

*mistakes i made with my*  
**MONEY**



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The illustrated eBook comes from a twitter thread I shared in August 2020. As I reflected upon my life, it was evident that the biggest mistakes that I had made were with my money. And these were completely avoidable mistakes, had I cared to think deeply and be aware of my blind spots.

As you read this simple-to-read book, I hope it makes you aware of the mistakes you might be making too. Irrespective of how old you are, it is never too late to respect money for what it is worth. Today at 40 I have gained my financial freedom and it is a privilege.

This is my 5th book with Shreya, who through her visual storytelling weaves magic every single time and leaves me astonished. As of this moment, more than 30,000 downloads have happened for these books and I would not even blink before admitting that it is because of her art. Thank you Shreya for being you.

I hope you enjoy this book.

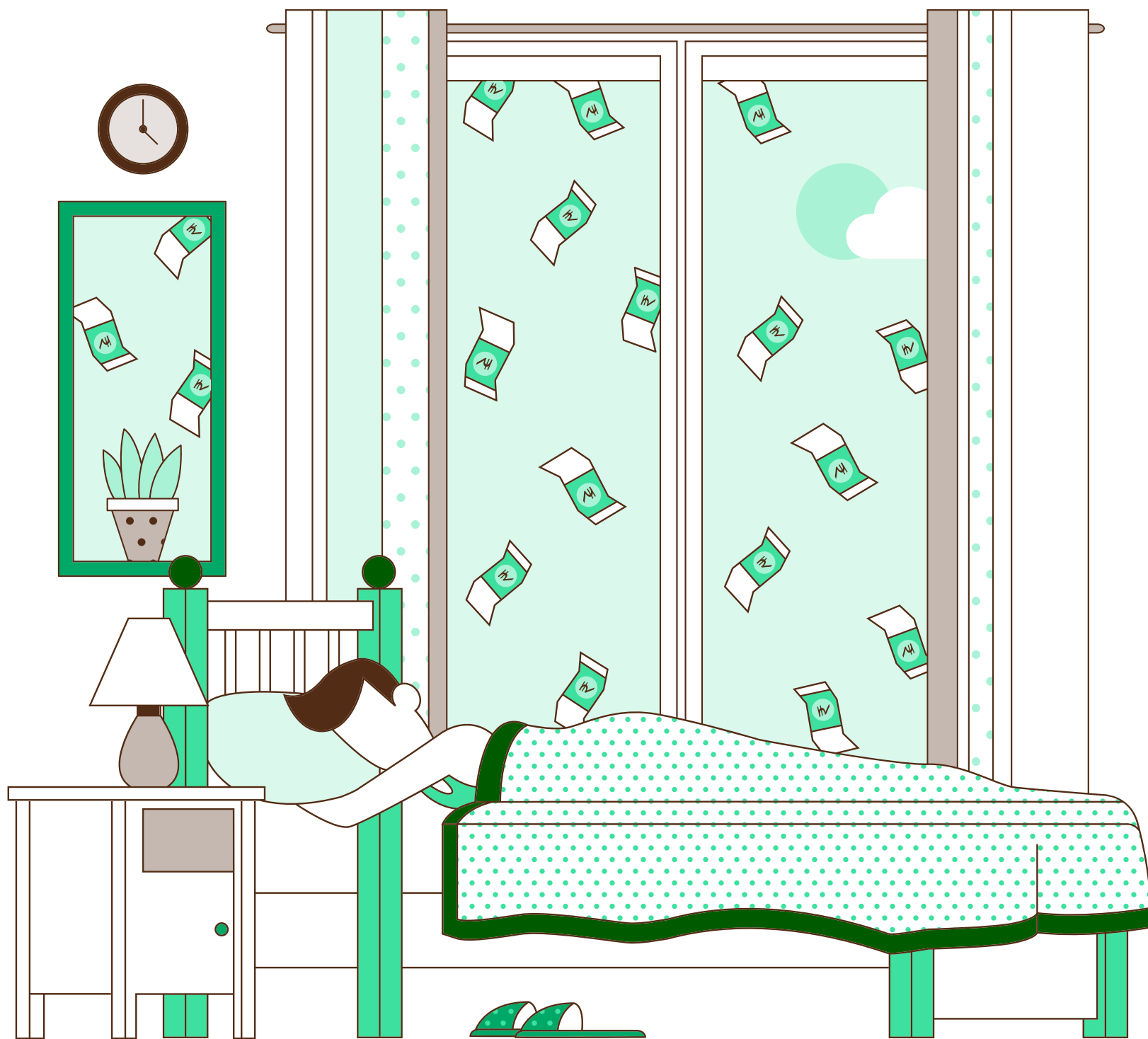
Please share your feedback with me on [warikoo@ankurwarikoo.com](mailto:warikoo@ankurwarikoo.com)

Wan? 

