets"*



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Moving from Financial Stress to Financial Security!

Have you considered the mind-boggling salaries of the top CEOs in the recent news articles?

Here are the latest figures of annual salaries of CEOs of some of the top IT companies!:

- Microsoft CEO : \$84.3m
- Google CEO : \$50m
- Adobe CEO : \$84m
- Cognizant CEO : \$11.34m
- Infosys CEO : Rs. 25 crores
- Wipro CEO : Rs. 27 crores
- L&T CEO : Rs. 137.2 crores

What was your first reaction when you read those numbers? Amazed? Wondered? Perplexed? Awe? Jealousy? Envy? Hatred? Felt cheated?

Is it not an irony that they are making millions in a year while it would be very difficult for others to earn the same in their entire lifetime?

Did you ever wonder how you can get there too? Did you ever think how you too can become a self-made crorepati?

While most of us realize that it is indeed quite challenging, if not impossible, to get there, we want to have our own way of making and managing the money to lead a comfortable life-style. Isn't it?

We all want to build a great career and arrive at a state of 'financial security', but unfortunately, we either find ourselves in a web of debts or stressed out and struggling to come out of it. Where is it going wrong? What mistakes are we making? How can anyone reach a state of 'peace of mind' financially?

If any of these questions are in your mind, this booklet is for you. So, sit back, relax, be open-minded and read through these time-proven nuggets of wisdom.

How can I have financial security?

Value and Power of money

We all know about the value and power of money. Money is the most powerful medium to acquire things of necessity, comfort and luxuries. We need money to



buy food, clothes and a place to live. Without money we cannot survive. There is an old saying, "money makes many things". Once you get rich, many things like status, respect and fame automatically follow you. In the current trend of growing economy, people spend more time talking about money than on any other topic. These days the importance of relationships has gone sour. People used to respect others in the society for their kindness, good education and for the status they commanded. But now, the value or the status of a person is judged by how much he/she has in the bank account or what car he/she drives or what kind of house he/she lives in.

Mismanagement of money leads to financial stress!

The Software industry is one of the best-paid industries. However, unfortunately, many of the IT/ITES guys who draw decent salaries are in deep debts. Why? Someone rightly said - "*Young people are spending money that they **don't have** on things that they **don't need***"! How true it is!! I have been working in the software industry for the last 25yrs. I saw many young people join the industry and build their careers. But, sadly, of late, many are getting carried away by the expectations of their friends, relatives and by the luxuries that money

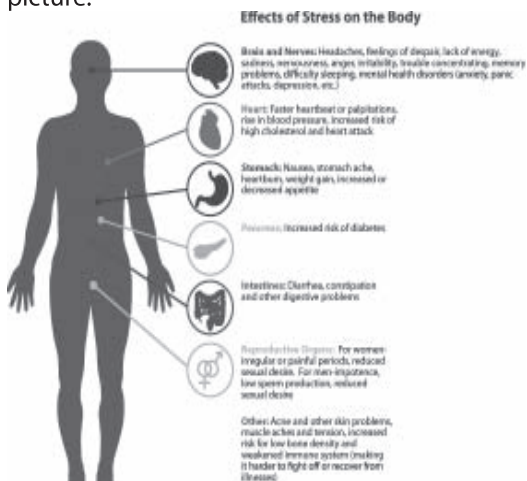


offers. Moreover, the advertising industry is manipulating the human desire to change people's habits. People are buying luxury items like the latest gadgets, jewelry, clothes, branded

watches etc., on personal loans. Some are spending money on lavish dinners, night-parties etc., without counting the cost. People are lured into buying luxury cars on car loans with neither calculating nor understanding its impact on their current overall financial condition. One day a software engineer walked into my office and asked for an advice. He wanted to take a personal loan (at an interest rate of >20%) for his sister's marriage as relatives on both sides were pressurizing him to get money for a lavish wedding. Such instances are not uncommon. Many engineers that work in my hierarchy come to me with a common request: 'give me an onsite opportunity'. Most of them want to go onsite because they are already in deep debts and want to clear them off.

Many young people are misguided through advertising gimmicks and are running into debts early in their lives, getting caught up in the web of credit cards, home loans, car loans, personal loans etc. For them, the 7th or the 10th of each month is like their month-end because on that day the EMIs are deducted from their salary account and there is hardly anything left to spend for the rest of the month. How pathetic

it is! They cannot enjoy the money they are making as a big portion of it goes into paying off the loan interests. They end up in a big financial mess and therefore under an enormous financial stress. And the financial stress leads to many health hazards as you can see from the picture.



What is the solution then? What can we learn from wise men who handled the money well and enjoyed its power and value in due time?

Financial discipline and investment planning are two vital concepts that everyone should understand and implement to move from financial stress to financial security!

