



[David Koch](#)

David Koch discusses seven cures for a lean purse. It's worth having a look at these cures and how they might be applied to your own finances.

A very famous book by George S Clason called *The Richest Man in Babylon* was released in 1926 and still sells thousands of copies each year, with good reason: the advice in the book stands the test of time.

The book describes 'seven cures for a lean purse' and it's worth having a look at these cures and how they might be applied to your own finances.

The First Cure

The first cure is to 'start thy purse to fattening'. The key message here is to save. The book says that for every 10 coins you earn, spend only nine. The same principle can be applied to your own finances - save one tenth of what you earn. If you start this discipline early in life and maintain it, you'll find your financial resources will grow considerably over time.

The Second Cure

The second cure is to 'control thy expenditures'. The book makes it clear we need to separate our needs from our wants and not waste money on our wants when this money would be better saved or invested. So don't waste money on flat screen TVs, take away coffees and gadgets. Instead, save this money and put it aside to help contribute to your long-term financial wealth.

The Third Cure

The third cure is to 'make thy gold multiply'. The idea here is to invest excess capital wisely, in investments that will return your capital plus interest so you earn an income stream on your money.

The Fourth Cure

The fourth cure is 'guard thy treasures from loss'. This means not risking your principle investment chasing high returns. It's better to invest conservatively and aim for modest returns that try to make a quick buck.

The Fifth Cure

The fifth cure is to 'make of thy dwelling a profitable investment.' So make sure your family home is in a good location and maintain it so when you want to sell it, you'll get a good price (the fact you don't have to pay capital gains tax on the family home in Australia makes it a particularly profitable investment in this country.)

The Sixth Cure

The sixth cure is to 'insure a future income'. This means putting enough money aside for retirement and also making provisions for your family in case you die or are incapacitated. So make voluntary contributions over and above the contributions your employer makes to your super fund. And ensure you have life insurance and, if possible, income protection insurance.

The Seventh Cure

The seventh cure is to 'increase thy ability to earn'. This means actually wanting to increase your income. But it's not enough to want to be rich - you have to have definite targets. For example, a date you want to have your home paid off by, or a particular amount of money you want to save each month.

These cures seem simple, but it takes practice and patience to make them a real part of your life. If you do have the discipline to follow these cures, you'll find you will increase your nest egg significantly over time.