We grew up without any money.  
Perpetually in debt. Hand to mouth existence.

Which is why I grew up hating money.  
I thought it was the cause of all our problems.

And I never wanted money to rule over me.



What I didn't realize though that this desire to dismiss money, led me to disrespect it.

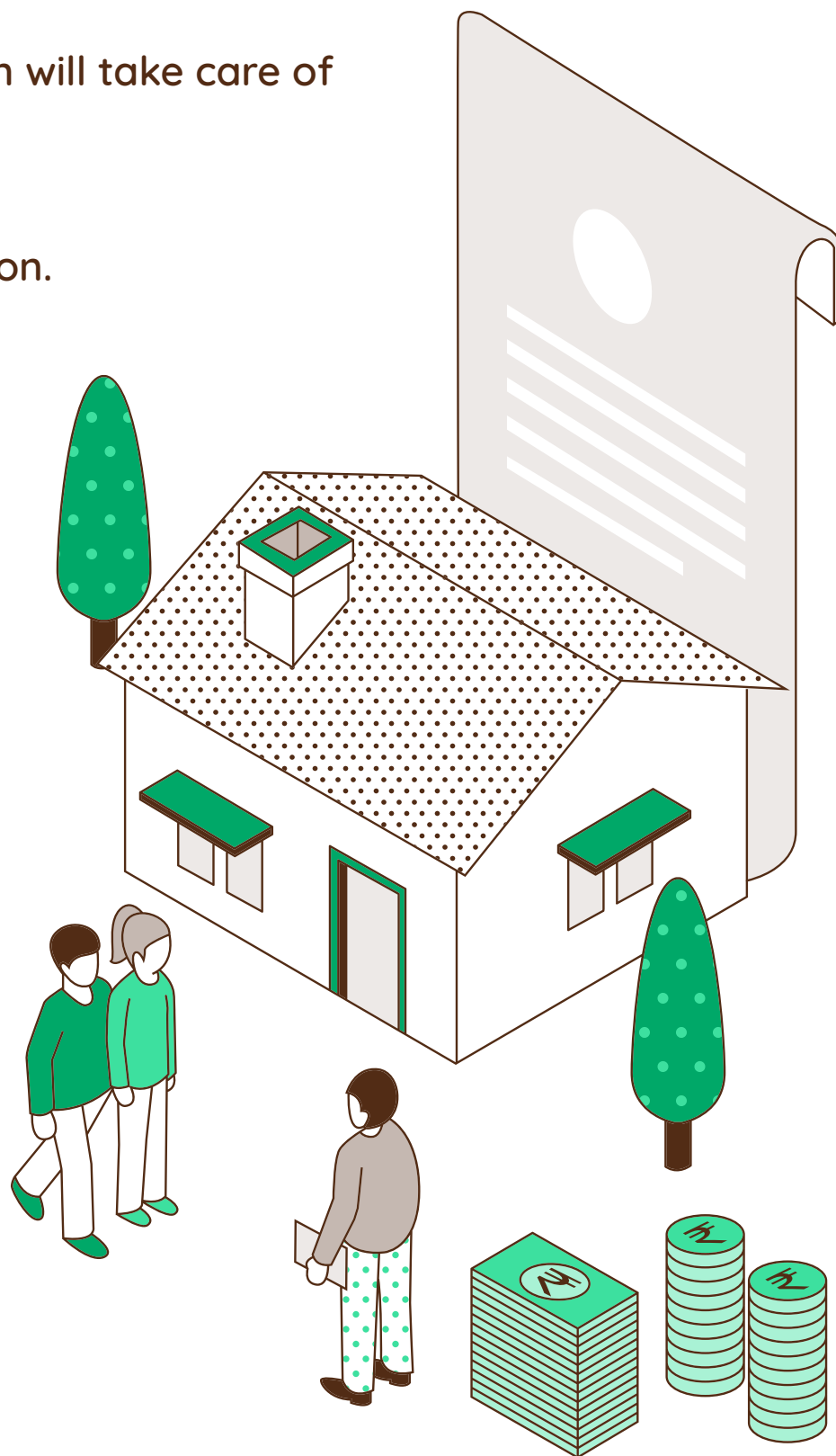
Because I had a knack of making money, I never really spent any effort in understanding how to maintain and grow it.

