

Step 13: Pay It Forward

Description

The very fact that you are reading this sentence tells us a lot about your character.

Clearly, you crave knowledge since you're actively seeking information to increase your financial smarts and portfolio returns. Having gotten this far in this 13-step primer, it's likely you've acquired the skills needed to handle most money-related matters in a take-charge, in-front-of-the-8-ball way. You have no problem picking out a decent bottle of red wine, are vigilant about using your turn signal and are above-average looking.

OK, those last three are just hunches. Still, we think the world of you, Fool. And we think the world will be a better place now that you've gotten a bit more Foolish.

Have we sufficiently buttered you up? We hope so, because before we come to the grand finale of this motley Magna Carta, we have one favour to ask: How about paying it forward?

Put your cheque book away

The kind of "pay" we're talking about is much more valuable than writing more zeroes on a cheque or donating your lightly used kitchen doodads to charity. We're talking about giving away a bit of your most precious asset — knowledge.

If we've done our jobs right (fingers crossed!), you are now on the path to financial freedom. Now you can help others do the same by passing on the important money lessons you've learned.

If each of us pays our knowledge forward — the money lessons we've learned here and in the school of hard knocks — we will improve the financial footing of someone we love and care about. But the giving doesn't stop with one person.

The pay-it-forward idea is like a chain letter (minus the absurd promises, over-use of exclamation points, and threats of doom befalling those who do not comply): If two of the people you tell about the importance of taking control of their financial futures tell two people and the process keeps repeating, after only about 25 iterations, everyone in Canada will be on their way to becoming successful individual investors.

And it's all thanks to your original, selfless act of paying Foolishness forward.

What's in it for you?

Besides the warm-fuzzies and a few giant scoops of good karma, paying it forward pays you back.

Specifically, there are three ways generosity is good for your mind, your wallet, and the world.

1. **It'll make you smarter.** First, we guarantee that you will get smarter by sharing what you have learned with someone else. Studies about the way we process information have found that 10% of what we learn is through listening, 20% takes hold when we get involved (or “own” the information by taking notes and actively participating in the learning process), and a whopping 70% of what sticks in our brain for the long haul gets ingrained by the act of teaching what we know to others.
2. **It'll make you happier.** According to Knox College psychology professor Timothy Kasser, people who focus on generosity are happier (and healthier) than those mired in materialism. That's right, we actually experience a psychological lift from helping others. A University of Oregon study found that giving stimulates the brain centers that tell us that our basic needs are being met (the foundation for success, according to Abraham Maslow — the man behind Maslow's hierarchy of needs), letting us know that it's safe to dial down our hunt-gather-hoard-guard setting. You don't even have to write a cheque to get good giving vibes: Offering time or lending skills to a good cause takes us out of our navel-gazing routine and connects us to something grander.
3. **It'll make you richer.** Another nice side effect of generosity is that giving has been shown to tangibly boost the benefactor's bottom line — and not just in a tax-write-off way. Research shows that people who are observed behaving charitably are often recommended for leadership positions in their professional lives.

Imagine the kind of movement that we could start if everyone reading these words right now did just one thing today to improve their finances. You are one click, one phone call, one conversation away from making financial freedom and stability a way of life. Thanks for paying it forward, Fool!

Action: Pick your top three

Choose three people in your life (same criteria as before) who could benefit from a little Foolishness. Maybe it's your spouse, a best friend, your grandparents, grandkids, bocce partner, or dog-walker — anyone you think would benefit from a few of the financial tips and tricks contained in these 13 steps. Got your names? Got their email addresses?

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