

Money is won or lost at the habits level

Written by Lillian Chebosi
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Today I am inspired by the merry go round idea that many ladies relate to as a savings group or Chama. Most of us have been in a Chama at one point or another for purposes of contributing a set amount of money per a set cycle of time. The money collected in a particular Chama sitting is given to the one whose turn to receive has matured. Let's say you are in a Chama of ten women and you contribute 1,000 shillings a month, nothing substantial on your budget, but a worthwhile saving none the less, as far as you are concerned. You are number 10, so after contributing for ten months, you receive 10,000 shillings from the Chama. What do you do with this 10,000 shillings? Do you invest it or save it for future investment? Or do you immediately transfer it to your spending pool, treat yourself, buy something for your house? Do you buy an appliance for your kitchen and feel you have made a great investment? But think about it. Is this really an investment? Were you really saving when you contributed that 1,000 shillings a month if this is how you end up spending your receipt?

Savings is money which leaves your hand and doesn't come back. We save when the money we have set aside is somewhere growing. It is the act of your money leaving you permanently for growth. Are your habits winning you money or losing you money? Of importance is not the amount you save but the savings habit you cultivate. You can be a millionaire in habits by doing things that will create you millions. Your wealth is measured by the number of days you can live at the same standard of life today after retiring from active work. How wealthy are you today? How many days would you be able to live at your current standard of life if you retired from active work today? The more you save from your daily earnings the more wealthy you are. Experts advice we save 30% of our earnings every day. Save a minimum of 10% for emergencies, a minimum of 10% for charity/community and a minimum of 10% for investments daily.

Emergency savings is important for the day when nothing else is available. It should grow to an equivalent of at least 12 months of your living expenses. Emergency savings is strictly your money. It is not for meeting other people's emergencies.

Investment savings is for growth. It's the money you set aside, invest somewhere to earn you passive income. This is the money that works for you.

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Charity/Community savings is the pool of money you set aside daily for givings. It sorts out social costs such as funerals, weddings, other fundraisings and givings to relatives and friends that otherwise catch us unawares and throw our budgets into disarray. Lock givings out of this pool to a maximum of 10% of your daily earnings. Once the pool is exhausted at any given time, discipline yourself to give zero, otherwise any more givings on this eats into your remaining 70% float for spending, and if you are a Christian, 60% since out of the 70%, 10% belongs to God (tithe). Eating into our remaining 60% for spending is what gets us into trouble, isn't it?

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