In the process making a lot of mistakes.

I took loans to buy real estate.  
Assuming the price appreciation will take care of  
the interest rate I pay.

I didn't take into account taxes.  
I didn't take into account inflation.

I didn't do the math that to  
get a respectable return,  
the price will have to grow  
~20% year on year.



Whenever I made any extra cash, instead of paying off the loan, I invested it in startups.

Convinced that the startup will multiply my money several times over.

I basically went to a casino convinced I would make money enough to pay my loans.

That's what I did!

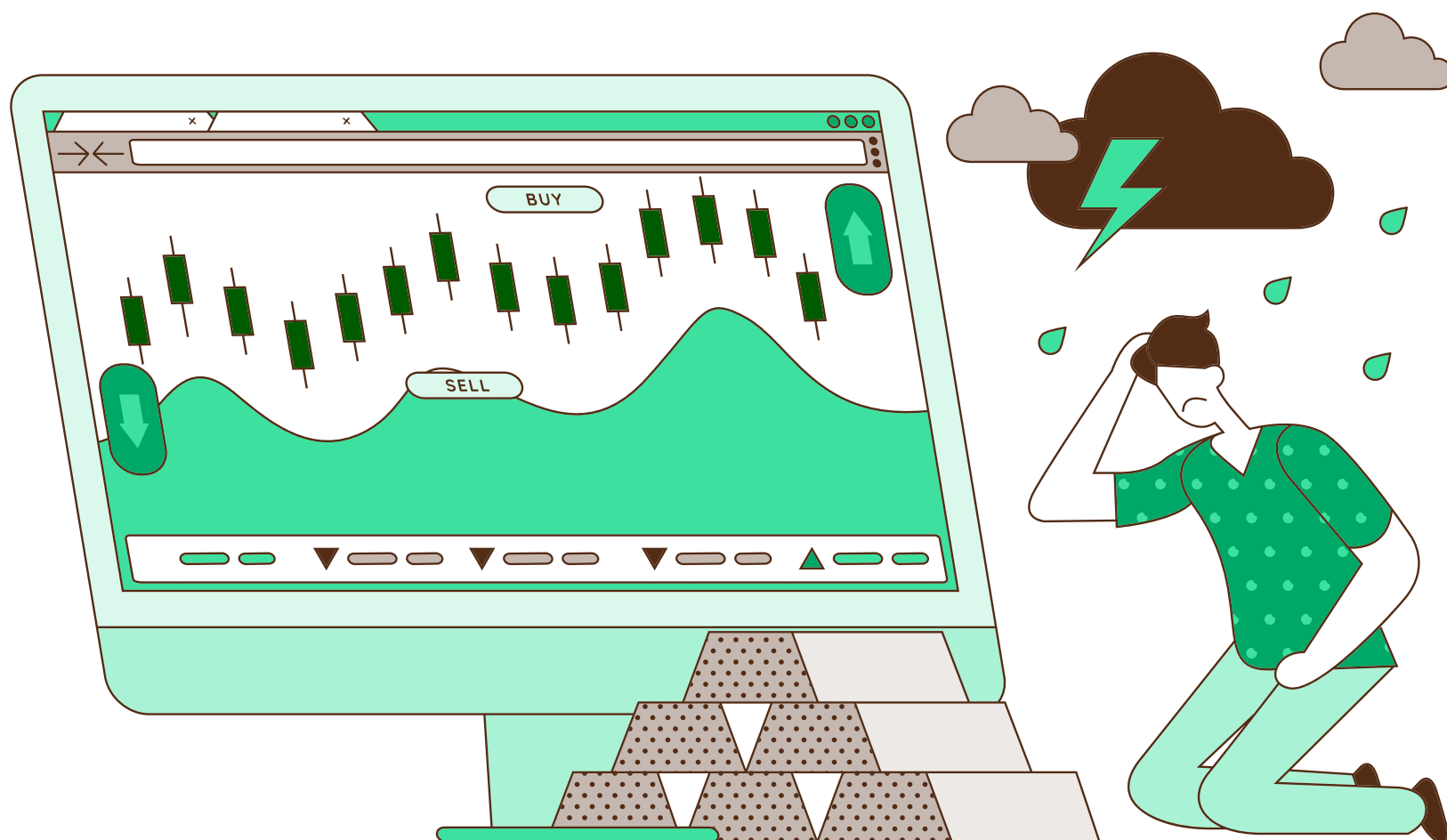




I invested in illiquid assets - startups, real estate.  
