

1. On Earning:

Do not depend on a single income. Invest and create a second/ third source of income:

This means when you are young your first task should be saving and investing. By creating a second source of income you are quickly reducing your dependence on your job. This could help you to set out on your own one day. The quicker you can do it, the better.

2. On Spending:

If you buy things that you do not need, you may soon have to sell things you need:

It kind of summarizes Gen X's reaction towards 'luxuries'. As a part of Gen X we were perhaps criticised for some of our expenses, so it could be a generational thing even for WB. However, having goals and knowing where you are going, and not spending just to 'show off' are important lessons for all generations.

3. On Savings:

Do not spend what is left after spending, instead spend after you save/invest:

Also called 'Pay Yourself First'. If you realise that investing in a pension plan or for your kid's education is just helping you to save more later on. It is not a sacrifice, it is just postponing consumption. So understand, invest and then spend.

4. On taking Risk:

Never test the depth of the river with both your feet:

If you are doing something, do small. If you are a first gen investor, do not be carried away by equity lovers like me and put all your money in equity. Do a SIP with a small amount, and test the waters. Do a SIP of Rs. X (which could be 10% of your take home pay) for 5 years and then step up. And for heavens sake understand risk of inflation, and the concept of real returns

5. On Investing:

Do not put all eggs in one basket:

Immaterial of who you are and how much you understand, create a portfolio. A full range lunch plate is always better than just one item. So create a portfolio with bonds, bond funds, PPF, NSC, equity, mutual funds, and on the risk side medical and term insurance.

6. On Expectation:

Honesty is expensive, do not expect it from cheap people: Not everybody is honest, nor does everybody want to be honest. Honest advisers are difficult to find especially in Health and Wealth, be careful.