

# WHY DIDN'T THEY TEACH ME THIS IN SCHOOL?



99 PERSONAL  
MONEY  
MANAGEMENT  
PRINCIPLES  
TO LIVE BY

CARY  
SIEGEL = &

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## A Gift to My Children

*Sam, Sabrina, Julia, Jack, and Luke: I hope the wisdom you gain from this book will allow you to avoid the financial pitfalls of my generation.*

### Caveat to All

*Understand this is one man's perspective that he is giving to his children. It worked for me in my early years and works for me now as I am firmly entrenched in middle age. Hopefully, it will help others think about their own personal money management. As young adults mature, so should their money management skills.*

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## **FOREWORD**

## **LIFE LESSON**

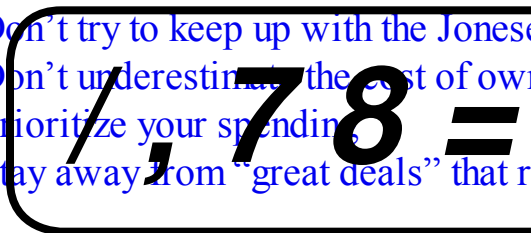
- Principle 1:** Marry the “financially right” person
- Principle 2:** Stay married to the “financially right” person
- Principle 3:** Having and raising children costs lots of money
- Principle 4:** Always live below your means
- Principle 5:** Take care of your “stuff”
- Principle 6:** Expand your circle of friends/associates and keep in touch with them
- Principle 7:** You take away more from your first couple of jobs than you give
- Principle 8:** Spend just one hour each week learning about personal finance
- Principle 9:** Get rich slowly
- Principle 10:** Set (realistic) short-term financial goals
- Principle 11:** Set (realistic) long-term financial goals
- Principle 12:** Always know the score—your net worth

## **BUDGETING AND SAVING LESSON**

- Principle 13:** Develop a written budget and evaluate it every single month
- Principle 14:** Give yourself an annual financial physical
- Principle 15:** Save/invest 50 percent of every salary increase
- Principle 16:** Save 90 percent every bonus (or nonplanned income)
- Principle 17:** Understand your employee benefits; they are worth significant dollars
- Principle 18:** Always have an emergency fund
- Principle 19:** Have an emergency month every January
- Principle 20:** Coupons make \$ense
- Principle 21:** Shop around for discounts on all products and services
- Principle 22:** Make sure you mail in your rebate offers right after your purchase
- Principle 23:** Have a saving versus a spending mind-set

## **SPENDING LESSON**

- Principle 24:** Don't try to keep up with the Joneses; they're going bankrupt
- Principle 25:** Don't underestimate the cost of ownership
- Principle 26:** Prioritize your spending
- Principle 27:** Stay away from “great deals” that really aren't



- Principle 28:** Stay away from “small bargains” that really aren’t
- Principle 29:** Determine what everyday products and services are important to YOU
- Principle 30:** Make sure the luxuries you afford yourself are truly important to YOU
- Principle 31:** Before you buy anything expensive, STOP and think about whether you really need it
- Principle 32:** Drop “unhealthy” spending habits
- Principle 33:** Know what your monthly bills are, and take action when they are increased
- Principle 34:** Pay all your bills ON TIME every single month
- Principle 35:** Don’t forget to pay the government—on time
- Principle 36:** It’s OK to overpay the IRS (by a little) over the course of a year
- Principle 37:** Check every bill you get, especially those for health care
- Principle 38:** Review and keep all your receipts
- Principle 39:** Buy a car that fits in your current budget
- Principle 40:** Purchase last year’s model on high-ticket items
- Principle 41:** Negotiate everything
- Principle 42:** Spend now to save later

## DEBT AND CREDIT CARD LESSON

- Principle 43:** Debt is bad
- Principle 44:** If you are in debt, get out of it quickly
- Principle 45:** Just say no to credit cards; do not get a credit card in college
- Principle 46:** After college, have a maximum of only one credit card
- Principle 47:** If you have to have one credit card, pay the balance every month
- Principle 48:** Develop and maintain a good credit rating
- Principle 49:** Maintain a good FICO score
- Principle 50:** Understand the time value of money

## INVESTING LESSON

- Principle 51:** Manage your own money
- Principle 52:** Don’t fall for “get rich quick” schemes
- Principle 53:** Don’t look for the financial home run; singles and doubles result in the long-term win
- Principle 54:** Don’t invest in just a few stocks (or investments)
- Principle 55:** Don’t play “hunches” in the stock market and don’t invest in a friend’s “can’t miss” tip
- Principle 56:** Easy investment management at a young age: purchase three or four stock index mutual funds
- Principle 57:** Always buy no-load rather than load mutual funds
- Principle 58:** Invest in your 401K—at least to the company match
- Principle 59:** Don’t invest with family and friends (or loan them money)

