
Knowledge Is Money

Why It's Not Wall Street's Fault You're Not Saving

William L. Savastano



An Undeserved Stigma

A banking industry veteran once asked me to tell her about my experience with the banking industry. Since I tend to write quite frequently about personal finance and the economy, I really wanted to ensure I provided a substantive answer.

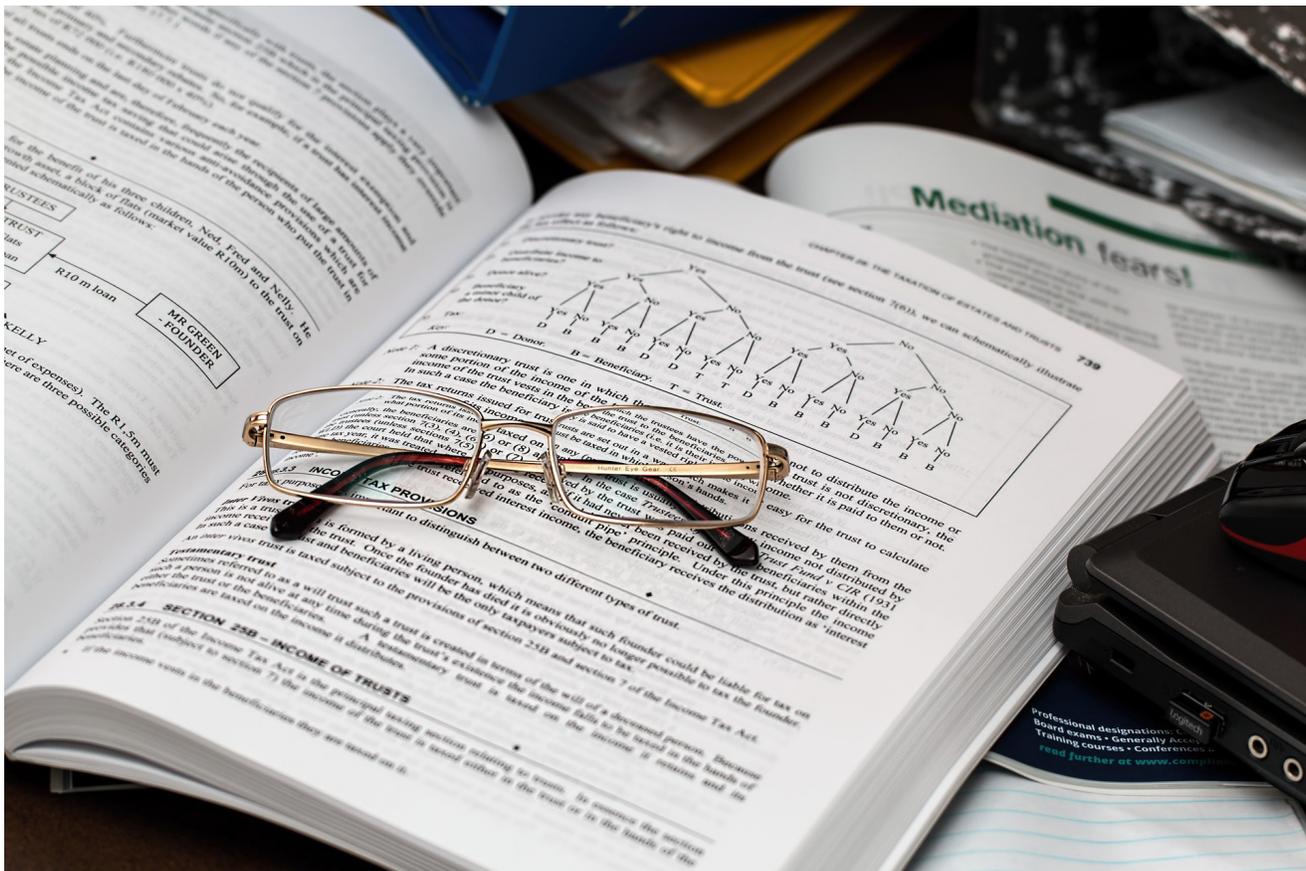
I explained to this banker that while I never actually held a job in the banking industry, I have provided marketing consultation to a number of financial services companies over the years and have also written quite a bit professionally for companies that provide products and services used by financial services companies. I went on to explain that I check every bank and credit account nightly and keep a running daily tab on my complete financial picture. I explained that I have been reading personal finance magazines for well over twenty years and managed the finances for my own small business for seven years, officially carrying the title of CFO. I explained that I have managed to put together a credit score that would impress at least 80.1% of people and have become the person that most in my inner circle turn to when they have a question about banking, finance and investing. I then went on to explain that I am an avid daily reader of American Banker, Investment Advisor, Global Finance, Money, Kiplinger's, the WSJ, IBD, and CNBC. And lastly, I explained that I am an advocate of ensuring more people who work for and use money on a daily basis actually take the time to learn as much as they can about how money, banking, finance and the economy actually work.

