

## The Million Dollar Minute

By Douglas Niedt

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### **RULES TO LIVE BY TO STAY FINANCIALLY HEALTHY**

I'm Douglas Niedt. Thanks for joining me for this million dollar minute. Today's topic is: 9 Rules to Live By To Stay Financially Healthy.

1. **LIVE BELOW YOUR MEANS.** Keep track of how much money you earn. Do not spend more than that!

If you want to spend more, you will have to earn more. If you can't earn more, cut your expenses. If you aren't keeping up with your expenses, cut every expense possible. Get a cheaper place to live. Move in with a friend. Move back into your parents' place. Shop more carefully to save on groceries. Stop eating out. Cut your utility bills. You know these things, they're very basic.

In your early career, the amount of extra money you have at the end of the week is determined more by how many expenses you can cut rather than how much you earn. And whatever you do, do *not* spend in anticipation of increased earnings. If you are expecting an increase in earnings, wait until the money is in the bank before you start buying stuff.

2. Begin investing and saving early in your life. Just like beginning to learn the guitar when you're very young pays big dividends later, saving early in life makes a huge difference in wealth accumulation.

**3. LIVE BELOW YOUR MEANS.**

4. Planning, budgeting, and living frugally are essential elements to building your wealth over time, even if you are lucky enough to earn a high income. Because of the vagaries of the music business, you must think about your future. Ideally you want to achieve financial independence. That means being able to maintain your current standard of living for years without earning a paycheck from a job. Even those who earn high incomes must live below their means in order to become financially independent.

A proven correlation exists between financial planning/budgeting and wealth accumulation. People who successfully accumulate wealth and/or have successful businesses have a strong habit of planning and keeping track of their finances.

At the very least, you want to avoid having to eat cat food in your later years (in my book see the chapter, "It's a Road, Not a Racetrack"). I warn you. You can be a great musician, have a strong mission, and achieve great success and still end up dirt poor when you're sixty if you don't think about these things now. And yes, I know playing the guitar and working on your mission is far more engaging than working on planning your financial future. But make the time. Take the time. Do it.

**5. LIVE BELOW YOUR MEANS.**

6. Begin tracking your expenses and set up a budget. You are an entrepreneurial guitarist—control your spending. This means personal spending as well as your business spending. If you don't know how much you typically have spent on services or products in the past, controlling future spending will be difficult. Keep an accurate record of every penny you spend. Many books, articles, and computer programs such as Quicken are available for setting up budgets and tracking expenses.

Don't tell me you don't have time to do this. Don't tell me you can't figure it out. Don't tell me you are making good money and don't need to do it. I used all those excuses and ended up spending money unnecessarily. Had I saved and lived more modestly, I could have used more money for creative projects and achieved financial independence by the time I was fifty.

**7. LIVE BELOW YOUR MEANS.**

8. Choose your mate very carefully. In the current legal climate, entertainer types (even classical musicians) are considered easy prey by divorce lawyers. Whether you are Paul McCartney or an unknown, if you are making income from creative projects you will be hit very hard in the courts. Judges seem to think your creative ability is a source of unlimited income, and having over half of everything you own taken away from you and given to the opposition is perfectly fair. After all, you will earn it back in no time. They also seem to think that since you are one of those artistic types, the failure of the marriage is all your fault anyway. Be very careful whom you marry. Have a pre-nuptial agreement drawn up by your attorney. I don't care if you're in love and you are positive it will last forever. I don't care that you're too busy practicing the guitar or in the middle of writing a song. Call your attorney well before the wedding date.

And finally number 9 of our 9 Rules to Live By To Stay Financially Healthy,

**9. LIVE BELOW YOUR MEANS.**