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28 Mistakes That Destroy The Financial Life Of people ---

A Mega Thread -



Inspiration- [@FI_InvestIndia](#) [@warikoo](#)

Grab Your Cup ■ of Coffee and let's Get Started --

1. Buying insurance policies for investment purpose:

Have you invested your money in insurance plan to get a return in future?

Big mistake! Out of 100 people I have spoken, 95 have made this mistake..

Very few people understand the difference between term plan, endowment plan, etc.

2. Not able to crack the credit card mystery:

Are you paying the minimum amount due on your credit card payment?

If yes, you are trapped in credit card mystery.

On the other side, very few people really enjoy the benefits like free lounge access, buy one get one movie ticket, etc.

3. No idea about the power of compounding:

Everyone has come across the formula of compounding but very few people really understand its power.

This is the reason people do not start saving early and hence lose out on the power of compounding.

Albert Einstein said that

" the power of compounding is the eighth wonder of the world."

4. Buying stocks based on tips without any knowledge:

You will find every Tom, Dick and Harry giving stock tips over Facebook, Whatsapp and TV.

Unfortunately, a lot of people fall in a trap of these people and invest money without any knowledge.

What is the end result?

They lose everything!

5. Becoming a victim of lifestyle inflation:

Moving from 2bhk to 3bhk just because you have got a good hike, upgrading your car because you have got some bonus are some of the examples of lifestyle inflation destroying financial lives.

6. Buying things just because they are on discount:

From Amazon's "Great Indian Sale" to Flipkart's "The Big Billion Days", everyone is encashing on the weakness of Indians buying things just because it is on discount.

Funny thing is now you will find such sales every other month.

7. Getting tempted to go for an exotic vacation just because someone put a post on Facebook and Instagram:

Instagram and Facebook are introduced as Social Media Platform but they are actually destroying the entire social fabric.

Friends are jealous of each other.

Most of them are just social media friends.

Facebook and Instagram are more of a marketing platform where people post stuff just to get some likes and companies promote their product and services.

8. Spending a bomb on weekend parties: 5 days work and 2 days party:

This is the new culture in India.

Pubs are jam-packed on weekends where people would spend a bomb on drinks.

By the end of the month, they are left with no money.

9. No track of cash flow:

Very few people keep a track of their expenses.

Most of them just don't know where the money is gone.

10. No emergency budget:

Not having any extra money in the case of an emergency results in embarrassing situations of borrowing money from friends and relative.

Some people even break their investments and make a big mistake.

11. No medical insurance:

I have seen people losing out the lifetime savings just because they did not take medical insurance.

One accident can shatter all financial dreams.

Better be insured.

Healthcare cost is rising and it is impossible to manage it without insurance.

12. No financial plan:

People do not know why they need to save money because they don't know their financial goals.

13. No diversification:

Some people would invest all their money in real estate, some would invest all the money in gold, some would just keep it in the locker, some would invest all the money in the stock market.

Very few people understand the right way of diversifying the investments.

14. Spending all the hard earned money on children marriage:

Thanks to our hypocritic society!

People save their entire life just to spend all the money on random relatives who only bother about the food and arrangements.

What is the topic of discussion at weddings?

"Sharma ji ne to unki beti ko car gift kari.
(Mr Sharma has gifted a car to his daughter)".

“Mehta ji ne unki beti ko 50 tola sona diya”
(Mr Mehta has gifted 500-gram gold to his daughter.)

15. Buying excessive gold only to keep it in the locker:

Gold worth lakhs is kept in lockers only to be used once or twice a year.

This is resulting in the money getting blocked and hence not getting any returns on it.

16. An extremely conservative approach with investment:

Traditionally, people have been risk-averse.

They would just have an FD and live on 6–7% annual interest.

Some would just keep the cash at home.

17. Lack of clarity between asset and liability:

Having a car is not an asset because it consumes fuel and has a maintenance cost.

Its price will only depreciate in the future.

Car is a necessity but people spend a lot of money and even take the loan to buy a luxury car over and above their budget.

18. Considering frugal as cheap:

A lot of people confuse economic spending with being cheap.

An economic spender does not compromise with quality but does his research well enough to buy the product or service at the lowest rate.

19. Procrastinating investment decisions:

“I will invest from tomorrow”.

But the problem is that tomorrow never comes.

20. Spending a lot of money on fancy stuff:

A fancy car, a fancy house, a fancy watch, a fancy vacation.

People want fancy stuff and willing to pay a premium irrespective of the value it generates.

21. Lack of patience:

"I can't wait for my wealth to grow.

I want to double my investments in 6 months.

I need to invest in the stock market."

A lot of people lose their lifetime of savings because they don't have the patience to understand the investment option and would blindly trust anyone with their investment.

22. Depending upon others for investment decisions:

"I don't know anything about investment. Please manage my money."

Unfortunately, a lot of people are dependent upon others with their hard earned money.

This is the reason we have a lot of self-proclaimed experts.

23. Not discussing the money matters in the family:

Discussions related to money are considered as a taboo in Indian families.

Nobody really discusses money matters.

24. Getting too greedy with investment:

People blindly invest their money in penny stocks, day trading, futures and options.

They eventually lose all their hard earned money.

What is the root cause?

GREED.

25. Buying stocks at the peak and selling on fall:

Most of the retail investors get over excited with a rising market and invest when the market is at its peak.

Eventually, the market corrects and they sell the stocks at a loss.

26. Wasting time on unproductive things:

Rather than learning new stuff and growing the skillset, people end up wasting time on social media.

27. Lack of disciplined investment:

Instead of spending what is left after investing, people invest what is left after spending.

This results in indisciplined investment.

I leave the 28th Number for You.

What do you Think Destroy the Financial Life of People?

Comment ■

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