





## **Financial Education**

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## Re-Educating Yourself Financially

Okay, so you're old enough to understand what you're doing. Maybe you're in your thirties, perhaps you've moved into your forties, or well into your fifties.

It doesn't matter how old you are because unless you have a mountain of investments and savings, and unless you know that you're going to be more than okay come retirement, or that your business is doing well and can survive just about any situation, then you might need a little bit of support, guidance, and maybe even some new ideas when it comes to your financial health and life.

*I own a house, my own business, and I'm doing just fine, thank you.*

Okay, great. Congratulations. So you don't need to reeducate yourself about anything to do with finances, right?

Let me ask you a couple of quick questions first, though:

1. Is your house fully paid for or do you have a mortgage?
2. What about your business? Is it leased or on your property?
3. What about your cars? Do you use your personal vehicle for work?
4. How are your quarterly reports?

5. What kind of debts do you have? Credit cards? Business accounts?
6. Do you borrow money from the bank to make payroll every month?
7. How many months can you go on holidays continuously for before you go broke?
8. What happens if there is a sudden change in trading conditions that causes your business to stop trading for 3 months?

Most small business owners actually do borrow money from their primary lender from time to time to make payroll. This is most common around their quarterly tax reporting times because they didn't set aside the right amount of taxes to cover their bill and they have to dip into their payroll money to pay their employees.

What about those credit cards? Do you have high balances that you carry around? If so, at what interest rate?

Did you know that when you save money in a savings account while carrying high interest credit card debt, you're actually just throwing money away?

It may sound crazy, but it's true.

Okay, now that we've established that you might not know everything about financial health and prosperity or things that you could be doing to put yourself or your business in a better financial position, now it's time to think about *re-thinking* what you know about all of this.

It's time to reeducate yourself financially.

Times have changed. No one can escape that simple fact, the economy is not the same as it was just a few short years ago and the environment for small business is as hostile as ever. The wrong moves, the wrong choices and you could find yourself struggling to survive, all because of *financial* decisions that you make now.

We often hear "Cash is king." In business, I personally don't agree 100% with that statement.

The biggest problem that the above statement so widely misunderstood in business is because we haven't been properly trained in the area of financial education. The problem is our formal education system does not equip us properly in this area and no wonder so this is such a big reason why it causes so many businesses to go broke.