NOTES FROM: ***The Simple Path to Wealth,*** **by JL Collins**

SUMMARY: This is one of the better investing books out there (out of approximately eight hundred trillion of them), and it comes with a *very* easy-to-follow plan for building wealth over time: *Spend less than you earn. Invest the surplus. Avoid debt.* And that's pretty much it. *Super* simple and effective, but how many people try to overcomplicate everything?

Collins is a personal finance blogger who has built up an exceptionally loyal audience over the years, and he just comes across as a relatively "normal" guy – someone who would invite you over for a barbecue and you'd be excited about going – who actually *cares* about people, wants them to be provided for financially, and to receive the best information on how best to actually *do* that.

The book itself goes a bit deeper into his personal philosophy as well, which is fundamentally about freedom. I can say from personal experience that most people just don't have anyone in their financial lives who cares about them as much as Collins does about his readers. It's also astonishing to me how many people think freedom is so much further away than it actually is.

Of course, freedom *is* far away if you choose to remain financially illiterate and don't take time to learn how the stock market works, what the difference is between an index fund and a mutual fund, what an IRA is, and all this basic financial literacy stuff that he covers in this book. It's a good refresher course, even for people like me who knew much of this stuff going in. It never hurts to stay up to date and renew your knowledge.

You really can't go wrong with this one, and it's full of *awesome* advice that I'd feel comfortable giving myself: take the initiative and learn about how money works; prioritize putting some money away into investment vehicles that are going to take you to financial freedom over the long term; don't buy silly stupid shit that you won't care about next month, when instead you could *invest* that money and buy your freedom for a lifetime. You know, *that* kinda stuff!

Simple Path: Spend less than you earn. Invest the surplus. Avoid debt.

"If you intend to achieve financial freedom, you are going to have to think differently. It starts by recognizing that debt should not be considered normal. It should be recognized as the vicious, pernicious destroyer of wealth-building potential it truly is. It has no place in your financial life."

"Two close boyhood friends grow up and go their separate ways. One becomes a humble monk, the other a rich and powerful minister to the king. Years later they meet. As they catch up, the portly minister (in his fine robes) takes pity on the thin and shabby monk. Seeking to help, he says: 'You know, if you could learn to cater to the king, you wouldn't have to live on rice and beans.' To which the monk replies: 'If you could learn to live on rice and beans, you wouldn't have to cater to the king.' Most all of us fall somewhere between the two. As for me, it is better to be closer to the monk."

“It was my first ‘professional’ job and it had taken me two long post-college years supporting myself doing minimum wage grunt work to find it. But I wanted to travel. I wanted to spend a few months bumming around Europe. I went to my boss and asked for four months of unpaid leave. Such a thing was unheard of in those days. He said ‘no.’ Back then I had no idea that working relationships were negotiable. You asked. Your employer decided and answered. Done. I went home and spent a week or so thinking about it. In the end, as much as I liked the job and as tough as I assumed finding another would be, I resigned. I wanted to go to Europe. Then a funny thing happened. My boss said, ‘Don’t do anything rash. Let me talk to the owner.’ When the dust settled, we agreed on a six-week leave which I spent riding my bicycle around Ireland and Wales. While I might not have initially realized such things could be negotiated, I learned quickly enough. I asked for and received a month of annual vacation going forward. That got me to Greece the following year. My eyes were opened. F-You Money not only paid for the trip, it bought me room to negotiate. I’d never be a slave again.”

“It’s a big beautiful world out there. Money is a small part of it. But F-You Money buys you the freedom, resources, and time to explore it on your own terms. Retired or not. Enjoy your journey.”

“Better to adapt yourself and your attitudes to the numbers than to adapt the strategies to your psychological comfort levels.”

“The more and greater things you allow in your life, the more of your time, money, and life energy they demand.”

“Fast-forward to 2010-14, my daughter’s college years. The all-in yearly cost averaged $40,000 at the University of Rhode Island, also a state school. New York University, her other option, would have run ~$60,000 per year. As a former colleague of mine once said, that’s like buying a new BMW, driving it for a year and throwing it away. Then buying another. For four consecutive years.”

“Unlike other kinds of debt, as truly awful as they are, you can never walk away from your student loans. They survive bankruptcy. They will follow you to your grave. Your wages, and even Social Security, can be garnished to pay them. No wonder banks are falling all over themselves to issue this debt. I am a firm believer in personal responsibility and that debt freely taken on should be faithfully repaid. But the ethics of encouraging 17 and 18-year-olds – who likely have little financial savvy – to almost automatically accept this burden give me serious pause. We are created a generation of indentured servants. It’s hard to see the ethics or benefits in that.”

