

The Richest Man in Babylon is a 1926 book by George S. Clason. It provides financial advice through the lens of parables that are set in the ancient city of Babylon, which originally stood around 8000 years ago.

### **#1 Seven Cures to a Lean Purse**

According to the book, Arkad, the richest man in Babylon, shares seven major points that both individuals and general society can use to improve their financial growth and success. The first of these is arguably the book's central point – “start thy purse to fattening”. In essence, this means that you should pay yourself first. The recommendation means you should save about 10% of all the income you earn, even if you are paying off debt. This will start you well on your way to saving a significant amount of money.

### **#2 Control Expenditures**

The second primary lesson revolves around controlling how much you spend. In the modern context, this means avoiding lifestyle inflation when you get a raise and continuing to live within your means no matter how much money you make. Avoid letting your mind tempt you into spending more money just because you can. Chances are you don't really need whatever new thing you want to buy.

### **#3 Make Your Gold Multiply**

Another key lesson from this book revolves around using your existing currency to make you more money. Money that is just sitting in the bank and not making you extra cash is essentially being wasted. You should start by making small but smart investments and take advantage of things like compound interest to their maximum effect.

### **#4 Guard Your Treasure from Loss**

The book focuses on protecting your principal capital from any kind of loss. This means making smart investment choices and refusing to invest too much of your money in the event of a poor stock market day. Take a big picture view and make your risks carefully, without spending too much cash at once.

### **#5 Make Your Home an Investment**

One of the best investments you can make is by investing within your own home. You should eventually be making payments that will eventually become equity instead of paying a landlord for your entire life. This is essentially a rehash of the old “owning your own home versus renting” debate, with Clason coming down largely on the side of owning.

### **#6 Insure your Income in the Future**

The book's stories delve into the idea of planning for your retirement and investing in insurance. Don't spend all of the money you earn today; save plenty of it and make sure that you will have enough money to live comfortably in your twilight years.

### **#7 Increase Your Ability to Earn**

You should always put yourself in positions in which you can make more money either

by making yourself more employable or learning more marketable skills. You should always be taking jobs or going to classes, always improving yourself rather than resting on your laurels. Set specific and measurable goals to help you keep moving.

### **#8 Five Laws of Gold**

Another key aspect of these parables is the aforementioned five laws of gold. The first three of these laws focus on building wealth and are very similar to the earlier rules mentioned above. The last two laws talk about how your money might be lost. Specifically, the book says to avoid investing in things you aren't familiar with and preventing your romantic desires from interfering with your investment opportunities.

### **#9 Money is Needed for Success**

Virtually no one reaches their dreams or their maximum potential without the money necessary to secure their goals. Clason essentially points out that, even if you aren't interested in becoming a business tycoon, learning how to properly manage and grow your wealth is needed if you want to live your life to its fullest extent, period.

### **#10 Don't Take Advice from Inexperienced People**

Many people will love to give you their own investment in money-saving advice which you should ignore unless you know of their prior success. In the book's words, don't take advice on finance or savings from a common laborer.

### **#11 Surround Yourself with People Who Are Good with Money**

Your social environment will help dictate your habits and your ability to network with like-minded individuals. You should endeavor to surround yourself with people who are familiar with how money works and you have made a lot of it. This will increase your chances of success and put you in the right mindset for wealth building.

### **#12 Enjoy Your Life**

Even while focusing on accumulating wealth and saving everything you can, you must remember to enjoy your life while you are here. Don't over save and not enjoy any of the wonderful aspects of life in an attempt to reach an arbitrary monetary goal. It's a fine line to walk but is critical for maintaining your motivation.

### **#13 Avoid Sexy Investments**

Many people are lured into risky investments that end up costing them lots of money because of the dramatic appeal of the investment opportunity. You should instead focus on relatively boring investment opportunities that will likely yield dividends in the future instead of risking it all on short-term or unfamiliar investments.

### **#14 Wealth is Income, Not Bank Balance**

Rather than focusing on the overall number you have in your bank account, consider your consistent income when determining your relative level of wealth. As long as you are earning a significant amount of money consistently, you can plan for future investments and saving opportunities.

## **#15 Have a Guarantee of Repayment**

If you do ever invest in something or loan money to friends and family, you should always have a way to repay yourself in case the investment goes poorly. This doesn't literally mean repay yourself, but instead refers to having enough income to quickly make up for the loss without affecting any of your other long-term wealth-building goals. In a nutshell, no investment should potentially sink your ship.

## **Top 10 Quotes from The Richest Man in Babylon**

1. "Advice is one thing that is freely given away, but watch that you only take what is worth having."
2. "Our acts can be no wiser than our thoughts."
3. "It costs nothing to ask wise advice from a good friend."
4. "If you desire to help thy friend, do so in a way that will not bring thy friend's burdens upon thyself."
5. "Learning was of two kinds: the one being the things we learned and knew, and the other being the training that taught us how to find out what we did not know?"
6. "Will power is but the unflinching purpose to carry the task you set for yourself to fulfillment."
7. "The hungrier one becomes, the clearer one's mind works— also the more sensitive one becomes to the odors of food."
8. "The sun that shines today is the sun that shone when thy father was born, and will still be shining when thy last grandchild shall pass into the darkness."
9. "The reason why we have never found measure of wealth. We never sought it."
10. "As for time, all men have it in abundance."