And rarely in liquid assets - stocks, gold.

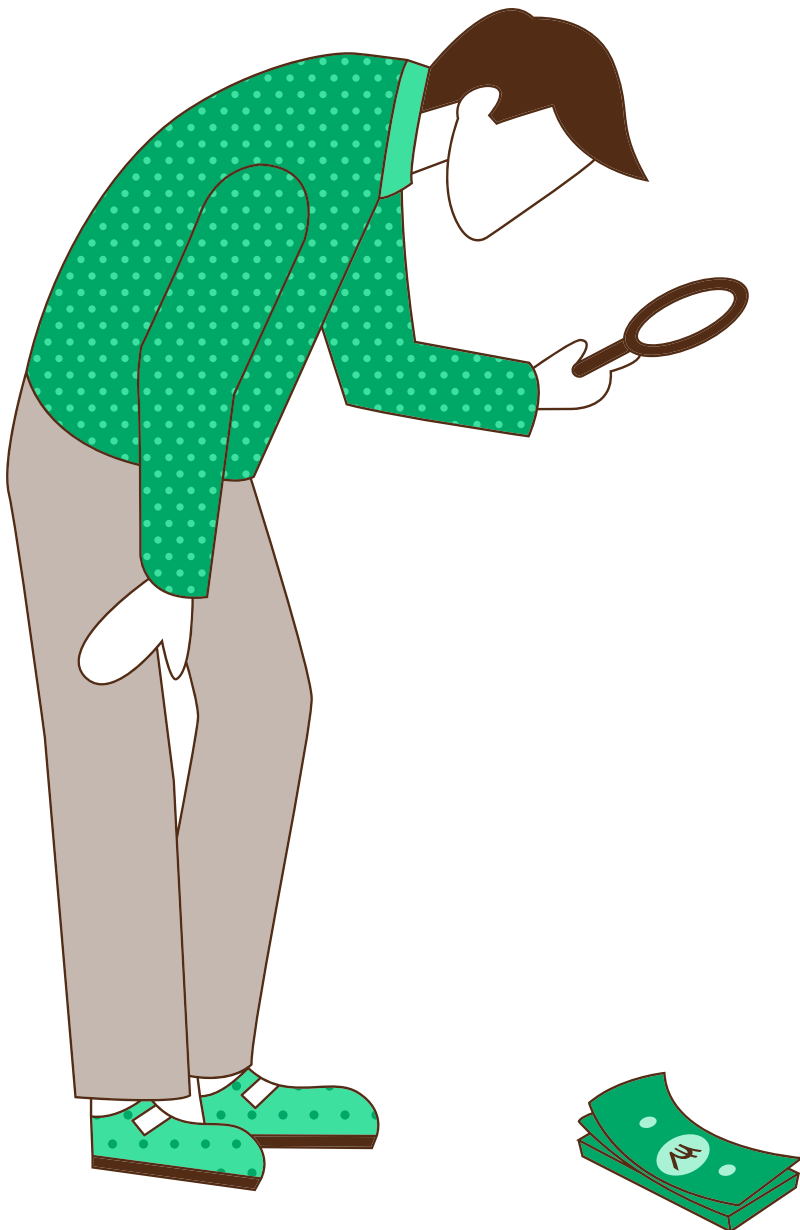
So when tough times happened, I had a lot of “paper wealth” but no cash.  
Which meant taking even more debt.

Never trying to paying it back.  
Because hey, the previous example!



For an entire decade I took lower than market salary, over indexing on equity. I believed the equity will make me much much more than the salary ever would.

So when things didn't end up the way it was expected, I was left with no wealth.



I over indexed on the future.  
Continued to maintain my lifestyle when I should have lowered it.  
Maxed my credit cards.  
Took on more debt.