Financial discipline

Gone are the days when the jobs were secure with a steady income. Earlier jobs also guaranteed a good amount of continuous retirement income till the end of one's life; And even after the death, the spouse was guaranteed steady income for a decent living. Blessed are our parents and the previous generations who enjoyed a regular income as long as they lived on the face of the earth. But, we live in a world where our jobs are always insecure and our future is quite uncertain. Added to it, the inflationary cost is increasing and adding more stress on us year on year. That is why we need a disciplined way of spending our hard-earned money.

Warren Buffett needs no introduction. He is an American business magnate, investor and philanthropist. He is considered to be one of the most successful investors in the world, the second wealthiest person in the United States



and the fourth wealthiest in the world. Here is his advice to young people: "Stay away from credit cards and invest in yourself and remember:

- Money doesn't create man but it is man who created money.
- Live your lives as simple as you are.
- Don't do what others say, just listen to them and do what you feel is good.
- Don't go on brand names; just wear those things in which you feel is comfortable.
- Don't waste money on unnecessary things; just spend on them that really are in need rather.
- After all, it's your life then why give chance to others to rule".

The above may not make you a Warren Buffet. However it will surely make you successful financially and help you gain wisdom to manage your money!

Financial discipline is paramount to financial security. You need to distinguish between your 'needs' Vs your 'greeds'. Plan and budget ahead all the necessary expenses like house-maintenance, food, education, health care, shopping etc.

- ***Cultivate a heart of contentment:*** A popular speaker once said, ***“Unless and until we learn that enough is enough, nothing is enough”***. Run away from materialism. Avoid emotional spending.
- ***Plan out your expenses:*** It is a healthy practice to budget all your expenses. Note down or record all your spends. Categorize them. Analyze them. Study the trends on how you are spending your money. Plan for short-term and long-term expenses. If you are married, your spouse and you should do it together and be open to each other. Keep it confidential between two of you. Do not expose your finances to

anyone else. Maintain a record of all your assets and liabilities.

- ***Manage shopping and avoid unwanted expenditure:*** Shop only the budgeted and necessary items. Beware of the advertisement world! Whenever you see the word 'sale' in advertisements, read it as 'temptation'! For example, do not be lured by latest gadgets like new iPads, cell phones, fancy bikes etc. that are way beyond your budget.
- ***Avoid using credit cards as much as possible:*** Put an end to the credit-card culture! Do not borrow from tomorrow!!
- ***Manage expectations:*** Do not succumb to the pressure from peers or relatives and try to push your standard of living beyond your means. Adopt and practice a simple and decent life-style.

Ask yourself some hard-to-digest and soul-searching questions like:

- What is my need Vs what is my greed?
- Am I under peer-pressure to buy something beyond my budget or am I a careful investor?

- What are the back-up plans to pay the EMIs if I lose my job? (Many have gone through extreme stress levels because they had huge EMIs to deal with, but suddenly lost their jobs for no fault of theirs)
- Are my EMIs killing my joy and happiness or are they manageable and a wise investment?

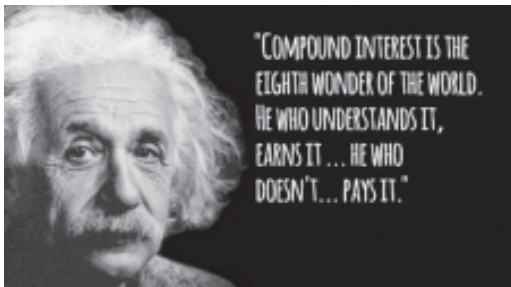
When you plan out your expenses and discipline yourself in spending for the right and needed necessities, you can avoid the financial stress and its negative effects easily.

Planning investments

Here is a time-tested nugget of wisdom: **“The wise man saves for the future, but the foolish man spends whatever he gets”¹**. Planning for the right investment is the need of the hour! We are living in days where there are no retirement benefits, no guarantee of our jobs and no coverage of our medical expenses. We are expected to plan all of these ourselves. Wise investment planning leads to financial security and satisfaction! While a comprehensive study of various options available is beyond the scope of this booklet, here are a few general guidelines that will help you to get started:

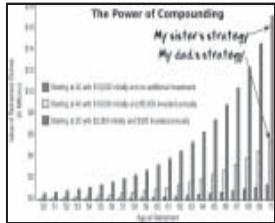
Plan for wealth generation

- ***Set aside a portion of your income for savings/ investment*** (at least 20-25%). As the old saying goes, "A penny saved is a penny earned". Every drop adds to the ocean; so, however little it might be, set it aside for investment.
- ***Start early in your career.*** It is very important to start early as your wealth gets exponentially increased over the years due to compounding. *Understand the power of compounding in financial growth.* Remember Albert Einstein's famous quote: "Compound Interest is the eighth wonder of the world; He who understands it, earns it... he who doesn't, pays it".