It was at this point I realized my answer had been immediately defensive - as if I had something to prove or as if somehow I should not have been allowed to have enough experience with banking, finance and investing to have a conversation with an actual banker. Luckily, the person who asked me about my banking industry experience took my overly-thorough answer in stride, and while I may not have been immediately offered a job at the bank, by the end of our conversation, my new banker friend did acknowledge that it seemed as if I had a good working knowledge of personal finance, consumer banking and basic investing.

Looking back on this conversation, I believe I was immediately defensive with my answer because I had at least partly bought into the stigma that bankers are an exclusive group of folks that hold on tightly to any industry knowledge to keep leverage over the rest of us. And while every industry out there may have some folks that are miserly with their tribal knowledge, today, I think the

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notion that this stigma applies to the entire financial services industry is highly unfounded and undeserved. In this guide, I will explain why I believe this stigma is highly inaccurate, why I actually believe this stigma stems from people's own lack of financial knowledge, and show you some ways to educate yourself about the sensitive, but important subject of money. But most importantly, I'll help dispel the myth that an understanding of financial topics only belongs to a select few.



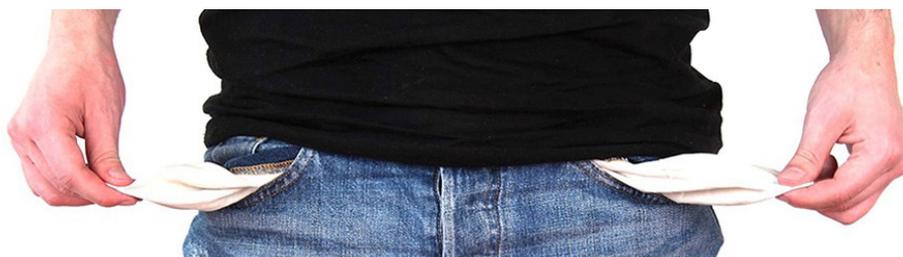
People Take Very Little Time To Learn About Money

While I can't turn around without hearing some activist or champion of the people whining and moaning about vast banking industry conspiracies to oppress the everyday American consumer, I also continually run across statistic after statistic with a common thread – people take very little time to learn about money, which in turn, leads them to make very poor financial decisions.

I have always found it so fascinating that while most people work in some capacity to earn money, then use that money in so many different ways throughout their lives, very few people actually take the time to learn how money and its influences actually work. I know the prevailing complaint is that there are some dark overlords somewhere controlling this knowledge and keeping people from learning more about how money works, but this is just not the case.

I would argue these conspiracy theories have been inadvertently created by people because it is just so much easier to stand with their hands thrown up in the air and complain their lack of financial knowledge is the work of some evil individuals out there, as opposed to their own unwillingness to learn what they feel is a complicated subject. It is just so much easier for people to blame these fictitious conspiracy theories for their inability to understand how finances work, and more so, cite them as the root cause of their inability to save money and make better financial decisions.

I know most people don't want to hear it, but in reality, there is no secret conspiracy enacted by the evil bankers, financial services managers, or institutional investors out there. There is no secret group of individuals pulling strings somewhere that result in people having inadequate knowledge about money. It all simply boils down to people not taking the time to learn.



A Lack Of Financial Knowledge Is The Problem

I do not have a degree in finance. I do not even have a job in the banking, finance or investing industries, yet I have been able to pull together enough knowledge from the available sources out there that when I read statistics about saving, investing and money management, I find myself in the top percentiles most of the time. Now, I'm not talking about the amount of money I have socked away or the amount of money I earn – I am still definitely very much a part of the infamous "99%" when it comes to net worth and income. I am talking about, however, the percentage of money I save, my debt-to-income ratios, my credit score and my overall financial picture. There are plenty of ways people can find at least partial financial freedom WITHOUT holding or earning large sums of money.

Let me give you an example of one of the statistics I am talking about – a statistic that concerns the sum of \$500. I recently read that if you put three Americans in a room and tell them they must come up with \$500 without borrowing it from someone or pulling it out of a retirement account before they can leave the room, only one of those Americans will be able to produce the \$500.

Well, I am proud to say that I would be the American leaving the room. And while the other two people in the room would love to believe they are stuck in that room because of some grand conspiracies committed by rich, evil bankers, shady hedge fund managers, ruthless political overlords, or even corporate types run amuck, the fact remains they are stuck in that room as a result of their own actions, or should I say, inaction.

