If You're in a Hole, Stop Digging! - Transcript

Tom Mullooly: In episode 215, we talk about the Will Rogers quote, "If you find yourself in a hole, stop digging."

Welcome to the Mullooly Asset Show. I'm your host, Tom Mullooly, and this is episode number 215. Thanks for tuning in. According to a recent survey, two-thirds of Americans, two-thirds of Americans, would struggle to scrounge up a thousand dollars in an emergency. We're not talking about credit available on a credit card or a home equity loan or money that's sitting in a Roth IRA. Can you write a check right now for a thousand dollars?

Well, if you can't, if you can't write that check, you need to do a couple of things. You need to turn off your social media accounts, you need to turn off the TV, you need to turn off your phone. You need to figure this out right away. I'm serious. You never know when an emergency is going to strike. Again, when you're in a hole, stop digging.

I read a crazy, crazy stat this morning from Sallie Mae. This is not that long ago, it's 2017. Listen to this. 17% of college students graduate with $5,000 in credit card debt. Are you insane? $5,000 in credit card debt? But wait, it gets better. Same survey, 33% of college students graduate with $10,000 worth of credit card debt. Again, if you're in a hole, stop digging. This is not car loans we're talking about, this is not student debt we're talking about. It's credit card debt, and credit card debt that's compounding at 12, 16, 24% interest, that's insane. 24% interest, that amount is going to double in just a couple of years. These people are in a hole before they even begin working. It's a problem.

Spending more than you bring in seems to be the American pastime in this century. I don't understand it. Look, if you know one of these 50% of college students who are graduating with credit card debt, or if you are one of these students who are graduating and have credit card debt, stop digging. Your spending habits to change. You won't get out of a hole by continuing to dig.

Now, we have folks call us all the time and they want to be super aggressive with their investments and it doesn't usually add up. When we start asking questions and we start peeling back the layers of the onion and we get to the heart of the matter, we find out that a lot of folks that want to be super aggressive in the stock market usually have an upside down balance sheet, or they don't have a balance sheet at all. They've got a lot of debt, they've got money issues going on. It's something that a lot of people don't want to talk about.

The money that you speculate with is at the tippy top of the pyramid. You've got to build that pyramid with a strong base, you've got to put money away first. You have to really be mindful of what you're speculating with, it's only with the tippy top of the pyramid. Work on building that base, and the base doesn't include debt.

Sorry for the rant, but that's the message for episode 215. Thanks for tuning in.