Delayed Gratification and Wealth

Your Green with
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Have you heard of the Stanford Marshmallow Experiment conducted in 1972 by a Stanford University psychologist? In this experiment, children are given a marshmallow and told they would receive a second marshmallow if they could resist eating the first. Scientists studied how long each child resisted the temptation to eat the marshmallow. **A long-term study of the children who participated in this experiment showed those who were able to wait for the marshmallow –*to defer gratification*- were most successful in life.**

The skill of giving preference to long-term goals over more immediate desires is known as deferred or delayed gratification *or patience*, and this is generally considered a virtue. As a financial advisor, I have met with thousands of people from many different situations. **The ones who are often the most successful at accumulating assets and obtaining financial freedom and security are many times those who have mastered the skill of delayed gratification.**

Mastering delayed gratification does not mean you must deny yourself all pleasures, but it does mean you need to find a healthy balance between satisfying your immediate desires and the need to discipline yourself to forego something you want now; to build something you know you will need in the future.

Sadly, in today's world, we seem to be leaning more and more toward a need for "immediate or instant gratification", helped along by readily available fast or packaged food, our electronic and social media addictions, easy access to a wealth of instant information and shopping on the internet, and the constant flow of a wide variety of entertainment available to us at all times. The temptation to put everything we have toward our immediate desires is all around us. WE WANT IT ALL RIGHT NOW!

Is a need for instant gratification affecting my financial well-being? Are you like the child who can't resist immediately eating the marshmallow? Do you really need to eat out daily, that new flashier car, yet another new outfit, or that next-generation smartphone? Is this need for "instant gratification" keeping you from saving money to cover emergencies, or even worse, creating a mountain of debt that is stressing you out? Or are you perhaps doing without some of those things; looking forward to the future and delaying some immediate gratification to save money toward a home, a dream vacation, a business of your own, or perhaps a retirement account to secure a certain quality of life in the future? ***Ask yourself if those who do find ways to save money for these types of things possibly end up with greater potential for success and future joy than you will.***

Have you convinced yourself you cannot afford medical, disability, or life insurance protection to protect yourself and your loved ones from future potential financial devastation; while continuing to buy the latest gadgets and enjoying frequent restaurant meals and entertainment? ***Ask yourself if those who make sacrifices on some immediate pleasures to purchase insurance protection "just in case" will potentially have a more secure and more successful future than you will, if they suffer an unexpected illness or disability. Will their families be better off if they suffer an early death?***

Are you missing out on the possibility of compounded growth on investment assets; because you aren't setting aside money for your future? Are you having to save more now because you didn't save smaller amounts when you were younger? ***Ask yourself if those who start saving earlier will likely pass you in terms of assets they are accumulating and the future they will have as a result. Will you ever catch up?***

Perhaps you are trying to invest for your future, but are you losing money investing in risky ventures and "get rich quick" schemes, looking for immediate return, rather than putting your money to work in longer-term investments that have historically demonstrated growth over time? Are you *"buying high"* rather than following the tried-and-true investment strategy of *"buy low, sell high"*, because you are always jumping on the bandwagon of "what's popular now" when making your investment decisions? ***Ask yourself if the investment that is already peaking is really going to earn much money for you.***

I coach people on a buy-and-hold investment strategy seeking maximum return through long-term capital appreciation. Wikipedia defines "buy and hold" as a long-term investment strategy based on the view that in the long run financial markets give a good rate of return despite periods of volatility or decline. This viewpoint also holds that short-term market timing, i.e., the concept that you can enter the market on the lows and sell on the highs, does not work because it is nearly impossible for anyone to predict the lows or the highs, giving you lower results over time. I am not a day trader; and do not recommend individuals invest in that manner. I advocate a well-diversified long-term capital appreciation approach for my clients.

If you are ready to turn your financial life around to focus on deferring gratification for potential future long-term financial success, please contact my office at 770.931.1414 or visit my website at www.rogersgreen.com to schedule a complimentary consultation. We are here to help!

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