

Let's Schmooze

Other issues of *Let's Schmooze* can be found on the web at www.heirling.com

Thrifty Investments

What's that? What's a "thrifty" investment?

Well, let's recap a bit.

An "investment" is an action where one seeks to place capital for a time and earn a return on that capital, preferably without losing the original capital in the process. "Thrift" is behavior characterized by reasonableness, moderation and prudence. Thrift, above all, is financial behavior that errors on the side of caution. Thrift is careful behavior, especially in financial dealings.

So ~ a "thrifty investment" would be a financial investment characterized by moderation, reasonableness and prudence. It would be a "careful" investment. No pie-in-the-sky stuff. No impulsive decisions. No giddy pursuit of return with a blind eye to risk. A thrifty investment would be made only after careful analysis of all the facts, with equal thought given to both the ever-present risks and the promised rewards associated with the proposed "deal."

Where are thrifty investments to be found?

Let's see. A thrifty investor would not want the investment subject to economic cycles, especially in a culture so hellbent on boom-and-bust speculation and the mad pursuit of instant wealth. A thrifty investor would want the investment protected from all that nonsense, and safe no matter what the changing economic climate.

Ergo, a thrifty investor would invest in business deals targeting necessities, and not luxuries. Luxuries, defined as things that are nice to have but not really necessary to everyday living, are good investments in boom times, but money losers during a bust. On the other hand, necessities, defined as things that one must have for everyday living even in bust times, are proven havens of safety. Necessities will always be purchased by consumers, no matter how hard times may get.

There's so much choice in investing in necessities.

Housing is a necessity. People have to have a place to live, no matter what. Today, bread-and-butter residential rentals are one of the best investment vehicles out there, and always have been.

Clothes are necessities. So are food items, and daily hardwares. Finances are necessities, as are education and utilities. Utilities are a huge investment field, comprising transportation, communication and energies. All these investment areas talk to products that people have to purchase on a daily basis whether times are boom or bust.

Of course, in any one particular investment arena, one has to pick out the prudent investment opportunities from all the pie-in-the-sky offerings. That just involves keeping both eyes wide open when looking over the pickings. Don't get emotional and giddy. Stay cool and well reasoned. As the saying goes ~ if it sounds too good to be true, it probably is!

Thrifty investments may not lead to instant, overnight wealth, but thrifty investments definitely lead to stable, long-term wealth. It's a bit like building a house on rock instead of sand. When the economic storms come, a house built on rock will stand true, and protect the owners inside. A house built on sand ~ well ~ you know where that house goes.

~ *'til we meet again* ~