- **Adopt Systematic Investment Plan (SIP).**

If you are new to the stock market, you can start investing in established Mutual Funds (MFs) using SIP. Avoid emotional



spending as well as emotional investing. Don't buy a product or a scheme just because the marketing guy told about it or you saw an attractive ad on TV/ Internet/ newspaper. Study and do a good amount of homework to understand various options and schemes available before you invest in MFs. Understand the various risks and rewards in long-term and short-term investments. ¹¹

- **Diversify your investments.** Follow Warren Buffett's advice - "Do not put all eggs in one basket". Develop an investment plan that includes various investment options that will ultimately help you to reach your financial goals.

- ***Do not mix-up insurance and investment.*** Life insurance is a plan to cover your family expenses in case you die prematurely whereas an investment is a plan to cover your own expenses while you live on. You need to plan for both of them separately.
- ***Avoid ULIPs*** (Unit Linked Investment Plans). ULIP is a life insurance product, which provides risk cover for the policy holder along with investment options to invest in any number of qualified investments such as stocks, bonds or mutual funds. Though they provide tax benefits, a major portion of the invested money goes towards maintenance charges. They are expensive and provide less return on investment, so avoid them.
- ***Buy only 'Term Insurance'.*** Buy "term insurance" from any standard PSU banks or insurance companies that have good track record (like SBI/ LIC) to cover for your life. "Term insurance" is a life-insurance product that gives financial coverage to the policy

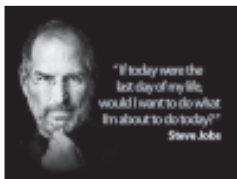
holder for a specific time-period. In case of a premature death of the insured individual during the policy term, the death benefit is paid by the company to the beneficiary. While there are many products offered by them, 'term insurance' is cheap and best for life-coverage.

- ***Plan for retirement.*** Unlike earlier days, neither the corporate giants nor the State or Central governments are providing any pension schemes for retirement. NPS (New Pension Scheme) is one of the best pension plans you can invest in. It invests part of the money in safe avenues like government bonds and securities and the rest in the stock market. So, though, it has a minor risk factor involved due to investment in equity, it offers superior benefits in terms of returns and tax savings.^{III}

**“Leave behind RMI (regular monthly income)
rather than EMI to your family!”**

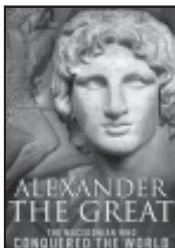
Earthly Riches & Eternal Riches

Do you know Steve Jobs, the Co-Founder, Chairman, and Chief Executive Officer (CEO) of Apple Inc.? He died prematurely of pancreatic cancer. At the time of his



death in 2011, Steve Jobs' net worth was estimated at \$10.2 billion! (approx. INR 66,000 crores!!) Here are his last words on the sick bed: "I reached the pinnacle of success in the business world. In others' eyes, my life is an epitome of success. However, aside from work, I have little joy. In the end, wealth is only a fact of life that I am accustomed to. At this moment, lying on the sick bed and recalling my whole life, I realize that all the recognition and wealth that I took so much pride in have paled and become meaningless in the face of impending death. In the darkness, I look at the green lights from the life supporting machines and hear the humming mechanical sounds, I can feel the breath of death drawing closer... Non-stop pursuing of wealth will only turn a person into a twisted being, just like me. The wealth I have won in my life I cannot take with me".

Similarly, the last days of **Alexander, the Great** offer a moral lesson to all of us. Alexander, while returning home after conquering many kingdoms fell mortally ill in Babylon. As he lay on his deathbed, he realized the worthlessness of his vast hoard



of gold, silver, and jewels, which he amassed through his conquests with the strength of his sword and his mighty army. He longed to reach home. He wanted a last look of his mother's face before departing from this mortal world. But, he knew that his feeble health would not let him reach his distant homeland. He called his generals and said, "I will depart from this world soon, I have three wishes, please carry them out without fail." With tears flowing down their cheeks, the generals agreed to abide by their king's last wishes. He said, "I would like the world to know of these three fundamentals:

1. My first wish is that I want my physicians to carry my coffin because people should realize that no doctor can really cure anybody. They are powerless and cannot save a person from the clutches of death.

2. My second wish to strew gold, silver and other precious stones on the way to the graveyard is to let the people know that though I spent all my life accumulating riches, not even a grain of gold will come with me when I leave this world. I want people to understand that it is a sheer waste of time, energy, and peace of mind when one yearns to be rich.
3. With my third wish of having my hands dangling out of the coffin, I want people to know that I came empty handed into this world and likewise will go empty handed from this world."

