

Growing Wealth



A man visited a corn farm one day. Seeing the very tall corn stalks loaded with nearly ripe ears, the visitor asked the farmer, “What is your secret to growing corn?” The farmer responded, “Oh, I can’t grow corn. I just create the perfect environment where corn can grow.”

Likewise, the secret to growing long-term wealth and ensuring financial security is to make sure you have created an environment where money can grow, and then patiently waiting for the proper financial “growing season.”

We believe that the majority of mistakes that investors make in their investment lives are not due to the particular stocks, bonds or asset allocations that they choose, but in the behavioral mistakes that they make over time, mistakes that also affect most individual and professional investors. We are only human, and fear and greed are powerful forces of our human conditions. We are typically fearful when we should be greedy, and greedy when we should be fearful. Emotions are the enemy of executing a thoughtful, long-term investment plan. Much like a farmer growing corn, plant your financial seeds and then stand back and let time and patience be your friend. To truly succeed you will need to keep your investing behavior under control, trusting your long-term plan through both sunshine and stormy weather.

We would recommend reading an interesting book, Simple Wealth, Inevitable Wealth by Nick Murray. On the cover of the book there is a picture of a tree. Murray uses the tree as his analogy for a long-term mindset when investing and planning for your financial future:

“You plant a tiny tree in the earth, and a wonderful force of nature causes it to take root, and to grow. You don’t have to do much with it: the air and the water and the nutrients it needs are all around the tree, and it knows how to use them. You don’t dig it up every 90 days to check on its progress. Nothing much will have changed in that brief time, and you might harm the tree. You don’t uproot the tree and store it in your garage over the winter, to protect it from what you regard as bad weather. Though its leaves fall and it stops growing for a season, the tree itself does not die. Give the tree enough room, enough light and enough time. Then leave it pretty much alone. It will give you back air and shade and beauty as it grows – and will go on doing so for your children, after you’re gone.”

Growing trees and growing wealth share the same principles. Save and invest consistently over a long period of time. Plant your financial tree, and then leave it alone to let it breathe, grow and thrive.

Murray also notes that “The importance of individual fund or stock selection is relatively small, when compared to the issue of how the investor himself behaves over time.”

All of the smart portfolio and investing decisions you can make can easily be undone if an investor lacks both patience and discipline, attributes that are typically the most important part of growing wealth over time. Great advice.

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