So, what have I done to be the one in three Americans that will walk out of that room? Did I swear allegiance to some secret society? Did I happen to stumble across some juicy dirt that I now use to blackmail the banking elite into letting me in on their secrets? Sorry, folks – no clandestine conspiracy here. All I have done is read as much as I can about money, which, of course, is something that anyone can do.

Let me provide you with another scary statistic I also believe reflects the fact that people are just simply not educating themselves when it comes to money by putting a little twist on our room with three Americans. Not only are two of the three Americans in our room unable to come up with 500 bucks, one of

A Lack Of Financial Knowledge Is The Problem

those two remaining Americans has absolutely no retirement savings, despite the fact that this particular person is 55 years old.

And of course, when asked why they have no retirement savings at 55, who do Americans blame? It seems like everyone and everything except for themselves. If you are 55 years old and haven't saved a dime for retirement, it is time for you to stop shaking your fist at Wall Street, politicians and all those people you consider to be the "haves", and take a look at what you have done thus far to learn about money, the economy, finance and investing. My friends, your lack of easily-obtainable financial knowledge is why you have no retirement savings – not because a hedge fund manager flies to Aspen on a private jet to go skiing with his supermodel girlfriend every weekend all winter long.



Sorry, But There Really Is NO Excuse

It is clearly evident that a lack of knowledge about money, finance and investing is a very strong root cause of people's inability to budget and save. When your head is in the sand, you tend to sign loan contracts with horrible interest rates, buy things you cannot afford and have a completely non-existent understanding of your overall financial picture. And as long as you keep your head in the sand, you'll never dig yourself out of that hole.

But naturally, we immediately hear those two Americans that are still trapped in that room complaining they are just too busy with work and life and family and responsibility to ever have the time to read about finance, money and the economy. But, folks, there really is no excuse. If you read about money and how it works for just ten minutes a day, in 10 years you will have given yourself over 608 hours of instruction. Not having the time to read up on money is not a good excuse at all, and you and I both know that.

And if you are thinking about playing the "It's too complicated!" card, you are out of luck, too. If you have the mental fortitude to earn a dollar, you also possess the mental fortitude to learn about how best to manage and put that dollar to good use. There is no secret formula – there is no need for some high level of intelligence. All you need is the ability to read, and if you're reading this guide, it looks like you are all set to go.

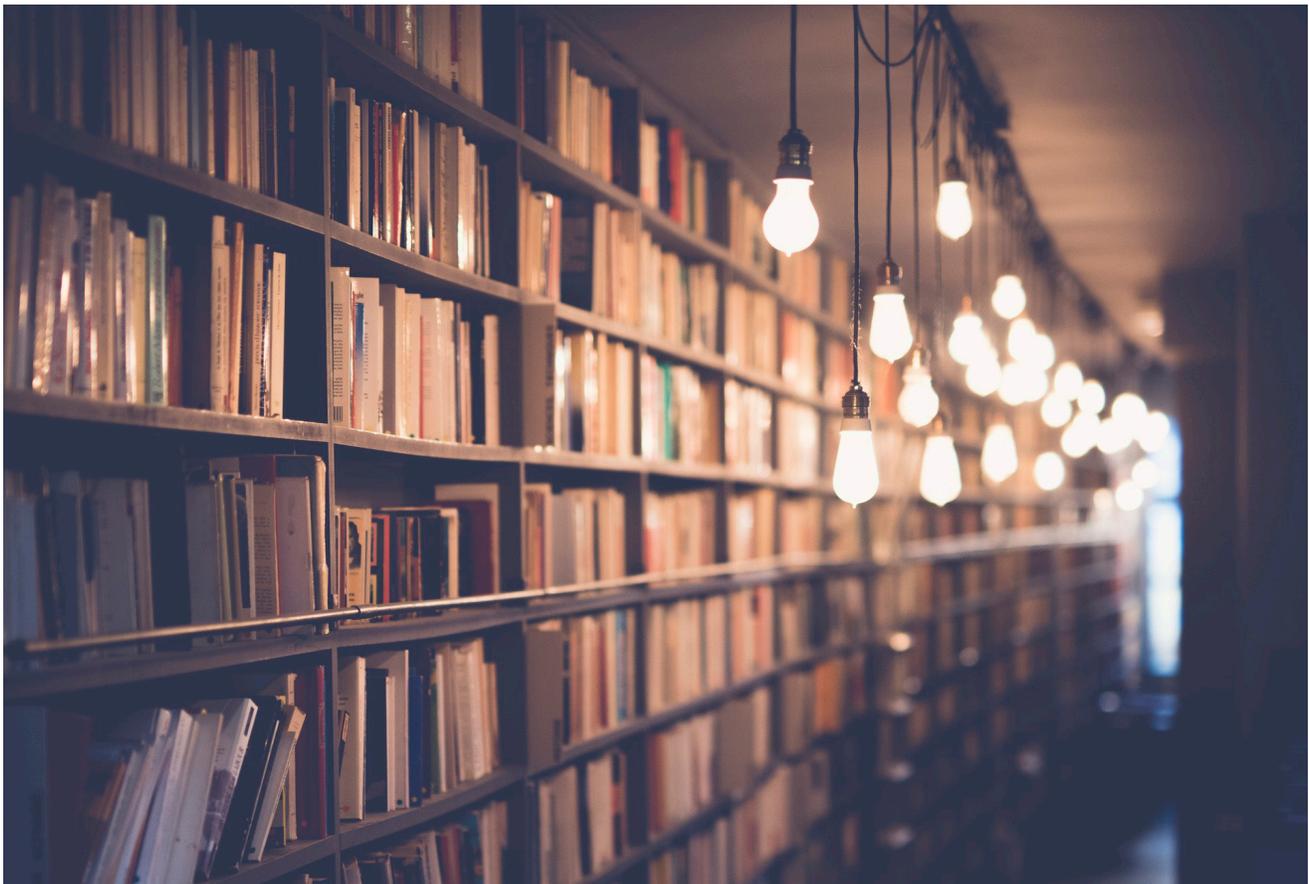
And, believe it or not, there has never been a time in history that provided all of you humans out there such easy access to information. There was a time when someone who wanted to learn more about finance had to get in their car, walk, or ride their bike to this place called the library where we used to store these bound stacks of paper called books. Now, all you have to do is pull that smart phone you probably paid way too much money for out of your pocket and do a little searching on Google.

