**7 Differences between a good and bad money manager**

Written by R. A. Stewart

The only reason why there are different outcomes in life is because people make different choices. Therefore if you want to change a particular outcome you need to make different choices. The earlier in life that you start to make good choices the better your life will turn out to be.

Here are seven differences between a good money manager and a bad money manager.

A good money manager will:

1. Save something from their pay packet while a bad money manager will spend everything so that they have nothing to show from their labours. Saving a portion of what you make will make your life easier in the long term because you will have something to fall back on when some unexpected bill crops up.

2. Invest their money while a bad money manager just leaves their money in an ordinary savings account waiting for it to be spent. A good money manager develops their financial literacy by participating in the markets while investing. There is a cost to ignorance and this is true with matters of personal finance.

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3. Read books on money management and personal finance. A good money manager will improve their financial literacy by reading books on personal finance. A bad money manager remains financially dumb because they do not improve their financial literacy by participating in the markets.

4. Learn from their mistakes. A good money manager will acknowledge their mistakes and learn from them. A bad money manager will not acknowledge their mistakes and will repeat them over and over again.

5. Have a vision. Good money managers have a plan for the future. A bad money manager looks no further than the next payday. Having a vision means that you are prepared for unexpected expenses when they crop up. Having a separate account for emergencies is an example of this. This is often referred to as a rainy day fund.

6. Take responsibility for their decisions and do not blame others for their mistakes.

Some people make it a habit to blame others when things don’t go well for them as is often the case in life. They will ask others for advice and when they follow it there will be someone to blame if an investment does poorly.

7. Make wise choices.

This is not necessarily in relation to what someone does with their money but major life decisions such as the decision to have kids and how many kids to have and what to spend their money on. Rich people use their discretionary money to build their wealth while poor people fritter their money away on consumables. The only way to build your wealth is to spend less than you earn and invest the surplus. This is a simple formula which has made others wealthy.

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