



Wealth Horizon **Seven Deadly** **Money Sins**

How to conquer
your money vices

Wealth Horizon

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How to conquer your money vices

To say that we have a complicated relationship with money would be an understatement. When it comes to our finances, our behaviour spans the spectrum between secretive and brash, tight-fisted and reckless. We spend money we don't have to make ourselves look good, we hide cash and bank statements from our partners, and we'll do anything to avoid facing up to a sensible chat about the best thing to do with our money.

Pride, greed and envy – the state of affairs between us and our cash is rarely straightforward. In fact the seven deadly sins could have been created to cover the way we deal with our finances.

This guide has been written to help you understand your own financial vices, and the behaviour those attitudes create. And it will give you some practical tips so that you can start taking control of your money.

sin #1 Greed

You love money, and you'd like more of it, but sorting out your finances is never top of your 'to do' list. Why would it be? There's always something more interesting to do with your time and your cash.

Holidays, clothes, bikes, home improvements, eating – there are thousands of things you want NOW, never mind in ten years time.

This living life to the full attitude has its merits – but it probably leaves you with a few worries about your financial situation. People who live in the moment and don't think about tomorrow tend to fall into debt. Maxed out credit cards and more than several store cards feed the habit of more, more, MORE.



sin #1 | Greed

Indulging in everything now, and not leaving yourself anything for the future, can make you feel uncomfortable. Binge buying leads to financial indigestion!

Most likely to think

I'll buy this today, and start thinking about the future tomorrow.

Most likely to say

I deserve this.



How to change

All these purchases may give you a sense of gratification or even self worth today but they will not make you financially secure in the future.

It's tough, but sometimes life is about making sacrifices. You might feel like all that's standing between you and happiness today is that new outfit/ car/holiday in the sun but what would really make you happier deep down is knowing you don't need to worry about tomorrow.

Do one thing today

Identify your emergency funds and your discretionary spending and invest the rest.