It really is that easy. So, now that you know your financial situation is a product of not taking enough time to learn about money, know there are no evil conspiracies keeping you from learning what you need to know, and know all of the excuses you can possibly come up with for not learning more about money are about as solid as a house of cards, are you ready to actually find out how you can learn what you need to know?

No Shortage Of Resources

There is definitely no shortage of resources when it comes to learning more about money. You can choose the style of learning that best suits you and work within any budget, even if your budget is zero. There are readily available options if you learn better in a classroom setting, by reading actual publications, or simply want to read everything on an electronic device. A number of these resources are very low cost, or even free. For a better-rounded learning experience, you might actually want to try a mix of all of the resources available to you. Even if you have some funds set aside for learning and growth (which you should, but that is another subject), some of the free resources are actually the best.

I am going to provide you with some of the resources that have worked best for me. Granted, these resources might not be the best mix for you, but this will at least give you a place to start in building your own set of resources you can come to rely upon as you increase your money knowledge.



Money Magazines

I am going to start with a publication I read cover to cover 11 times a year. It's a monthly magazine that publishes a double issue once a year. Plainly, simply, it's called Money, and it is a great resource for someone who is just beginning their money journey as well as for a seasoned money reader to learn about the latest developments in banking, finance, insurance, spending, investing and the economy.

Money Magazine provides a well-rounded, high-level view on just about every aspect of earning, spending and saving money. You will find articles about improving your success in job searches or getting the most out of your career as well as employment reviews and raises. There are articles about every type of insurance you can think of, including how to choose which insurance plans you need and which provide the best value. Money has regular articles about banking and financing and the different types of banking and loan products that are available, helping you find the best banks and products for your own personal financial situation. There is always a pretty weighty section on investing in everything from stocks to bonds to commodities and just about any other investment product available. There are also articles about consumer products and spending, including travel, so that when you do decide to spend a little, you can be well informed about some of the best options available and discover ways to get the most value for your dollar. And lastly, there are guides published throughout the year that teach you things like how to plan for retirement, best take advantage of social security, invest in real estate, or just about any other financial aspect of your life.

The cost of a subscription is pretty nominal and also provides you access to a digital version of the magazine. Both versions of the magazine are handy if you want to read the articles while lounging or even riding an exercise bike (which is what I do). The magazine has a great flow and pulls you along each month, providing some really great topics. It is definitely worth the price of a subscription if you can swing it.

