

Uncommon Wealth Building Wisdom – The Benchmark

There is a common trait that shows up on the road to building your wealth. This trait shows up as you continue to add to your investment portfolio. You do have an investment portfolio don't you? And don't even start the blame game when this trait is revealed in just a moment.

Here is what this is all about: in a word, Benchmarks. In and of itself, a benchmark would seem to be an important part of evaluating the performance of your investment portfolio. And, truth be told, if there were actually one accepted benchmark that could be universally applied, that might actually work. But the reality is that investment performance is not so simple.

Get a better benchmark

Instead of always trying to play catchup with an industry benchmark, there is a better strategy. A strategy that will allow you to grow and expand your portfolio over time without freaking out every time you see your portfolio statement.

Lessons From The Diet World

You are barely into the entryway of the store before you notice the section with the largest selection of books. Yep, it's weight loss.

Here's an analogy that illustrates the point being made here. Head into any neighborhood Barnes & Noble or similar bookstore. You are barely into the entryway of the store before you notice

the section with the largest selection of books. Yep, it's weight loss. The point for you to see here is that if there were one diet that worked for everyone and every circumstance there would not be such a wide selection of diet books on those shelves.

The exact same concept applies to the world of investing. You can prove this for yourself with a quick Google search. Search for investment benchmarks and you get something like 26 Million Search Engine result pages. Obviously there are not that many ways to measure the performance of your investments, but still, the point should be glaringly obvious.

What “They” Say

Now take a look at the world of investments. Suppose you have a diversified investment portfolio that you have been funding for a few years. What do “they” tell you to look at? Most often, investors are told to compare the performance of their portfolio to that of a major benchmark. You might even discover that your financial advisor is using this benchmark to demonstrate how well you are doing. Suppose your portfolio is being compared to the S&P 500.

Actually, the S&P 500 is a commonly used portfolio performance comparison benchmark. How does this show up in the real world? Suppose you pay for the services of a personal financial advisor. Your advisor might send you a glowing report this quarter indicating that your investments outperformed the S&P 500. Wow! Your advisor is a genius. How about if you send in some more money?

Hold on a sec! What about the other side of this equation? Suppose, the next quarter you get a different letter. This time your advisor is lamenting the fact that for some inexplicable

reason your portfolio lagged the S&P 500. Now what? Is your advisor an idiot? Or is there something else going on here?

Wrong Benchmarks

You see, the reality is that if the last scenario turned out to be true, you might not have reacted so well. In fact, you may have found yourself dialing your advisor to find out what the _____ is going on here?

What's going on here is you are engaged in a comparison game that does not make sense over time. As you have probably noticed by now, the market goes up and the market goes down.

-

Post from [Your Finances Simplified](#)

Top Budget Hacks for Planning and Accounting

Something most rags-to riches stories have in common is that a good budget is always needed to help anyone achieve financial security. If you want to significantly improve your credit, you have to learn how to pace your spending and increase your savings.

Top notch advice

There is no better medicine for bad spending than to see what you have to pay for in the future to live the life you want. In this article we'll offer you some top notch advice on budgeting and accounting:

1 – Keep Detailed Records

Most people don't keep track of every little expense they make.

People usually rely on the online banking records to calculate their expenses. This is quite effective when it comes to having an overview, but it doesn't help you keep an eye on bad expenses and avoidable spending.

Make a folder on your computer, as not to waste paper and to be able to edit easily, and write down everything you spend in an 'expenses' file, while also keeping track of all incoming money on an 'income file'.

At the end of each month and each year you should check how much of your money went to avoidable, 'bad' expenses. Cut down on frivolous spending and watch your savings grow.

#2 – Predict Large Expenses

The number you'll get will probably shock you, which is a good thing. There is no better medicine for bad spending than to see what you have to pay for in the future to live the life you want.

It might sound like an obvious tip, but you'd be surprised how few people actually plan ahead for the major expenses during their lifetime.

Buying a house or paying rent for life is one of those predictable, large expenses. Having a child (or many) is a predictable expense. If you include a few cars, a couple of large trips, furniture, college debts and similar big expenses, you can have a good look at what kind of money you'll need to achieve the lifestyle of your dreams.

The number you'll get will probably shock you, which is a good thing. There is no better medicine for bad spending than to see what you have to pay for in the future to live the life you want.

#3 – Make a ‘Get-Rich’ Plan

Expert financial planners, like Dominique Brown, would advise anyone who wants to become rich to make a solid plan to achieve that goal.

Riches rarely come to those that simply wait for them. This does not mean that it takes extreme effort to become financially secure either.

What you really need is diligence. Make a plan on your own, or get the help of a professional, and learn to stick to it as if it were a religion.

Learning to live with a strict (if not tight) budget, will help you learn to keep frivolous spending in check.

Remember that no matter how much money you make, you can easily

spend it all on some luxurious stuff you don't need and end up being poor again. Being truly rich for life means that you have to work for it and keep ahead of the financial game at all times!

-

Post from [Your Finances Simplified](#)