Hence, we come to a hard-to-digest truth about money: Money has severe limitations.

It fails to give us lasting happiness. It cannot extend our lives! As we saw, from the two case studies above, the wealth they made did not depart with them nor was it able to prolong their life-time. The sad truth is that everyone, small or great, one day, needs to finish his/her life on the earth. Why is death so cruel? Is there a way out?

Treasures beyond this life!

In the history of mankind, no one could ever carry his wealth beyond death. They were all defeated by death and have to leave their wealth behind! ***We all have to die, because there is sin in us.*** Jesus Christ is the only one who conquered death and grave. He died and rose again. The logic that death could not hold or defeat Him is because there was no sin in Him. He rose again victoriously. There are many historical, archaeological, scientific and prophetic proofs today for the undeniable resurrection (rising after death) of Lord Jesus Christ. A rich young man came to Jesus one day and asked Him – “Teacher, what good thing must I do to get eternal life?” Jesus told him that the secret of inheriting the eternal life and eternal riches is to follow Him. He said, “Come, follow me...you will have treasure in heaven”. The eternal riches He offers include eternal life, eternal glory, eternal kingdom and eternal joy and happiness. That is the real treasure He wants you to inherit. “Store up for yourselves treasures in heaven, where moth and rust do not destroy, and where thieves do not break in and steal. For where your treasure is, there your heart will be also”.²

Who is Jesus? Many think He was a good teacher and philosopher. Some think He was a miracle maker. Many agree that He was a socialist or reformer, one who loved and healed people. Others think that He was one among 'many' gods. No doubt, He taught great moral and spiritual truths and did many miracles. But that is not the fullness of what He is. He is none other than God Himself³. He alone is the one and only True and Holy God. He came down to earth in the form of a human being in order to defeat death and bring us victory. **He is holy, gentle, unblemished, separated from sinners.**⁴ He was born sinless and lived a sinless life. He defeated and defied death on the cross of Calvary. He rose again and was victorious over death!

He gives eternal life to everyone who comes to Him and puts his/her faith in who He is and what He did. **"To all who received him, to those who believed in his name, he gave the right to become children of God"**⁵. **"If we are children, then we are heirs - heirs of God**

...we also share in his glory".⁶ Independent of your wealth on this side of the fence, you will be given eternal life and eternal riches. He loves all - rich and poor, educated and uneducated, elite and common, urban and rural, men and women.

Dear friend, are you worried about your future? Are you restless because of the uncertainty of the job market? Are you burdened by the ever increasing debts in your life that are killing your joy, your peace and making you spend sleepless nights? Or maybe you are struggling with some self-destructive bad habits! Or you might be struggling in your family life! Bible tells us **"Everyone who sins is a slave unto sin"**⁷. And **"the wages of sin is death"**⁸. Sin must be forgiven, purged and removed so that we can defeat death and inherit eternal life. The Bible tells us **"without the shedding of blood there is no forgiveness"**⁹. Jesus came into this world to offer us a free gift of forgiveness. He went to the Cross and shed His precious, sinless and holy blood. He paid the price so that we can be

delivered from sin and death. The eternal riches of God begin with eternal life in Christ Jesus, which he wants to give to everyone who comes to Him.⁸ Jesus is calling you now - "Come to me, all you who are weary and burdened, and I will give you rest".¹⁰ "Do not worry about your life, what you will eat or drink; or about your body, what you will wear".¹¹ "Seek first his kingdom and his righteousness, and all these things will be given to you as well".¹² Ask the Lord to forgive you and help you to enter into His kingdom of eternal riches. If you confess with your mouth, "Jesus is Lord," and believe in your heart that God raised him from the dead, you will be saved.¹³ When you seek God and His kingdom first, God will give all the treasures that you need in this life along with the eternal riches.

May God Bless You
with riches above and riches below!

-Ravi G.

Note: *If you want any help/ counsel/ guidance,
please contact Interface at*

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General References

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ⁱⁱ <https://www.valueresearchonline.com>
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¹ Pr. 21:20

² Matt. 19:16-21

³ Phil. 2:6-11

⁴ Heb. 7:26

⁵ John 1:12

⁶ Rom. 8:17

⁷ John 8:34

⁸ Rom. 6:23

⁹ Heb. 9:22

¹⁰ Matt. 11:28

¹¹ Matt. 6:25

¹² Matt. 6:33

¹³ Rom. 10:9

Disclaimer:

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- Rule #1: Never lose money
- Rule #2: Never forget Rule #1"

- Warren Buffet

Fixed Deposits?

Mutual Funds?

Gold?



Stocks?

Chit Funds?

Real Estate?



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