But, even if you can't or just don't need an actual print or digital version of the publication and want to read piece meal articles, Money provides two great alternative resources. You can visit their website at <http://time.com/money/> which has online versions of articles from previous issues of the magazine as well as some original content. You can definitely replace the actual print or digital magazine by visiting the free Money Magazine site instead. Money

Money Magazines

also publishes regular money-themed newsletters that deliver great money knowledge directly to your inbox. While some are focused on a narrow topic such as retirement or college savings, the broader Ask the Expert email newsletter sends answers to some common questions people have recently asked the magazine's writers and editors to your inbox. The newsletters also have links to some of the more noteworthy Money articles from previous issues.

Another great publication is Kiplinger's Personal Finance Magazine. It basically covers the same exact topics as Money, in fact so much so that subscribing to both can be a little redundant, but Kiplinger also has a site with a wealth of information at <http://www.kiplinger.com> as well as a great daily newsletter that delivers articles directly to your inbox. You'll find Money and Kiplinger's tend to cover very similar topics, sometimes even in the same month, but if you are looking for two different perspectives, it couldn't hurt to subscribe to both magazines or read newsletters from both. Money tends to have a more conservative investment style and is geared more towards the money beginner, while Kiplinger's tends to have a riskier investment style and is geared more towards someone with a little more knowledge when it comes to money and investing. It can, however, still be beneficial to read both when you are first starting out, especially since reading both may help you learn more about your comfort level with different financial and investing styles.

While you will find other and more complex money-themed periodicals out there, these are the two that you should begin reading when you start your money journey. Always keep an eye out for other publications, especially as your money knowledge grows.



Money Books

When it comes to books on money, there is an overwhelming supply of resources to choose from with more being published each week. Rather than provide you with a long list of books and descriptions I believe might be beneficial, instead, I am going to give you some pointers on finding the right type of money books for your own personal financial situation.

I am simply offering pointers instead of recommending the books I've read because what might have been the right book for my situation and me might not be the right book for your situation and you. Each of us has different levels of knowledge when it comes to money. We each also have different levels of comfort when it comes to savings, investment, insurance and other financial factors in our lives. Therefore, when it comes to finding books on money, we must each look for books that appeal to our own style and situation.

No matter how tech savvy you are or how highly appreciative Amazon is of your order frequency, when it comes to starting your journey with money books, I recommend you take a trip to the book store. Before you spend any money on money books, you need to take the time to learn about your comfort level with different types of books. This is going to take a little time so be sure to set aside a couple hours or more to spend at the book store. If it takes you less time than that, you might be buying a book that is not right for you.

So, go to the bookstore, go to the personal finance section and start looking at some books! The very first thing I want you to do is pick up whatever basic, entry-level books they may have and start going through them. You are looking for something like the *Managing Your Money All-In-One for Dummies* or the *Complete Idiot's Guide to Managing Your Money*. I want you to start with the most basic, high-level books and start thumbing through them. You are looking for a book that is not too basic for your skill level, but at the same time, is basic enough that you are going to learn some new basic concepts. Try to find a book that is well rounded, addressing multiple topics across a wide spectrum of categories.

It is important that you find a book that has a layout, formatting and copy within your comfort level. This will help ensure you actually read the book. Don't make the mistake of buying a book that is going to sit and collect dust. Buy a book that you will not only read cover to cover, but also will go back and reference for years to come.

Money Books

Once you have found the one book that you are most comfortable with, buy it. You can either buy it right then and there at the store so you can get started right away, or buy it online and wait for it to show up. Feel free to buy the book at the cheapest price available so you can start being frugal and getting the best value for your purchase right away.