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# HOUSING LESSON

- Principle 60:** Renting—Rent, don't buy (until you're settled)
- Principle 61:** Renting—Budget 25 percent of your gross salary (maximum of 30 percent)
- Principle 62:** Renting—If you have paid one month's security deposit, don't pay your last month's rent
- Principle 63:** Buying a house—Buy less house than you can afford
- Principle 64:** Buying a house—The top two considerations are location and price
- Principle 65:** Buying a house—Evaluate the house using specific criteria
- Principle 66:** Mortgage—Make sure your down payment is at least 20 percent of the purchase price
- Principle 67:** Mortgage—Make sure your monthly payment doesn't exceed 28 percent of your gross salary
- Principle 68:** Mortgage—Shop around for interest rates
- Principle 69:** Mortgage—Get a fifteen-year mortgage

# INSURANCE LESSON

- Principle 70:** Always choose the highest deductible for home and automobile insurance
- Principle 71:** Renter's insurance—Don't forget to get it
- Principle 72:** You must have health insurance
- Principle 73:** Term life insurance works best for young adults

# QUICK TIPS

- Principle 74:** If it's offered, take the house down payment (or the big check) versus the big wedding
- Principle 75:** Don't invest your time and money in multi-level marketing programs
- Principle 76:** Drive your car until it drops
- Principle 77:** Read your automobile manual cover to cover
- Principle 78:** Don't purchase extended warranties on cars, electronics, appliances, and televisions
- Principle 79:** Don't buy premium gas for your car—it's just not worth it
- Principle 80:** Don't ever do "rent-to-own"
- Principle 81:** It's OK to buy grocery/drug generic products, and doing so saves you lots of money
- Principle 82:** Bring your lunch to work as often as possible
- Principle 83:** Don't purchase the first generation of a product; wait until the second, third, or fourth
- Principle 84:** Invest in surge protectors for your expensive electronics
- Principle 85:** Invest in a fireproof safe
- Principle 86:** Set up a home filing system to keep track of all your financial records
- Principle 87:** Manage your electric bill
- Principle 88:** Learn how to fix "things"
- Principle 89:** Read every line of every contract you sign

**Principle 90:** Avoid lawsuits unless absolutely necessary

**Principle 91:** Make no oral agreements for any significant purchase or sales

**Principle 92:** Get your books at the library

**Principle 93:** Reconcile your checking account every month, don't bounce your checks, and use only your bank's ATM

**Principle 94:** Set up both a checking and a savings account

**Principle 95:** There is no such thing as free checking

**Principle 96:** Get a good accountant (whom you can trust)

**Principle 97:** Use cash as often as possible

**Principle 98:** Approach your job following the three P's: passion, politeness, and persistence

**Principle 99:** Successful personal money management is all up to you

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# FOREWORD

Although I was fortunate to attend an exceptional high school, college, and business school, none of these schools provided me with even a cursory understanding of personal money management.

This is amazing considering I attended one of the top business schools in the country and graduated with a finance concentration. Thus, nothing you will read in this book comes from a textbook. It comes from experiences I've had and events I've witnessed over time.

It still amazes me that high schools and colleges don't make personal money management courses mandatory. Young adults go out into the world as versed in this area as they were when they were infants. Yet, being able to manage your personal finances is essential to the long-term success of anyone entering any occupation. More importantly, it is essential to managing one's everyday life.

My hope is that I provide young adults (and older adults) with the principles that will allow them to live prosperous lives by making good, sound personal financial decisions.

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## MARRY THE “FINANCIALLY RIGHT” PERSON

When I say this, I don't mean marry a financial genius or someone who is wealthy. Marry someone who has good financial habits. This personal quality is often ignored during the “courting” process. In fact, you are usually trying to impress the opposite sex with expensive dinners, extravagant dates, and impressive presents.

If you can't afford something when you're dating, you most likely won't be able to afford it when you're married. Show your partner who you really are financially, and make sure he or she shows you who he or she is before marriage. Don't surprise your partner by changing your financial habits when you're married (and ask the same of your spouse). At that point, it will cause significant issues. Money is one of the biggest things couples fight about.

Talk about your “money philosophy.” Are you a saver? Is she a spender? Do you believe in debt? Do you want to own a home? What are your assets? What is her salary? Does she owe money? What are the credit histories and credit scores for both of you? Does she have a budget and adhere to it?

These are easy questions to answer but not so easy to ask. They are so important, though. You need to have full disclosure of your past, present, and future financial lives. You will learn not only a lot about your potential future spouse but quite a bit about yourself.

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