**Reasons why people remain Poor**

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People don’t just become prosperous for no reason, unless of course they win the lottery and for every person like that there are millions who didn’t win the lottery and go back to their mediocre lives until the next draw.

Here are the main reasons why people remain poor.

1. Unwillingness to change

People tolerate their financial situation because they are more comfortable with it. They are unwilling to change anything in their life for fear that it will interfere with the routine which they have become accustomed to. Not doing anything about one’s financial situation despite the facts is just plain laziness. It shows a lack of ambition and there is no hope for people like that.

2. Lack of Financial literacy

Lack of financial literacy is a major cause of financial struggles. This is an easy hurdle to overcome because there are lots of books on personal finance available you can read and you do not have to spend a lot of money to purchase such books. Your local library will have plenty of books on the subject. Frances Cook, Mary Holm, and Martin Hawes are New Zealand authors who have published excellent books on personal finance.

3. They don’t join kiwisaver

Kiwisaver is the New Zealand retirement scheme. It is a scheme with several incentives such as the $520 per annum top up from the government. Not making any plans for your retirement years will almost guarantee that you will spend these years in poverty. “If you fail to plan, you plan to fail” is a saying which is worth remembering. Responsible people will sign up for a retirement plan of some kind. If you have dependants it is your responsible to make sure you don’t leave them up the creek if something happens to you so don’t use that argument of, “I may not make it to 65.”

4. They spend everything

Poor people spend everything they make and do not give any thought to tomorrow. Whether you like it or not tomorrow always comes. People like this have no vision for the future. They can never see any further than next week’s pay day. If an unexpected bill arrives such as a car breakdown they borrow the money which means that the interest they owe on the borrowed money pushes up the cost of the repairs. It is the same when one of their kids needs a pair of new spectacles. People such as this always have money to spend on lottery tickets or alcohol but the really important things in life take a back seat. Some people would rather spend money on cigarettes than wholesome food for their kids.

5. They don’t invest

Not investing is a sure fire way to stay poor because inflation erode the purchasing power of your money if you just leave it in an ordinary savings account. Investing your money in managed funds increases your wealth and your financial literacy.

6. Wrong friends

Associating with people who are financially illiterate is another reason why some people remain poor. The poverty mindset of the group will infect you sooner or later. Some of the stupid comments made by some of these people regarding personal finance is not worth listening to.

7. Wrong choices

Making wrong choices is at the heart of the reason why most people are poor. It is not just choices in terms of personal finance such as joining kiwisaver and investing which keep people poor but life choices such as having kids when not in a good financial position and living beyond their means. What you do with your discretionary spending money is a choice. Becoming financially sorted requires vision. Some of life’s most expensive items will arrive at some stage and the person with vision will prepare for these.

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