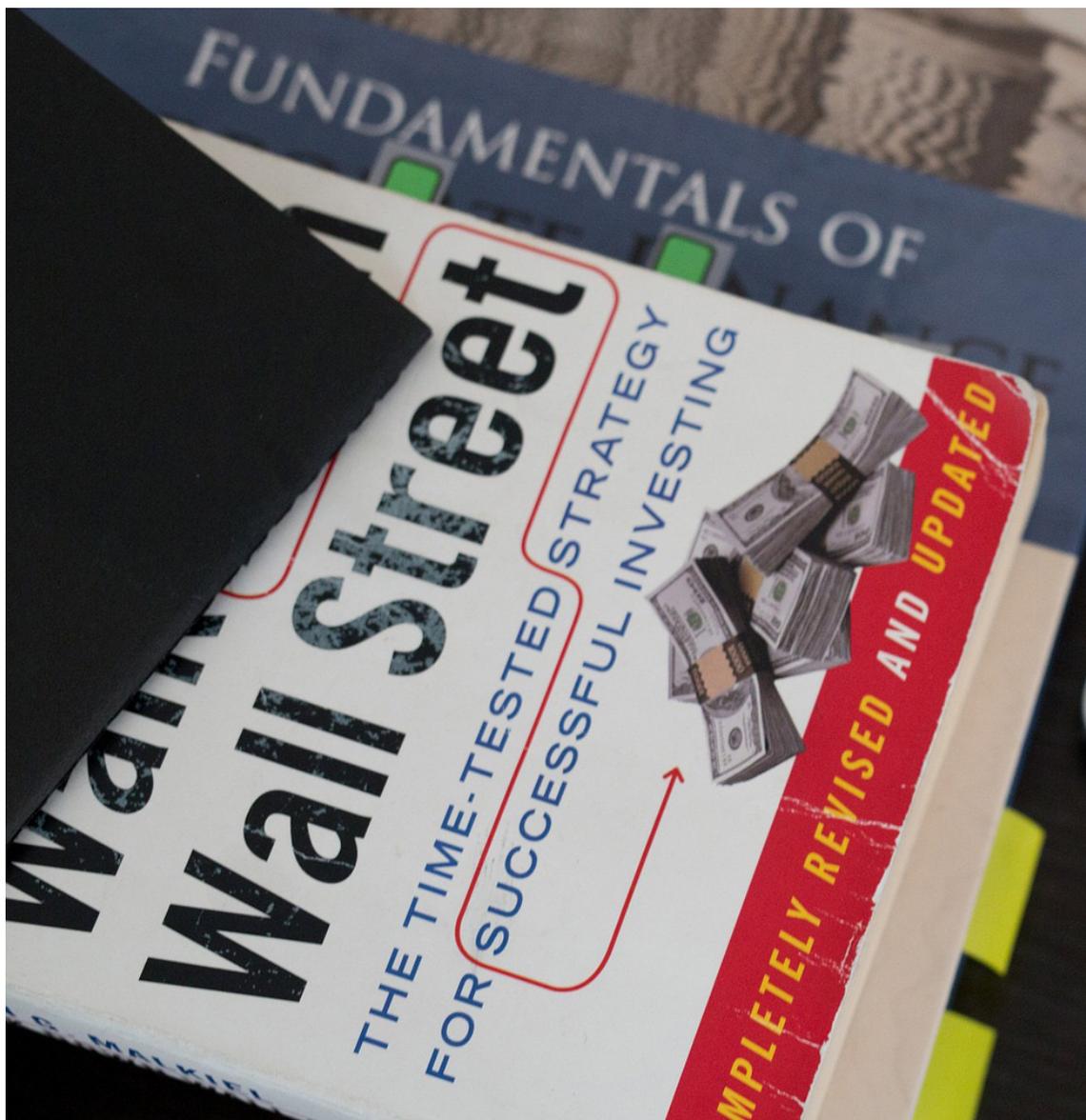
Once you sit down to read your new money book, I want you to be sure that you have at least one highlighter ready. I know you may be having flashbacks to that time in your life when you were still in school, but if while you read that book, you highlight all the important parts – the stuff you did not know before reading the book or the things you want to come back to and study over and over again – by the time you are done with the book, you should have a resource in which you can just go back and read the highlighted parts the second time. Highlight the meat, the key points, so your second time through you can just reread the important parts. You'll be amazed at how quickly you can reread a book when you read just the important, highlighted parts.

I definitely want you to read this book through more than once. Read it word for word the first time while highlighting the important stuff, then go back and reread the highlighted parts a second time. Reread the same highlighted parts through over and over until you feel you are familiar enough with the subject matter to begin implementing some of the items you have learned. Then, while you may put the book on the shelf, you should go back to it at least once every few months until you know all of the material by heart. It still wouldn't hurt to reread it again once a year or so, even then, just to make sure you remember everything.

Once you feel you have implemented and learned all you can from your first money book, it is time to go get your second book. By fully reading and understanding your first money book, you will know what you are looking for in a good second money book. You should also know the next steps for you in your money life – insurance, savings, investing, starting a business, etc., and how this second book with help guide you in those next steps. Go get that second book and repeat the process you undertook when reading your first book. Just be sure your second book is geared towards what you believe the first book has revealed to be the next step in your financial life. The first book will not plainly explain the next step to you, but by having the new knowledge from that first book, you will now know yourself and your personal financial situation well enough to know your next step.

Money Books

Follow that second book with a third, then a fourth, and then just keep going. You will end up with a great money book library of your own, each with highlighted key points you can reread as you need to so you can stay current on your material. I have found that setting aside time each day to read a little bit about money, or reading while you're traveling, exercising, or doing some other activity, not only ensures you actually do the reading, but helps the act of reading about money become an integral and ingrained part of your everyday life. If you are looking to take control of your money life, this is the best way to achieve it.