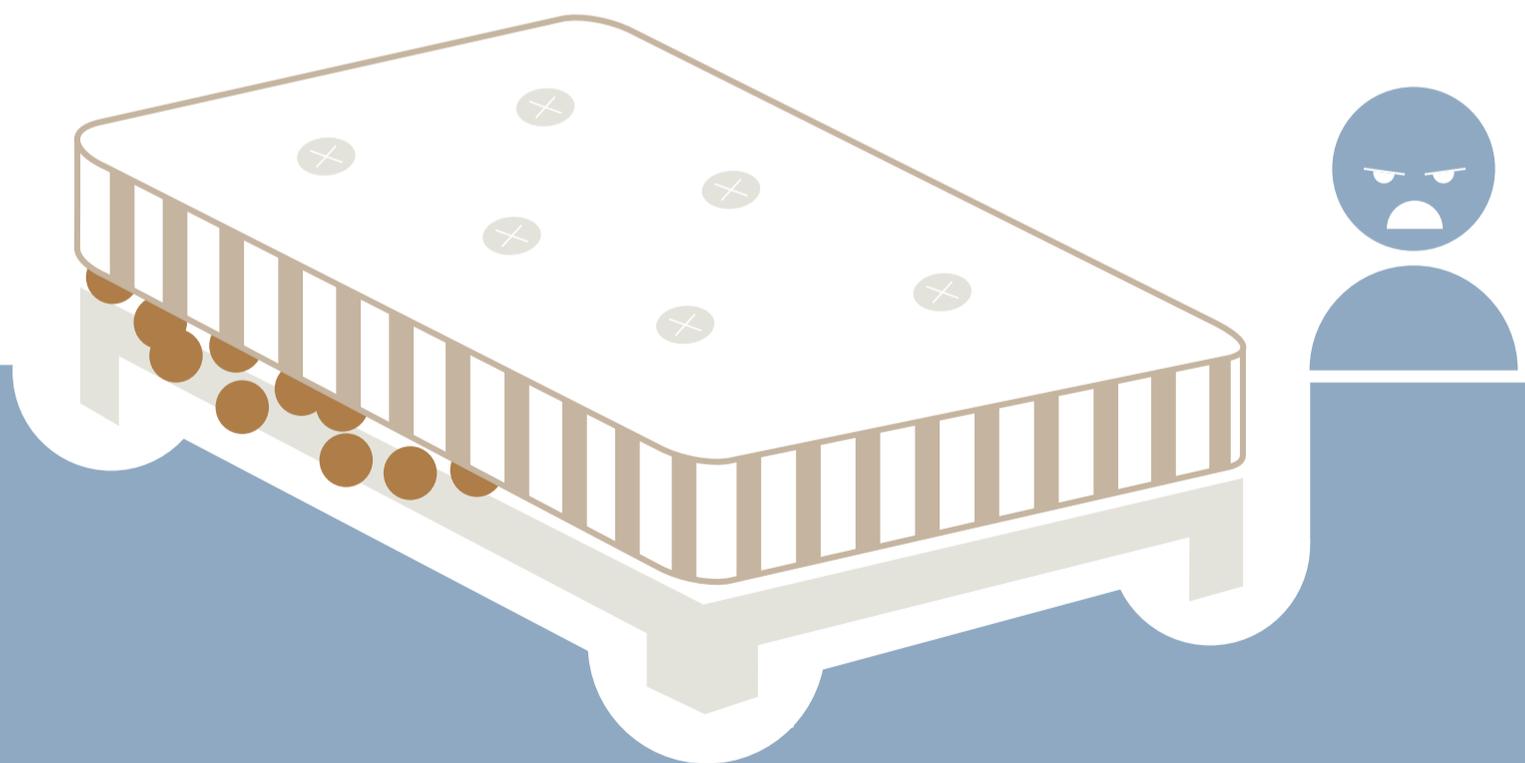
sin #2

Wrath

You and money have a tricky relationship. Truth be told, you're a bit scared of it, and its potential to ruin your plans, and you'll do anything to keep a tight grip on it. Losing money makes you angry. Very, very angry. Keeping your inner hulk under wraps is exhausting.

It's hard to switch off the voice in your head that reminds you of all the bad decisions you've ever made. It's impossible to move on and think strategically. Fear of doing the wrong thing and losing it means you keep all your money under the mattress (or in your current account, which is the same thing really).

The good news if your money sin is wrath is that you're unlikely to be living in debt right now. You don't overspend, in fact you don't spend too much at all. The bad news is that wrathful behaviour won't make you rich either.



sin #2 | Wrath

Keeping your money under the mattress will see it lose its value steadily over the years. It's ironic, but doing nothing because you're scared of losing money is a surefire way of doing just that.

Most likely to think

I'll buy this today, and start thinking about the future tomorrow.

Most likely to say

**Arghghghghg
hghghghghg!**

How to change

Take action. Take the money out from under the mattress. Investing your money in a diversified portfolio is a good way of minimizing risk. If you're extra wary of losing money, then invest in low risk funds.

Putting your money away and leaving it for the long term will free you up from endlessly worrying about making the right decisions.

Do one thing today

Lose your cynicism, and ease off your grip – it will make you feel better.



