

The True Financial Death!

Do the thing, get the power. – Ralph Waldo Emerson

It's the day after Christmas and I find myself at a Starbucks at about 5:45am, while my wife and family are still sleeping for another couple of hours. We are just passing through for the night on our way to Bryce National Park.

I was absolutely amazed how many people were here on Christmas night when we were checking into our rooms. So many people sucked into the casino to gamble away their hard earned dollars in hope of that big payday.

Little do many of these people know, the payday that they are hoping for will never arrive. I long ago realized that the casinos are in this business for a reason, and it is not to play Mother Theresa. They certainly are not in the business of handing out buckets of money like the billboards would have you believe.

This got me thinking about one of the biggest and most consistent mistakes that I see people make with regard to building their financial future...or the lack there of.

The True Death

No, this has nothing to do with being a vampire and suffering the so called "true death" and meeting your end with a silver stake. However, this common mistake could absolutely slaughter your dreams of financial freedom.

So what is it?

The Lottery Ticket Mindset

If you truly want to reach financial freedom and practice sound wealth building strategies, you will do whatever it takes to avoid this mindset at all cost. The biggest thing to remind yourself is that **you are the rule and not the exception**. Remember that on High Risk propositions that the probabilities are not in your

fever. So what kinds of activities should you avoid?

1. **Gambling** – Whatever you do, stay away from the casinos. They are in business to take your money. They have the edge against you on every game in the house. Yes, people get lucky...but the reality is that it is likely not going to be you. I watched my grandparents gamble away tens of thousands of dollars a year. They were somehow able to convince themselves that the free buffets and hotel rooms made it all worth it. They failed to realize that they were getting pennies on the dollar back.
2. **High Risk, High Reward, and Low Probability** – When I was in college and first getting involved in the financial markets I found what I thought was the “ONE,” you know what I am talking about. I found the needle in the haystack or the so called Unicorn that I was sure would make me a rich man. It was a biopharmaceutical company that had been developing a cancer drug that hinged all its success on an eminent FDA approval and ruling. They needed to prove a statistical significance in fighting cancer. Needless to say I poured \$14,000 or about 80% of my portfolio into this stock only to recover ten cents on the dollar weeks later. This is not to say that there shouldn't be room in your portfolio for higher risk investments, but it should be kept at 10% max.
3. **Playing the Lottery** – Over 50% of Americans play the lottery. You don't know how many dirty looks I have gotten over the years for passing on buying into the lottery pools when the jackpot is \$300M or more. I don't like wasting money, and I understand the math...and guess what, we have no chance at winning. The saddest part about all of this, is people will play the lottery but they won't contribute to a retirement account. Or you see those winners in the Deep South with no teeth who just won. They go on to explain that just before the lottery they couldn't afford to get milk for their family, but here they were buying a pack of cigarettes and a lottery ticket. This absolutely baffles me.

There are probably plenty of others you can think of to add to the list. But I think you get the point. If it sounds too good to be true, the rule of thumb is to just walk away.

Avoid the Quantum Leap allure. Instead let the power of compounding work in your favor by practicing sound financial decisions. Just remember that a penny doubled for 30 days is over \$10M on the 30th day. The power of compounding paired with good financial discipline is the key to your financial freedom.

– Gen Y Finance Guy



Gen Y Finance Guy

Hey, I'm Dom - the man behind the cartoon. You'll notice that I sign off as "Gen Y Finance Guy" on all my posts, due to the fact that I write this blog anonymously (at least for now). I like to think of myself as the *Chief Freedom Officer* here of my little corner of the internet. In the real world, I'm a 30-something former C-Suite executive turned entrepreneur turned capital allocator. I am trying to humanize finance by sharing my own journey to Financial Freedom. I believe in total *honesty* and *transparency*. That is why before I ever started blogging, I decided that I would share all of my own [financial stats](#). I do this not to brag, but instead to inspire motivate, and also to hold myself accountable. My goal is to be a beacon of hope, motivation, and inspiration for *you*, the reader, by living life by example and sharing it **all** here on the blog. My sincere hope is that you will be able to learn from me - both from my successes and my failures! [Read More](#)