

“The Richest Man in Babylon” by George Clason

Notes for students without additional detail

Introduction

“What can a book written in the 1920’s tell modern investors about their finances? A whole lot if it is George Clason’s delightful set of parables that explain the basics of money. This a great gift for a graduate or anyone who seems baffled by the world of finance and a wonderful, refreshing read for even the most experienced investor.” *Los Angeles Times*

“Ahead of you stretches your future, like a road leading into the distance. Along that road are ambitions you want to accomplish. To bring your ambitions and desires to fulfillment you must be successful with money. Use the financial principles made clear in the pages that follow. Let them guide you away from the stringency of a lean purse to a fuller, happier life a full purse makes possible.

“Like the law of gravity, these laws of money are universal and unchanging. May they prove to be for you, as they have proven to be for so many others, a sure key to a fat purse, larger bank balances and gratifying financial progress.”

The 7 cures for a lean purse (or how to create wealth when you have little)

1. Start thy purse to fattening

- a. For every ten dollars you make, save one
- b. You’ll start to feel good as your savings grow, even if it’s in the bank
- c. Don’t make fun of it because it sounds simple. Truth is always simple. This is how rich people started toward wealth.
- d. Funny thing is you’ll get used to living on less money

2. Control thy expenses

- a. That which we call “necessary” will always grow to meet our incomes unless we stop
- b. Don’t confuse “needs” with “wants”. We all have more desires than our earnings can pay for no matter how much we make.
- c. Even rich people have limits to what they can have in life – not enough time, strength, health, true friends

- d. Make a budget for yourself. Think of your budget not as a restriction...but as the way to create wealth for yourself so that you don't waste money on things you don't truly need. Be sure to budget for things you enjoy as well as long as you don't use the money you are saving in #1

3. Make they gold multiply

- a. Find a place to invest that 10% from number one
- b. Don't let fear or lack of knowledge or boredom keep you from learning about how to invest your money.

4. Guard thy treasures from loss

- a. Be careful who you invest with
- b. Be careful who you loan money to
- c. Get your knowledge from people who have done what you want to do successfully

5. Make of thy dwelling a profitable investment

- a. Own your own house or condo as soon as logically possible
- b. Each payment per month gets you closer to total ownership rather than rent which does nothing for you

6. Insure a future income

- a. Everyone eventually becomes old - even you - so best to prepare while young
- b. You will want to be able to provide for your spouse and children

7. Increase thy ability to earn

- a. Get more training in what you do for a living.
- b. Learn to do more things so you will be of value to those who may want to hire
- c. Don't let yourself be left behind because you didn't want to keep up with what's new