Money Advice from Warren Buffett

Description



A friend shared this â?? quotes from my favourite investing legend!

My value investing mantra is very much influenced by the style of Warren Buffett. Buy value companies and avoid the junk ones. Buy value companies when they're trading at less than what they're worth.

Reading his annual letter to shareholders always opens my eyes to more golden nuggets of wisdom!

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I can really identify with this. I don't need so many new clothes, makeup or shoes (but pretty things are still my weakness..) and I consciously rein in my spending on that because I need the money for the future. If I spend it now, I'll have to sell other items to fund my future expenses.

What am I saving for?
â?? my upcoming #dayrehome
â?? renovation of our home
â?? hospital bills for my dad, who's very sick
â?? potential hospital bills for my in-laws, who aren't insured
â?? kids

The list goes on.

I started saving since my first paycheck (and that was how, in my first year of work, I managed to save $20,000 even though I was earning a paltry $2500 every month compared to my peers raking $4000). Because of my savings from then, we don't have to borrow or rely on our parents for our upcoming expenses. The only thing they paid for was Guo Da Li and my Si Dian Jin, because it was something they wanted and not us.

It is so sad to think that everything I've saved for 365 days will be gone in a single one-day event though. #dayrebrides Weddings seriously are expensive affairs. There's just so many things you've to pay for that the expenses really creep up â?? and I'll probably do a blog post on this after the wedding to share on our experience if you guys wanna read?



When people ask me for tips on how to save more money, the first one I give them is always this.

Save first, then spend. Too many people do it the other way round, which is why they often find they don't have much money left at the end of the month to put into their savings.

If you force yourself to get by with $800 a month, you'll find a way to make it work. But if you give the average person $2000 a month, they'll probably only end up saving $100 or less.

Don't underestimate the psychology of money. When you see it, you subconsciously make decisions to spend it.

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"Eh I still have $1.5k left this month, I can afford that Starbucks coffee now la."

"$800 left and I still have a week left to go! No harm buying that gelato."

"Dinner at (insert atas cafe name) tonight? I just got my paycheck, okay let's go reward our tummies!" #dayrefatties

And on and on and on. I know, I'm guilty of the same, trust me.

Which is why when I lock up my money at the beginning of the month, it forces me to NOT overspend. If I only have $50 in my wallet until the weekend, I can't afford that taxi ride. I'll just have to wake up earlier to take public transport.



I then realised in my second year of work that there was very little I could do to ramp up my savings anymore, because I was already frugal enough. Even though I cut out more stuff, I didn't manage to save substantially more. That year, I also discovered the wonders of Carousell (and Carouhell) and managed to sell quite a lot of the extra bags and clothes I had lying around with no use for. I also sold my #dayrebeauty makeup and some electronics.

All the money I got from this "second source of income" then went straight into my savings. I didn't spend a single cent of it.

Building up all these side sources of income eventually helped me to save more money for investments. I then used these money to grow even more money for myself.



During the great global financial crisis, there were news stories of people going bankrupt or committing suicide because their stocks dropped by so much. Their lives were ruined.

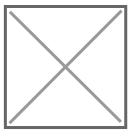
During this same period, there were investors who stayed calm and continued buying stocks amidst all the panic.

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A few years later, the recession was over and stocks corrected back. The first group were ruined, and said, if only I had savings then to buy!

The second group pocketed the earnings with a smile.

Diversify. There will always be risks in any stock. When you spread your money out, you'll be less hit by a single event than everyone else.



Accounting fraud. Company management and their lies. They pay themselves high salaries but the company has not been making money for its investors. They tell you it'll take a while before their efforts bear fruit.

Excuses, excuses, everywhere.

Don't expect everyone you meet to be honest to you. Make your own judgment call. Validate their claims and decide for yourself if it was #salestalk or genuine words.



Finally, this one speaks for itself. #adulting is real guys.

Category

1. Investing
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