Other Money Newsletters & Publications

Even as your money knowledge grows and you begin to find the articles from Money Magazine and Kiplinger's Personal Finance a bit rudimentary, I urge you to stay subscribed and keep reading either one or both of those resources. You will still find you're learning some new fact or some new tidbit of beneficial information from these publications, especially as money laws and best practices change over time. Like all things, money knowledge is dynamic and you must never stop learning.

But, as your financial knowledge grows, you are also going to find that some of the more advanced publications you were not ready for at the beginning of your money journey are now within your ability to grasp. As you start to invest more of your money and begin to add some of the insurance and other financial products that come with a more in-depth understanding of money, you'll need to expand your reading routine to include some additional resources that cater to these new areas.

You'll want to look at subscribing to some of the well-known, broad financial publications like the Wall Street Journal and Investor's Business Daily. You'll want to start reading some of the great content from Bloomberg and CNBC. You might also want to start looking at some of the more focused newsletters available out there such as those on banking, commodities, insurance and institutional investing. Use the new financial knowledge you have amassed from all the books and magazines you've read and seek out sources that are geared towards your unique financial situation or the financial goals you are pursuing at the time.

For example, if you are looking to get a mortgage, start reading newsletters that showcase different types of mortgages and mortgage companies. Read up on car loans and other types of loans when you are getting ready to purchase a loan product. Use the Internet and be sure to take advantage of all the available free resources out there for you. By simply searching on the topics that are relevant to your financial situation and the products and services you are interested in at the time, you can find a wealth of information available to help your money knowledge continue to grow.



Don't Forget About Television & Local Resources

Unless you are one of the folks out there who has sworn off television, chances are you are watching quite a bit of it at certain points throughout the week. Despite the fact that people have been saying television rots your brain for generations now, there is also a wealth of money knowledge to be had if you just do a little digging. Your TV provider most likely offers channels like CNBC, Fox Business and Bloomberg. There are also a host of regular network and local network shows that are money-focused.

Take the time to do some channel surfing, guide reading and Internet searching for money-focused television shows that can supplement your reading. While these shows might not make a lot of sense to you when you first start watching them, eventually you will begin to understand the concepts they are talking about more and more. Use your DVR to record shows that you'll miss while you're at work or handling other commitments. Think of these business news and other money programs as a televised college course, just without the tests. Enjoy learning just for yourself and your money life will be a much better life indeed.

And speaking of televised college courses, if your TV provider carries the televised college courses for your local community college, which is often the case across this fine country, either scan the channel guide or check back to that channel regularly for some of the finance courses. Or, if you want to make it easier on yourself, get a course guide from the community college in your area so you know which courses will air at what time. You normally don't have to sign up for the course to watch the televised lessons, so even if your budget for money learning is zero, you'll be covered.

If you want more in-depth knowledge or need to have an actual professor you can interact with and ask questions of, consider actually taking some of those courses that appear in your local community college guide. Obviously, these courses tend to not be free of charge, but the investment is usually pretty nominal for local community college courses. In addition, check your local community activity and program listings. Local city governments and community programs often offer free or low-cost financially themed courses as well. You might just find that you can obtain the equivalent of an actual college financial education for little to no money.

Don't Forget About Television & Local Resources

And don't forget about all of the people out there you do business with and all of the folks that you know. If you have a family member that's a CPA, chances are they'd be happy to spend some time divulging some of their own money knowledge. If you have a banker you have done business with for years, chances are they'd be willing to spend some time on a slow afternoon at the bank providing you with some of the hard-earned knowledge they've amassed over the years. The same will also hold true for real estate, insurance and other financial services brokers like financial advisors and fiduciaries. Be on the level with them and tell them you are fishing for knowledge, but I have a feeling they will still be more than willing to help you gain the knowledge you are seeking. You might have to sit through a few sales pitches, but it will be more than worth your time. And you may develop some great relationships with financial professionals whose paid services you can use when have a need.

If you actually spend some time interacting with the financial services professionals in your family, community and local businesses, I guarantee that while you may find some money knowledge misers out there who don't want to give you the time of day, most would be more than willing to help you learn as much as you can about their profession.



Budgeting & Tracking

Now that we've delved into some of the great resources out there for you to use as your own personal financial university, there is one more thing that I would be remiss to not bring up in a guide about money knowledge and this, my friends, is budgeting and tracking. Now, I know that unless you're some weirdo like me who actually enjoys tracking every penny he spends, looking at his own spending trends and conducting his own forensic accounting investigations every time something doesn't add up, the last thing you probably want to do is create a budget and track the inflows and outflows of the cash and credit in your life.