sin #3

Lust

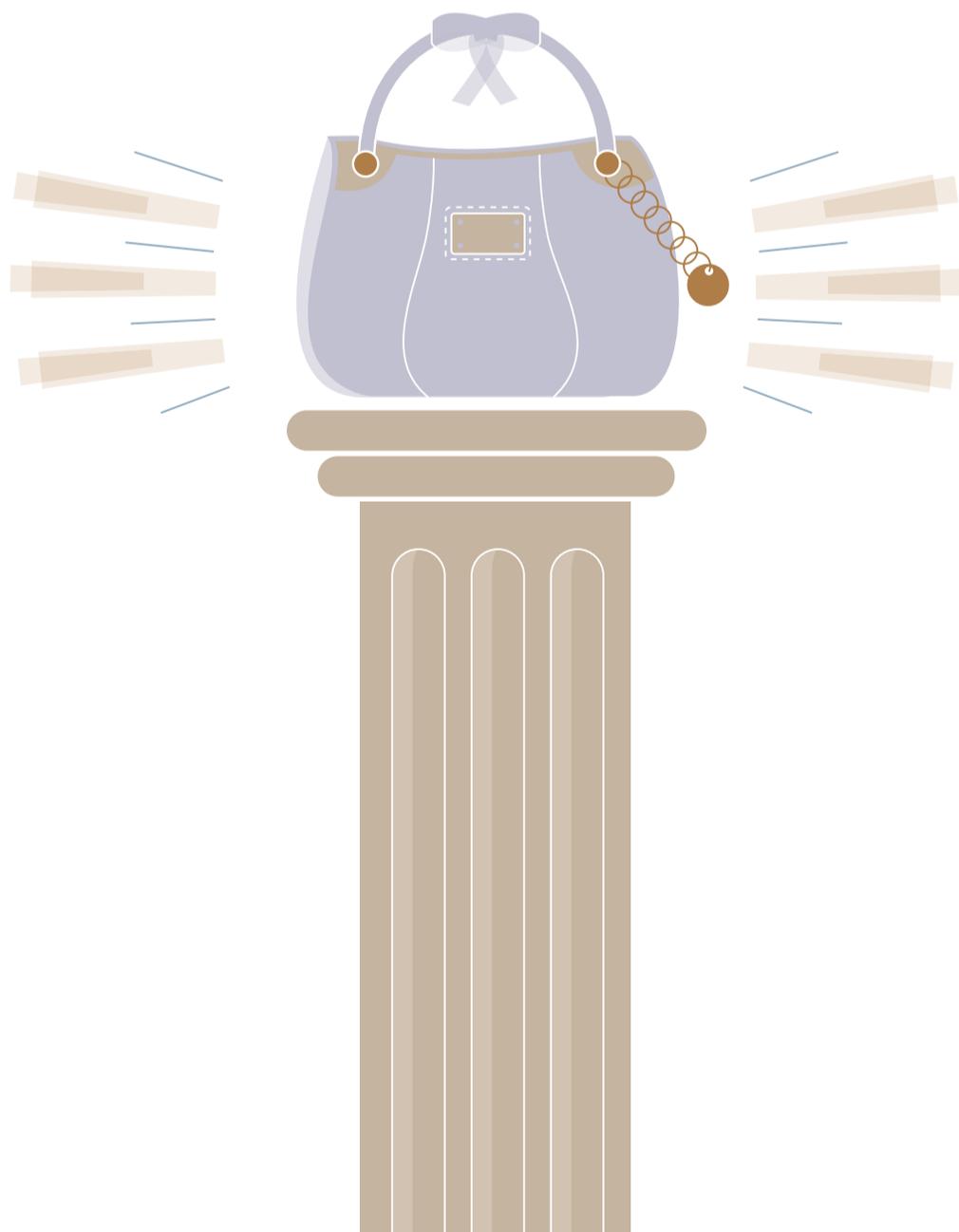
Obsess, buy and repeat. That's the pattern for lustful money types.

It's just life would be so much better if only you had that perfect new gadget, or that designer handbag.

For you, money is easy come, easy go. More go than come, if the truth be told, but life is so full of brand new shiny things that call to you like sirens. You're easily tempted, and you really can't say no.

Spending on luxuries is fine, of course, if you can afford it. But often money lust makes people crave stuff that's way out of their league.

And even if you can afford it, spending everything you have now and worrying about it later doesn't make for a secure long-term future.



sin #3 | Lust

But just as marriage can sometimes seem too boring for thrill seekers, so investing in the future is seen as too dull for money lotharios. Money lust doesn't make for a very happy ever after.

Most likely to think

We were made for each other.

Most likely to say

I've got to have you.

How to change

Spending money makes you feel good – at least temporarily – so you need to rewire your thinking. Focus on how much better you'll feel if you do something sensible with your money now, knowing it is working hard for your future.

