

## Money too tight to mention?

Sending children to a fee-paying school is a significant financial commitment, and keeping up those termly payments can be a struggle in challenging economic times – especially at this time of year.

If you are feeling the financial pinch, I recommend you ponder the advice of one of the founding fathers of the USA, Benjamin Franklin, who advised, “There are only two ways of being happy: We must either diminish our wants or augment our means – either may do – the result is the same and it is for each man to decide for himself and to do that which happens to be easier”.

I’m broadly in agreement with the sentiment, but whilst “diminishing our wants” (cutting expenditure) may balance the books, it could also have a profoundly negative impact on our standard of living and quality of life. So if we want to maintain our lifestyle and spending habits without eroding savings and jeopardising our long-term financial security, how do we “augment our means”?

Recently I’ve worked with a number of families who have found themselves struggling to address gaps in their longer-term cashflow planning and I thought I’d share the coping model we’ve developed.

In each case, we start with a financial review to clarify current realities. Next, we analyse spending habits to see if there are any opportunities to reduce costs or minimise lower-value expenditure. We then look at ways to maximise net income, reduce tax liabilities and improve investment returns. If all this “financial housekeeping” doesn’t present a total solution we start work on a short-medium term funding strategy to bridge any liquidity shortfalls, then set about creating a medium to longer term “wealth creation plan” to make the numbers add up.

My observation and experience over 25 years of economic upturns and downturns is that (in the absence of any more obvious solution) “intelligent entrepreneurship” is the single most effective, accessible and predictable way of creating wealth. I’ve seen so many “ordinary” people create small, moderate (and sometimes very large) fortunes – often within three to ten years - simply by building well-organised businesses providing a valued product or service at a profit.

But I’ve also seen people struggle to make even a reasonable living wage from a business venture, let alone create wealth, and I’ve learnt a lot of valuable distinctions between those business building strategies that work and those that don’t.

So if there is a hole in your financial plan, and no obvious “financial housekeeping” solution to hand, I strongly recommend you think about building a profitable business with the express intention of selling it (or at least turning it into an income-generating investment that you don’t have to work in yourself) in order to “augment your means”.

Mark Pritchard-Jeffs is an experienced financial planning consultant, adviser and coach. Call 07770 863539 for an exploratory chat without obligation. Full service and contact details are available via his website: [www.pritchard-jeffs.com](http://www.pritchard-jeffs.com).