

A LESSON FOR OUTSIDE THE CLASSROOM: MONEY MATTERS

by:
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The ugly truth: education about money is not something we, the teachers, impart inside our classrooms. Unfortunately, money is so important in our daily lives that it becomes a source of problems and frustrations for a lot of people.

In our families, the support of the children has become so problematic that a lot of parents—mothers, would resort to filing criminal complaints against their partners for renegeing on this legal obligation. Worse, families are breaking just because of money! In business, people resort to fraudulent schemes just to get the finances they so hope to accomplish. These schemes lead to tarnishing integrity, broken business relationships, and worse, economic difficulties for those involved.

So, how can we face these challenges? We should face the fact that money matters! Here are the three Ls about money that we need to internalize and apply in our lives.

First L: Learn how to handle money. Learning to handle money is a life hack. Once we learn how to value and appreciate it and learn the intricacies surrounding it, it can change the very trajectory of our lives. Money appears and disappears, but if we know how to earn it and how it works, we will gain power over it and begin accumulating it over time.

We can learn about money by reading literature on the subject. Among the many books on personal finance are "Rich Dad Poor Dad" by Robert Kiyosaki and Sharon Lechter and "The Richest Man in Babylon" by George S. Clason.

We can also emulate the careers of rich businessmen. By observing and learning from the experience of people like Henry Sy, Warren Buffet, or Elon Musk, we ought to understand how to apply in our lives lessons from their successes and failures alike.

Second L: Live way beyond the means. For every ten coins we have, use only nine and save one. Over time, the money we save will grow and will satisfy us.

We can only save by making sure that our expenditures are below our income. I learned a few years ago that the correct formula is not “income minus expenses equals savings, but rather, it should be “income minus savings equals expenses.” Do you get it?

It means that we should set aside fixed savings instead of waiting for a leftover from our expenses. This way, we make sure that there is money set aside for our future, whether it be for emergency purposes or some future projects or investments.

Make saving a habit. No matter how small we set aside every month, please do so. If we add up the small sums by the number of days or months we practice this habit, it will grow! There is a saying, “It is not how much you earn, but how much you save.” This is definitely true.

The Last L: Lifelong Investment. The Bible has a very remarkable story about this: the Parable of the Talents. Found in Matthew 25:14-30, this parable tells the story of three servants to whom their servants entrusted properties or wealth. The two used the properties or wealth entrusted to them and doubled it, while the last one buried the thing given to him out of fear.

Our savings will only grow by investing in a profitable business. If we think about it, the one who buried the property or wealth lost the value of it because of inflation. No kidding.

Another useful concept to encourage us to invest is the power of compounding interest. The interest earned on both the original investment and the interest earned over time is referred to as compound interest.

As investment and savings, compounding interest works to our benefit considering our returns earn returns. The higher we invest, the higher our interest will be and the longer we invest and the longer period we invest, the higher our interest will be. Imagine how much wealth can we accumulate if we do set aside money and invest it for a very long time, perhaps our lifetime.

In summary, here are our three L's: we should first learn how to handle money, live way beyond our means, and engage in lifelong investment.

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