Once you see it accumulating, you'll be less likely to want to spend it. You may still lust after those brand new shiny things, but maybe, just maybe you will start to see the benefit of fighting the urge to splurge!

Do one thing today

Make a decision and commit to it. Putting the money out of reach will stop you spending it on things you don't need that could land you in hot water.



#4

Pride

You're good with money. Really good. In fact, there's no need for you to be even reading this, because when it comes to money and investing, you're super hot.

Some people have all the luck, and you're one of them. You always pick the best stocks, you can smell a star manager from 50 paces, and your antennae are finely tuned to high returns. You'll always be on top, because you're smarter than average.

The trouble is, people who overestimate their financial ability are liable to end up in hot water.



sin #4 | **Pride**

“ A gambler never makes the same mistake twice. It’s usually three or more times. ”

Proud investors who experience a successful run tend to develop an inflated opinion of their own skill – a belief that can lead to complacency and exaggerated risk taking.

Most likely to think

That’s a winner, I can feel it.

Most likely to say

I know exactly what I’ m doing.

How to change

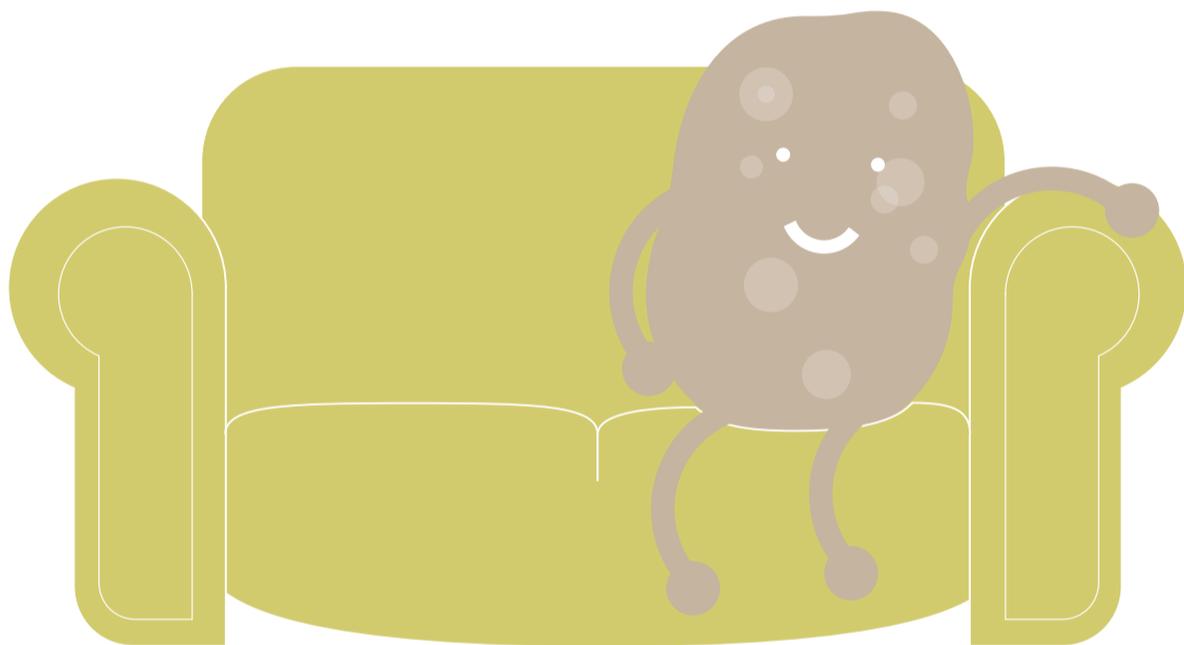
Swallowing your pride is the first step to setting your finances on an even keel. You’re unlikely to be the world’s greatest investor, and it’s not possible to consistently second guess the market. Get to grips with understanding risk, and invest your money in line with what you can afford, and with the risks you are comfortably able to take.

