

Dickensâ?? Mr. Micawber Teaches Us About Personal Financial Planning

Description



â??Annual income twenty pounds, annual expenditure nineteen pounds nineteen and six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery.â?•

In [David Copperfield](#) by [Charles Dickens](#) (free copy obtainable [over here](#)) there exists a wonderful character named Wilkins Micawber.

Mr. Micawber, who is said to be modeled on Dickensâ?? own father, is a perfect representation of how the vast majority of todayâ??s populous plan their economic activities 160 years later; happily spending more and more while earning less and less until disaster strikes.

The eternal optimist, oblivious to many of the realities surrounding him, Mr. Micawber is always confident that â??something will turn up.â?• His wife, Emma, who has sacrificed her family heirlooms and now has a slightly reduced station in life, vows never to leave Mr. Micawber, and is a firm believer that â??Experientia does it,â?• or â??Experience teaches.â?•

And indeed, experience does teach â?? but learning from our own experiences is a terribly painful and inefficient way of doing things. To quote [Og Mandino](#)'s scroll from [The Greatest Salesman in the World](#) :

In truth, experience teaches thoroughly yet her course of instruction devours men's years so the value of her lessons diminishes with the time necessary to acquire her special wisdom. The end finds it wasted on dead men. Furthermore, experience is comparable to fashion; an action that proved successful today will be unworkable and impractical tomorrow.

In the book, Wilkins Micawber makes good in the end after a detour to debtors' jail and having to emigrate to Australia. He does however teach us all a great lesson: It is very important to be optimistic, but one should also have contingency plans (which he never did).

It is from Mr. Micawber that we also learn a great truism about money, life, cash flow, and the universe. In fact, it has become known as the Micawber Principle and should be taught in every school to every person.

The Micawber Principle states:

â??Annual income twenty pounds, annual expenditure nineteen pounds nineteen and six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery.â?•

Live within your means, be proactive about the future, enjoy your life, and hope for the best.

CATEGORY

1. Financial Planning

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1. downside protection
2. financial philosophy
3. financial planning
4. risk management

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Date Created

February 7, 2021
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