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Volume 01, Issue 27: Take Control of Your Cashflow

Do you often find yourself with more month at the end of the money? If only we could earn more money, our financial problems would be over, so we imagine. However the fact is, if cashflow management is the problem, more money will not make us wealthy. The value of money is not on the amount. The value of money is on its usage.

You may have seen many poor people win millions in lotteries and return back to abject poverty; sometimes much worse than they were before they won the millions. This is because more money does not make one rich if the problem in one's financial well being is in the way they manage their cashflow.

Children who grow up with the message of poverty reinforced by their parents have instilled in them a *'we can't afford it'* mindset. They grow up with a new meaning of wealth; one different from the true meaning of wealth. As young adults earning high incomes, they resort to heavy spending and label themselves rich. To them, wealth is defined by the permanent and effortless flow of cash rather than the quantity of money they are controlling.

Our societal view of wealth is defined by the likes of fancy cars, impressive phones, lavish clothes and accessories, and so on. Spendthrifts with or without large cashflows are deemed wealthy. Acquiring toys of heavy spending by those who may genuinely have high incomes is perceived to be wealthy even when their large cashflow is being directed to waste instead of wealth creation.

Our emotions come to play in cashflow management. Each of us has a personal perception of the use of money and we have various emotions associated with spending it. People with a spending orientation feel good about themselves when they spend money. On the other hand, people with a saving orientation feel good about themselves when they save and invest money.

Millionaires live well below their means. In their book *The Millionaire Next Door*, Thomas Stanley and William Danko observed that affluent people typically follow a lifestyle conducive for accumulating money. Millionaires learn to take control of their emotions, which results in a strong control of their cashflow through frugal financial behavior.

Your wealth is measured by the number of years you can live at the same standard of life you have today after retiring from active work. Take control of your cashflow. Learn the true meaning of wealth and make it your reality.

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