Do one thing today

Stop looking for winners – put in place a diversified portfolio that’s in line with your risk appetite.

#5 Sloth

Money? Finances? Oh it's all just so boring and you really can't be bothered. You can't be expected to read all that small print. They're all the same anyway – one account is much the same as any other. You can't be doing with all the faff and comparisons and making decisions. You like to put your money away somewhere and then not have to think about it. Get back to the important things in life, like lying on the sofa.



Slothful money types are expert procrastinators. They put everything off until tomorrow, or next week, or next month, and nothing ever gets done. Being lazy with money means your money doesn't work hard for you.

sin #5 | Sloth

Money layabouts lose out to people who make smart financial decisions.

Doing nothing doesn't make you feel good either. Slothful types are prone to money worries, but inertia stops them from doing something about it.

Most likely to think

Oh I can't be bothered.

Most likely to say

I'll do it tomorrow. I haven't got the energy now.

How to change

The good news for money sloths is that their sin is easiest to rectify. Just do something! Start to get to grips with what you earn, what you owe, and what you need for day to day living. Work out if you have money left over to invest. Small steps can make a big difference.

And the even better news is that once you've sorted your finances properly you can go back to lying on the sofa – but this time with a clean conscience.

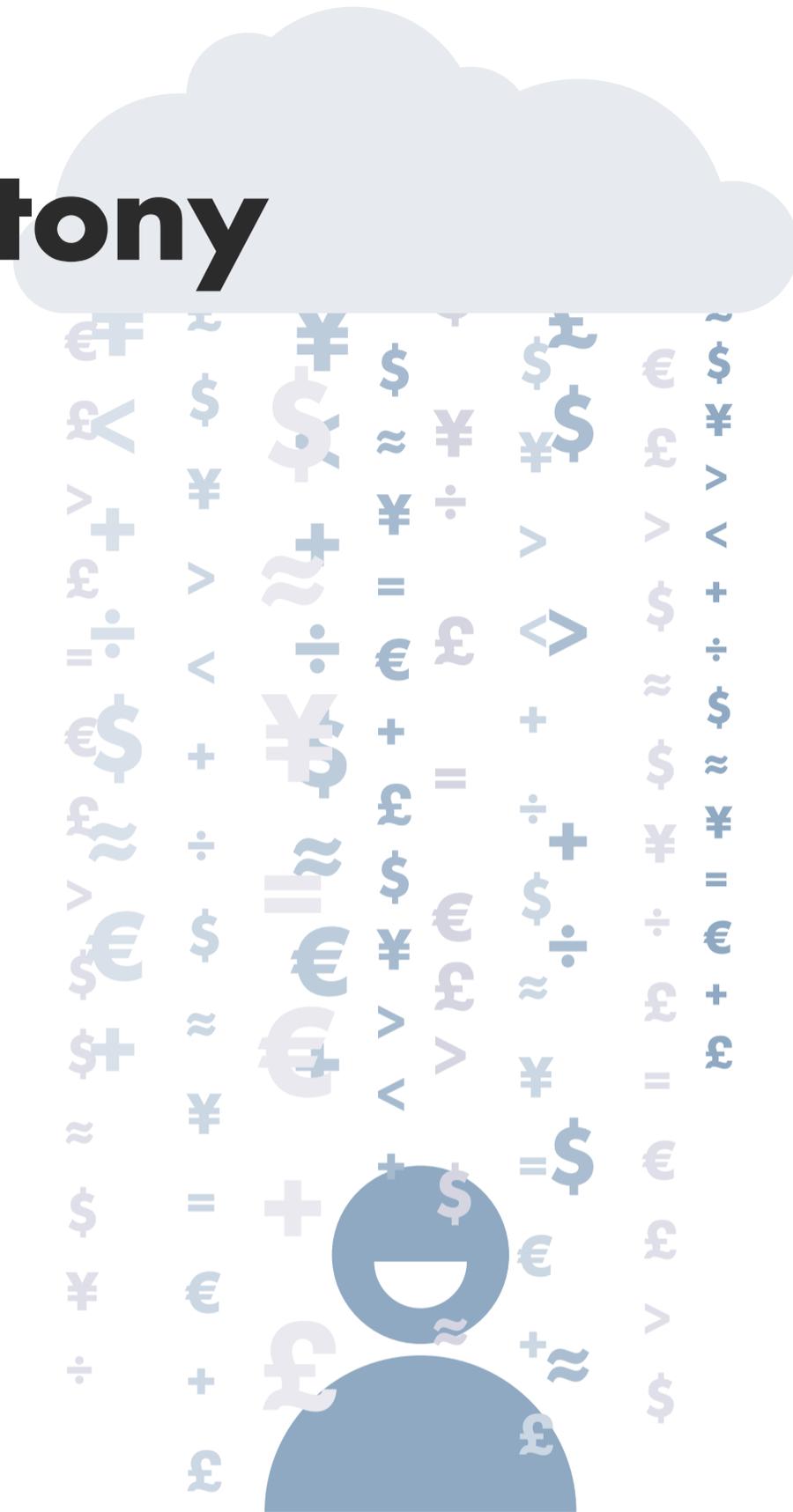
Do one thing today

Take action!



#6

Gluttony



Reports, analysis, opinion, charts, share price updates, long term forecasts, emerging markets, money news – there's so much financial information around and you like to read it all. Your laptop and your phone are like financial mission control. Except it doesn't actually feel like being in charge. To be honest, all this information is overwhelming and it's stopping you from doing anything at all.

If you feel like you're drowning in financial facts and figures, you're probably not making sensible money decisions. Information overload can lead to financial paralysis.

sin #6 | Gluttony

Financial gluttons fall prey to procrastination, not through laziness but because half knowing so much makes it impossible to know what to do for the best.

