

# Saving Money Will Keep You Broke

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The tax rebate checks under the Bush administration's economic stimulus plan won't do any good if people simply put them in the bank.

Last week, an online article in the Wall Street Journal claimed that we need to save more money – even if the interest on the savings won't keep up with inflation. This same article also restated the obvious: “we live in a culture fueled by spending and credit.”

This is double talk and misses the whole point of why America is headed for recession. Wealth is created with credit. The government knows it, the banks know it, corporations know it and the wealthy know it. With credit, there is access to money to spend which increases corporate earnings, which increases tax revenue, both of which provide jobs and, therefore more income for workers to spend which continues this profit cycle.

When you remove access to credit, spending decreases which means earnings drop, which means jobs disappear, which means people stop spending and the problem gets worse and worse. This downward spiral is the recession the government is trying to thwart with the stimulus checks.

If you, and everyone else, takes their \$600 average family rebate check and sticks it in the bank then no one is buying the products and services you, or your company, sells to earn the money to pay you your salary. When you lose your monthly income and can't pay your bills, that is when you end up losing your home and your security.

If you, and everyone else, stops spending then there won't be much left of Corporate America. People in other cultures have learned to do what North Americans seem to be 'too afraid' to do; that is, find ways to earn a living besides going to work for someone to get a paycheck. Just look at the growth of micro-lending companies in India as people start businesses on even less than what the average American is getting in his or her “stimulus check”.

If we don't wake up and learn how to earn an income that pays for the freedoms and luxuries that we've bought on credit, then being broke will be the least of our worries – it will be our freedoms we're losing as emerging, strong foreign companies and banks who already own more than half the U.S. debt move in to take over struggling American ones.

Saving money is what people do when they are afraid of losing – not when they expect to win. It comes from the scarcity mentality that keeps people from stepping out and finding ways to earn the income they need to live, the way they want to live.

North Americans are able to start and run a business of just about any kind using credit. We can even use that money to invest in a variety of wealth building ventures that others have started – both of which create more income which enables more spending.

If you had planned to invest your stimulus check in a growth mutual fund or stock, your investment returns would give you about 7% as suggested in the Wall Street Journal article. On a \$600 stimulus check that works out to only \$3.50 a month. However, without spending, those returns would drop because the companies wouldn't be earning the returns they had in a strong and growing economy.

For \$600, you could buy a bolt of cloth and make dish towels and your profit would be much more than \$3.50 a month. Make cookies, make anything and sell it! Alternately, if you don't know how to sell what you'd make, then take a course to develop your financial and entrepreneurial skills.

**Please spend the money from your stimulus check, and while you're doing it, make sure you start learning how you can earn even more money on an ongoing basis.**

And, be sure to pass on this important message!

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Money expert, Tracy Piercy, CFP, is founder and CEO of MoneyMinding Inc., a wealth building system for financial professionals and clients. To learn more and receive the **Free 7 Day Make A Difference Program**, visit [www.moneyminding.com](http://www.moneyminding.com).

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