“I owned my freedom. Freedom to choose when to leave a job and freedom from worry when the choice wasn’t mine.”

“The lines between need and want are continually and intentionally blurred.”

“Stop thinking about what your money can buy. Start thinking about what your money can earn. And then think about what the money it earns can earn.”

“At 8%, $20,000 earns $1,600 per year. So your $20,000 car actually costs you $21,600. The original $20,000 plus the $1,600 it could have earned. But that’s just in the first year, and you are suffering this opportunity cost every year. Over the 10 years you might own the car, that’s 10 x $1,600: $16,000. Now your $20,000 car is up to $36,000. That’s really understating things, however. We haven’t even considered what those annual $1,600 chunks could have been earning themselves. And what those earnings could then have been earning. And so on. Should you not already be depressed enough about all this, remember that the $20,000 is gone forever and so is the $1,600 in lost earnings year after year with no end. At the end of the day, it’s one expensive damn car.”

Warren Buffet: “The Dow started the last century at 66 and ended at 11,400. How could you lose money during a period like that? A lot of people did because they tried to dance in and out.”

“Mr. Buffet talks in terms of owning the businesses in which he invests. Sometimes he owns them in part – as shares – and sometimes in their entirety. When the share price of one of his businesses drops, what he knows on a deep emotional level is that he still owns precisely the same amount of that company. As long as the company is sound, the fluctuations in its stock price are fairly inconsequential. They will rise and fall in the short term, but good companies earn real money along the way and in doing so their value rises relentlessly over time.”

“The market always recovers. Always. And, if someday it really doesn’t, no investment will be safe and none of this financial stuff will matter anyway.”

“There’s lots of money to be made with actively managed funds. Just not by the investors.”

“What the media wants from these commentators is drama. Nobody is going to sit glued to their TV while some rational person talks about long-term investing. But get somebody to promise the Dow is going to 20,000 by year’s end or better yet, is on the verge of careening into the abyss, and brother you’ve got ratings!”

“It’s your money and nobody will care for it better than you. But many will try hard to make it theirs. Don’t let it happen.”

“With less effort than choosing an advisor, you can learn to manage your money yourself, with far less cost and better results.”

Terry Pratchett: “Wisdom comes from experience. Experience is often a result of lack of wisdom.”

“By dollar cost averaging, you are betting that the market will drop, saving yourself some pain. For any given year the odds of this happening are only ~23%. But the market is about 77% more likely to rise, in which case you will have spared yourself some *gain.* With each new invested portion, you’ll be paying more for your shares. When you DCA, you are basically saying the market is too high to invest all at once. In other words, you have strayed into the murky world of market timing. Which, as we’ve discussed, is a loser’s game.”

Groucho Marx: “Money frees you from doing things you dislike. Since I dislike doing nearly everything, money is handy.”

“Withdrawing 3% or less annually is as near a sure bet as anything in this life can be.”

“As individuals, we only have one obligation to society: To ensure we, and our children, are not a burden to others. The rest is our personal choice. Make your own, and make the world a far more interesting place.”

Jack Canfield: “Everything you want is on the other side of fear.”

“Avoid debt. Nothing is worth paying interest to own.”

“Once 4% of your assets can cover your expenses, consider yourself financially independent. Put another way, financial independence = 25x your annual expenses. That is, if you are living on $20,000, you have reached financial independence with $500,000 invested. If, like our friend Mike Tyson, you are living on $400,000 a month/$4.8 million a year, you’re going to need $120 million.”

“You’re young, smart, healthy, and tough. By your thirties, you’ll have F-You Money and you should have a blast getting there. Once you’ve got it, it will continue to expand, as will your personal options. Your future is so bright it hurts my eyes to look at it. That’s what I have told and will continue to tell my daughter. So, if you are also in college, or a few years out, and wanted to know what your kindly old Uncle Jim suggests, there you have it. Like everything we’ve discussed, it is all about expanding your opportunities in life. If you are a bit more seasoned, don’t despair. It’s never too late. It took me decades to figure this stuff out. Like mine, your road has likely already had more bumps than those who follow this path from the start will endure. But those bumps are in the past. It is your future that matters and that starts, for all of us, right now.”

“Personally, there is nothing I’d rather buy or own than F-You Money. With it, the world’s possibilities are endless and you are faced with the delicious decision as to what to do with your freedom. The only limits are your imagination and your fears.”