Most likely to think

I don't know which way to turn!

Most likely to say

Pass me the FT!

How to change

It's great that you're interested in making your money work hard for you, but accept that you can't, and shouldn't, try and read everything.

Time is the greatest friend of the investor, so it's reassuring to know that making a decision to invest and sticking with it for the long term will do your money more good than endlessly chasing the latest big thing.

Do one thing today

Understand that you don't need to know everything about everything to make good financial decisions.



#7 Envy

If there's one thing you hate more than missing out on a good thing, it's seeing someone you know get lucky. How do other people do it?

Your neighbours are off on another holiday, and your sister-in-law won't shut up about her new extension. Other people are just luckier with money than you. You want what they've got.

People who are envious of others' wealth often believe there's some trick to financial success. They hunt the latest share deals. They've got their ear to the ground chasing the once in a lifetime investment opportunity.

Envious types find themselves endlessly believing the 'grass is greener', copying what other people are doing and turning up just too late.



sin #7 | Envy

Following the herd rarely pays off in financial terms, and suffering from money envy won't make you rich (or happy).

Most likely to think

What's the secret? If I copy X I'll get it right next time.

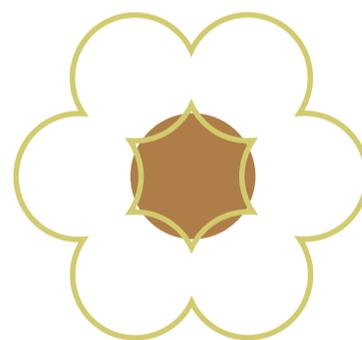
Most likely to say

I'll have what she's having.

How to change

**Recognise that all our situations are different.
We all have different attitudes to money and risk.**

**Don't follow the crowd – do what's right for you.
To be successful with money you'll do best with a
disciplined management process and an investment
portfolio that suits your own particular needs and
risk appetite.**



Do one thing today

**Stop worrying about what other people are doing
and concentrate on what's right for you.**





Wealth Horizon

Seven Deadly Money Sins

We believe everyone should have a simple, accessible and affordable way to invest their money by taking clear and positive action today. If you are committing any of the money vices detailed in our e-book, Wealth Horizon can help. Go to www.wealthhorizon.com

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