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The must know rules and ways of staying on a planned budget and avoiding temptation.

# Money Myths

**Be Wise.  
Be Wealthy.**



**VB ABUNDANCE**  
*Solutions Simplified*

**VB ABUNDANCE** is a team of professionals, who have more than 21 years of experience in Financial Advisory services. We have helped 1000+ customers to achieve their milestones, through our extensive knowledge acquired from decades of meticulous execution and exercise of certified practices in Personal Finance Management. We continue to be part of our customer's life to improve their financial balance, expand their wealth and protect their family from financial setbacks.

### Our Core Expertise

Risk Management | Policy Management | Claim Management

### Our Philosophy

Perfect Solutions - Based on your exact requirements  
Best Policy - Minimum premium and maximum benefits



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When it comes to managing our finances, having a budget and avoiding the temptations of overspending are two important steps we must take. A carefully planned budget helps us to effectively manage our money so that we can achieve our financial goals. It encourages us to prioritize our expenses and make sure that we are not living beyond what we can afford. It also helps us prepare for unexpected expenses and plan for a secure future by building fundamentally strong and diversified investments and prepare for managing risk by having essential and appropriate insurance that guards our financial well-being.

By adapting to practices like having a systematic budget, restraining ourselves from buying fancy stuff that may not be necessary, avoiding procrastination on investment decisions and making learned choices of stable and profitable investments; we can ensure that our hard-earned money is put to good use in creating a strong financial plan for the future with an adequate cash flow. By consciously making spending decisions based on what is important, rather than being swayed by lifestyle trends, we must generate Wealth, which gives us the freedom and ability to appreciate, explore and make wonders out of the life we are gifted with.

This booklet is a compendium of practices to follow and practices to avoid for attaining financial stability and using money to build money.

**Be Wise. Be Wealthy.**



## Procrastinating investment decisions



**“I will invest from tomorrow”.**

But the problem is that tomorrow  
never comes.



## Spending a lot of money on fancy stuff

A fancy car, a fancy house, a fancy watch,  
a fancy vacation.

People want **fancy stuff** and are  
**willing to pay a premium**  
**irrespective of the value it**  
**generates.**





## No idea about the power of compounding

Everyone has come across the formula of compounding, but very few people really understand its power.

This is the reason **people do not start saving early and hence lose out on the power of compounding.**

Albert Einstein said that power of compounding is the eighth wonder of the world.



## Not able to crack the credit card mystery

Are you paying the minimum amount due on your credit card payment?

**If yes, you are trapped in the credit card mystery.**

On the other side, very few people really enjoy the benefits like free lounge access, buy one get one movie ticket, etc.



## Becoming a victim of lifestyle inflation



Moving from 2BHK to 3BHK just because you have got a good hike, upgrading your car because you have got some bonus are some of the examples of lifestyle inflation.

**Most decisions that are factors of lifestyle inflation, end up destroying financial lives.**





## Buying things just because they are on discount

Majority of the seasonal discount sales on large e-commerce platforms are designed to take advantage of the **weakness of Indians buying things just because it is on discount only for a limited amount of time.**

Funny thing is, now you will find such sales every other month.



## Getting tempted for an exotic vacation from social media post



Instagram and Facebook are introduced as **Social Media Platform**, but they are actually **destroying the entire social fabric**.

Facebook and Instagram are more of a marketing platform, where people post stuff just to get visibility and **companies promote their products and services**.



## Spending a bomb on weekend parties

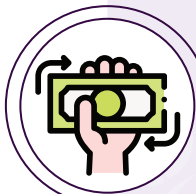
**5 days work and 2 days party.**

**This is the new culture in India.**

Pubs are jam-packed on weekends where people would spend a bomb on drinks.

By the end of the month, they are left with no money.





## **No track of cash flow**

Very few people keep a track of their expenses.

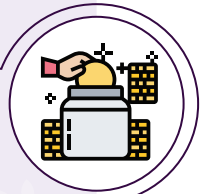
**Most of them just don't know where the money is gone.**



## No emergency budget

**Not having any extra money in the case of an emergency** results in embarrassing situations of borrowing money from friends and relatives.

Some people even **break their investments and make a big mistake.**





## No medical insurance

People are **losing out the lifetime savings just because they did not take medical insurance.**

One accident can shatter all financial dreams. Better be insured.

