

## **All about Money**

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Note: As I always maintain, everything I say below is only my opinion, which is based on my own experiences and observations. – *Swami Devanand*

### **Introduction**

Money is probably the most interesting topic for most of us. We all know the power of money, of wealth. We also know (or have heard about) the misery of poverty, of destitution. In Hinduism the goddess Lakshmi symbolizes wealth and there are elaborate religious procedures to keep her happy, smiling. In the modern world, people continue to research new ways to make a lot of money quickly and easily.

In this article I just want to discuss a few random thoughts about money – some are philosophical musings; some are just plain practical tips.

### **How much money does one need?**

Before answering that question, let us consider two extreme positions: one involves chasing money; treating money as the most important factor in choosing our activities. And the other extreme is shunning money altogether; considering it evil and corrupt, bad for spiritual health.

Clearly, we need to pursue a middle path. We need to pursue a path in which we recognize the true importance and place of money in our life and devise a strategy to deal with it.

### **The power of money!**

As everyone will agree, money itself is quite meaningless and useless. One can stack up money in his/her accounts in the form of cash, share certificates, bonds, or whatever, but none of it is directly useful. It's only when money enables certain things and activities for us that it becomes meaningful.

So, we need to understand the uses of money and decide which ones really matter to us. I want to suggest three channels to which we can apply the power of our money.

## Basic necessities!

The first channel to which money must be applied at top priority is the basic necessities of life: food, shelter, healthcare, etc. – for yourself and for your dependents. Without these things, it is impossible to be a proper human, different from an animal; it is impossible to think about spiritual growth, quality of life, happiness, etc. When these basic necessities take away our peace of mind, our sense of freedom, they become an obstacle to happiness, and we must try to make money to reduce their power over us. As long as these necessities create stress, we must worship Goddess Lakshmi with utmost fervor.

The tricky part is to know what constitutes our basic necessities. We must be able to honestly tell ourselves when these necessities cease to be stress-creators: when we truly feel free from their evil powers over us. It is best to minimize our needs to begin with, and later allow them to grow only if our income can accommodate the increase. Teddy Roosevelt's father told his son this same thing in these words: "*Keep the ratio of your needs and earning constant. If you cannot increase the denominator, you must decrease the numerator!*"

## Quality of life!

The second channel consists of quality of life, the finer things that add to our sense of happiness. Consider artistic pursuits, traveling to exotic places, reading books, pursuing intellectual challenges, and so on. There are innumerable things and activities that can improve the quality of our life – we must choose according to our heart's calling, and our money can be applied to acquire/pursue them.

This is unfortunately where people get carried away; their hearts start craving all sorts of things for which the money is never enough and it becomes a downward spiral into the hell of greed and dissatisfaction.

How do we avoid this trap? First of all, it is extremely important to bear in mind that *quality of life* is not a basic necessity; it is a luxury, a bonus. (For all other life-forms quality of life means *meeting their basic necessities!*) Every craving (that costs money) must be rigorously vetted for affordability. We must question whether something which our heart craves is a true investment in our quality of life or if it is a pointless temptation, a temporary fad. We must judge the value of what we crave vis-à-vis its price. We must explore if there is an *economical* way to achieve similar results.

### **Needs of others!**

The third channel is the needs and quality of life of others around you. The great philanthropists of the world apply their wealth to bring about happiness to other humans. It is an undeniable truth that one of the many ways in which the human race stands clearly distinct from other species is this attitude of helping other fellow beings.

Clearly, there is no formula for this particular channel. After taking care of our basic necessities we are free to give away our wealth to help others.

### **Earn as much as possible!**

After understanding the power and place of money in our life (as described above) my answer to the main question is: *"We should earn money as long as possible!"* Yes, earn money as long as you can, as often as you can, as much as you can! Of course, I don't need to add that money must be earned in an ethical and legal manner. So long as the source is honorable, we should not mind how the money comes to us: whether through gifts, through a bequest, or as remuneration for our services. We should value the money equally irrespective of its source. We often make the mistake of treating our "hard-earned" wages with more respect than the \$50 gift put into our pocket by our grandma. That's not right. All money is equal!

### **But what about *detachment* from money?!**

According to the wisdom of the ages, detachment from money and assets is supposed to be essential for the freedom of spirit and mind. I look at it differently. I think spiritual freedom can actually be aided by money. We cannot ignore the basic necessities of existence. And yet, there is certainly wisdom in this advice for detachment. What it really means to me is that we should not make money the central or even an important objective of life. We should view it only as a tool to solve problems, just like we use electricity in the house to run various gadgets.

We should never include our wealth in the estimate of our true worth or success. Instead we should try to develop a "trustee" attitude towards our wealth – a position in which we are simply a custodian of the wealth, not its owner. We should derive satisfaction from the sort of things that money was able to enable for us. My friend John Scarborough puts this idea beautifully:

*Money can be an enabler. What's important is what it's enabling. That comes from within, and responds to the world around me differently according to time and place. Making money the focus, i.e. allowing it to be the fulcrum or pivot-point of one's life, misses the point of life, which has more to do with feeling settled at heart. The joy that comes from that – I have been lifted by it*

*a few times -- is far greater than what money and possessions by themselves can bring. Rich, poor, struggling, affluent – those are secondary, if not even less important, details.*

## **Money Management**

I am no financial expert, yet I am tempted to give you a few tips on money management. You may find these tips common-sense, nonsensical, or possibly interesting.

1. Cut down use of credit cards. They make money appear "cheaply available". Use (or imagine you are using) cash instead. Avoid credit card debt (which is the most expensive debt) at all times. Pay off the credit card bills promptly.
2. Treat all incoming dollars equal. So, money won in lottery is as valuable as cash earned working on hourly wages. There is no "easy" money or "hard-earned" money.
3. View every spending in isolation, not relative to something else. For example, a \$300 music system taken as an "add-on" to a \$20000 car may look relatively small, but it is actually not.
4. Raise your insurance deductible. Failure to properly judge the odds of hazards leads people to overestimate the likelihood that they will file a claim against their insurance. By increasing the deductible, you can save as much as 25% on premium.
5. Avoid insurance policies altogether if you can self-insure. Considering that insurance is always a bad gamble, you should not insure events that you can sponsor yourself (and which are anyway very unlikely in the first place). For example, insuring your car for comprehensive damage.
6. Don't sink more money in a "losing" investment just because you have already "invested" a lot of money into it. Investment should be made based only on the future potential.
7. Small amount accrue to have big impact in long term. This applies to expenses as well as investments. Management fees and broker commissions are thus important factors. Which is why, time-tested and low-fee index funds are far superior to managed funds, which historically have done no better than the stock market.
8. There is a lot of luck factor in how investments move in the short term. To overcome that, it is best to use "averaging", e.g. investing in regular installments rather than in one big chunk.
9. Diversify investment among stock, bonds, money-market, retirement plans, real-estate etc.
10. Keep track of your investments (and expenses too).

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