But, no matter how much money knowledge you amass, if you are not actually tracking your money moves closely, it doesn't matter what you learn. You need to have a frame of reference for all of the new money concepts you learn that traces back to your own personal financial situation, and you can't have an understanding of that personal financial situation without budgeting and tracking.

So, no matter where you are on your money knowledge journey, if you are not tracking your transactions, including your spending and your investing, it all could be for naught. I urge you to find a money book on budgeting and tracking that you are comfortable with and start to implement its principles as early on as possible.

You should also find a financial tracking software tool that is right for you. There are some great tools out there, even some that are web or app based. The better tools not only allow you to budget and track spending, but also provide a wonderful set of dashboards and reports that give you great insight into your total money picture. I've been using Intuit's Quicken since 1994 and have virtually every single financial transaction going back to my first paycheck in 1990 tracked and recorded. While you might not need to track every penny, you do at least need to create a budget, track your spending, and compare that spending to your financial goals, financial situation and your new financial knowledge you should be continually gaining by always learning more about money.

So, be sure that as part of your early money journey, you find a good book on budgeting and tracking and also find a software-based tracking tool you can use on a daily basis.

Money: Mastering The Game

And lastly, I want to share with you one great resource that is, in fact, a book. I've waited to share this resource until the end of this guide because this is not a book that should start off your money journey, but one that should come into the mix after you have a basic understanding of how money and investing works, and have realistically been saving, investing and purchasing financial services products for a while. You most likely know its author well enough to know he is a successful American entrepreneur and spokesman, but might not yet know that he has made it his new mission in life to help people gain an understanding of money and how it works.

The book's author is Tony Robbins, the famed motivational speaker and entrepreneurial coach. Tony used the access he has to the top money guys in the world due to his fame and reputation and joined that access with his ability to write in a clear and concise manner to put together a fantastic resource called Money: Mastering The Game. Tony says this book provides seven simple steps to financial freedom, and having read the book cover to cover and my highlighted sections numerous times over, I can say that of all the money books I've read, this book is one of the best I've encountered.

Tony writes in a fantastically instructional manner, deploying the perfect mix of repetition and relatable stories that help his readers retain the lessons he learned from the top money minds in the world today. The book provides its readers with great financial insights in many aspects of life from saving to insurance to every manner of investing available. Most importantly, Tony provides his readers with some actual investment portfolios that were crafted by some of the greatest investors of our generation. We're talking about Warren Buffet, John Bogle, Ray Dalio, Paul Tudor Jones, T. Boone Pickens, and many more.

In this book, Tony also provides some great resources through instructions on planning and financial self-analysis tools to help those with a little money knowledge take their money life to the next level. Once you're comfortable with the money basics you've learned from your first few books and publications and have been budgeting and tracking your money moves well enough that you feel you can grasp some of the more intermediate money, insurance and investing concepts, I'd recommend you pick up a copy of Tony's book. I believe you will be really glad you did.

Never Stop Tracking, Never Stop Learning

Each of us has a lot to do in life, and we are continually pulled in many different directions by family, work, friends, and an entire host of other commitments. But, I guarantee there is one common element that flows through every one of these commitments we have in life...money. Our time commitments to our businesses and jobs are rewarded with money. Every relationship in our life has some type of interaction with money, whether it is keeping a roof over our family's heads or keeping them fed and clothed. Imperative commitments like education and even our most ridiculous hobbies all require some type of monetary commitment. So, then, what would be time better spent than learning more about money, a common element that flows through so many aspects of our lives?

The more we learn about money, the more apt we will be to manage our money in a manner that is not only better for our financial circumstances, but for those who are counting on us. We will save more, make better use of the money and other resources we have, be better informed when looking for work or conducting business and be much better suited for every financial transaction from buying a pack of gum to taking out a mortgage to buy a house.

It is time for us to stop blaming our financial situation on all of the external sources that may have a slight effect on our lives, but definitely do not amount to the difference between success or failure when it comes to our money life. It is time for us to recognize that the knowledge we need to live the money life we want is ripe for the taking and right in front of us every second of every day. It is time for us to take responsibility for the actions we take and the actions we don't take and how they shape our own personal financial situation.

And remember, just like eating, sleeping and breathing are to our physical health, if we want a healthy money life, we must never stop tracking and never stop learning.



About

William L. Savastano is a business professional and two time Society for Technical Communication Award Winner with over two decades of experience in the corporate arena. William trained extensively in advertising and marketing copywriting, technical writing, journalism, and both print and electronic publishing. William's body of work includes a large volume of marketing content, collateral materials, websites, operating manuals, technical manuals, as well as inclusion in national publications and a number of published poems and short stories.

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