**Healthcare cost is rising** and it is impossible to manage it without insurance.



## No financial plan

**People do not know why they need to save money because they don't know their financial goals.**



## Buying insurance policies for investment purpose



Have you invested your money in insurance plan to get a return in future?

### **Big mistake!**

Out of 100 people, 95 have made this mistake.

Very few people understand the difference between Term Plan, Endowment Plan, etc.





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## No diversification

Some people would invest all their money in real estate, some would invest all the money in gold, some would just keep it in the locker and some would invest all the money in the stock market.

**Very few people understand the right way of diversifying the investments.**



## Spending all the hard earned money on children marriage

Thanks to our hippocratic society!

**People save up money their entire life, just to spend all the money on random relatives who only bother about the food and arrangements.**



## Buying excessive gold only to keep it in the locker



Gold worth lakhs is **kept in lockers only to be used once or twice a year.**

This is resulting in the **money getting blocked and hence not getting any returns on it.**



## An extremely conservative approach with investment

Traditionally, people have been risk-averse.

They would just have a **Fixed Deposit** and live on **6% to 7% annual interest**.

Some would just keep the cash at home.



## Lack of clarity between asset and liability



Having a **car is not an asset** because it consumes fuel and has a maintenance cost.

Its price will only depreciate in the future.

**Car is a necessity, but people spend a lot of money** and even take loans over and above their budget to buy a luxury car.



## Considering frugal as cheap

**A lot of people confuse economic spending with being cheap.**

An economic spender does not compromise with quality, but does his research well enough to buy the product or service at the lowest rate.





## Lack of patience

“I can’t wait for my wealth to grow. I want to double my investments in 6 months. I need to invest in the stock market.”

A lot of people **lose their lifetime of savings because they don’t have the patience to understand the investment option and would blindly trust anyone with their investment.**





## Depending upon others for investment decisions

“I don’t know anything about investment.  
Please manage my money.”

Unfortunately, a **lot of people are dependent upon others with their hard earned money.**

This is the reason we have a lot of self-proclaimed experts giving stock market tips.



## **Not discussing the money matters in the family**



Discussions related to money are considered as a taboo in Indian families.

**Nobody really discusses money matters.**



## Getting too greedy with investment



People **blindly invest** their money in penny stocks, day trading, futures and options.

They eventually lose all their hard earned money.

**What is the root cause? GREED.**



## Wasting time on unproductive things



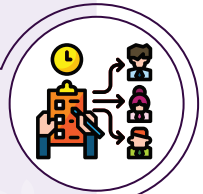
Rather than learning new stuff and growing the skillset, people end up **wasting time on social media and YouTube.**



## Lack of disciplined investment

Instead of spending what is left after investing, people **invest what is left after spending.**

This results in undisciplined investment.



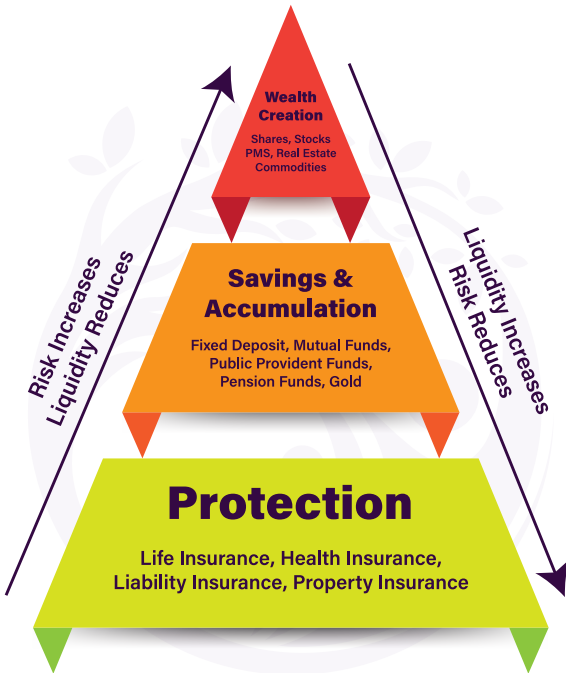


## Root Cause

**Lack of knowledge** about personal financial management!!



## Financial Planning Pyramid



“

**It's not your salary  
that makes you rich,  
it's your spending habits.**

**- Charles A. Jaffe**

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