

GET RICH SLOW

“Get rich quick” said the sports reporter on the radio this morning as he recounted how David Beckham has retained his firm grip on the top spot of Britain’s wealthiest footballers with an increase in wealth in the last year of £35 million (according to FourFourTwo.com).

Which is the opposite of what Ed Miliband, the Labour leader, was advocating last week at his Party Conference. Miliband offered voters a “new bargain” based on “different values”, a country where people, leaders and companies take the long view, seek to build wealth and business. He ripped into those who are after the “fast buck” appealing instead for the state to distinguish between “producers” and “predators”.

Knowingly or not, Miliband was drawing on a basic financial planning principle. An ancient one beautifully summed up in Proverbs 13:11, “He who gathers money little by little makes it grow.”

He who seeks to get-rich-quick is in danger of allowing the seductive future to swamp the fruitful present. The benefits of long-term stability, ongoing abundance and the healthy relationships that make life worthwhile begin to lose their rightful place in our thinking. The end starts to justify the means. The focus moves from provision and generosity to fear and greed.

My old mentor, Ron Blue, used to say, “a secret of long term financial success is to regularly do a little of the right thing over a long period of time”.

As an example, if you were to start saving only £100 per month on your 21st birthday, increasing your payment every year by 5% and enjoying an investment return of 6% per annum (net of all taxes and charges) you would have a pot of money worth over £600,000 on your 65th birthday. Which would help when it came to retirement, wouldn’t it?

So I find myself agreeing with Ed, not as a politician or as an economist, but purely as a financial planner: plan carefully for the long-term and then invest yourself in what really matters rather than becoming pre-occupied with the swift accumulation of green-tinged wealth.

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