All in the hope that one mega event in the future will solve all of it.



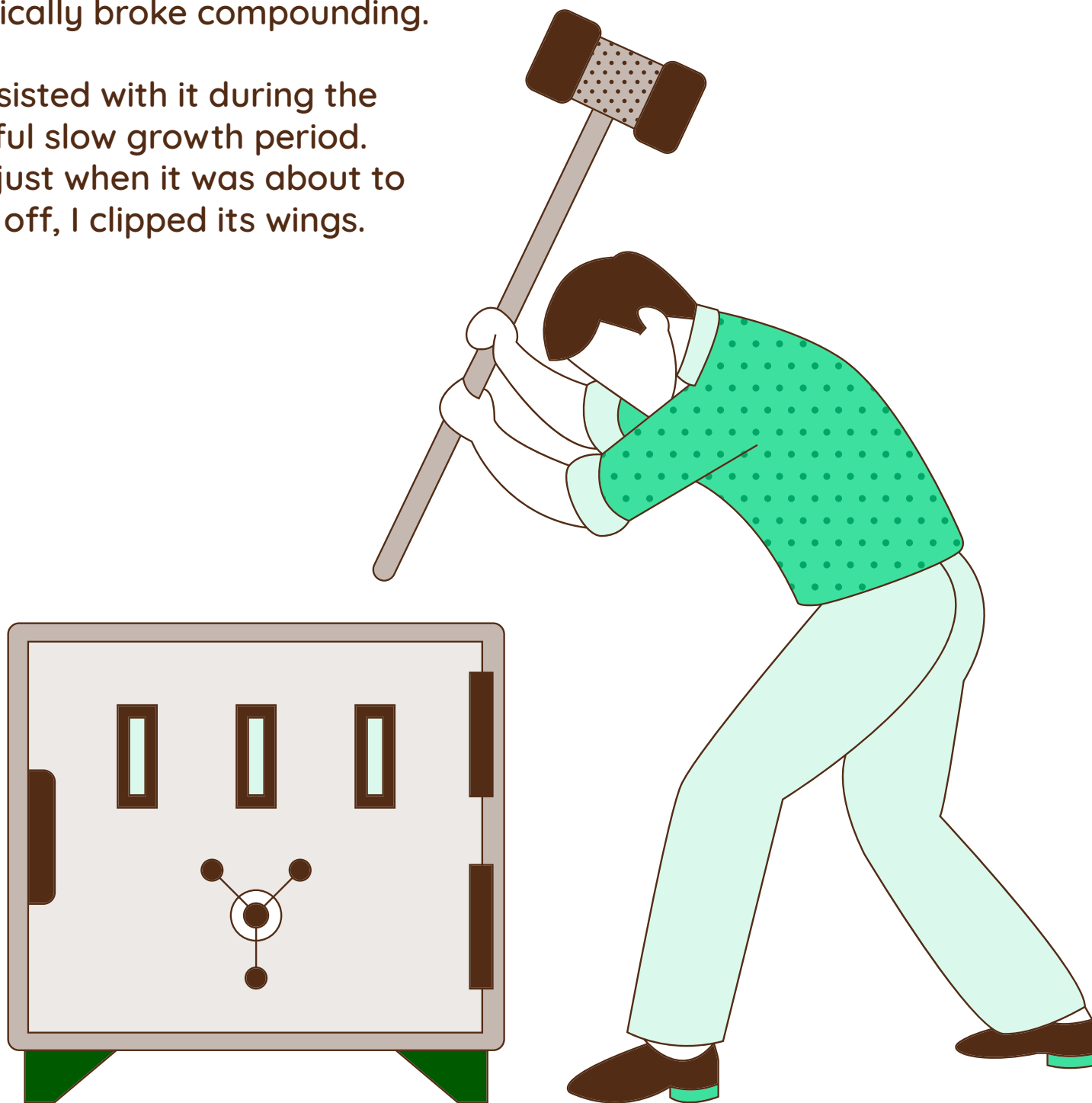


I invested in stocks when the markets were high, in the hope of making fast money.  
I sold in panic when the market tanked, so that I didn't lose money.

It should have been the exact opposite.

Whenever in need of money,  
I broke my MF and FD to  
generate cash.  
I basically broke compounding.

I persisted with it during the  
painful slow growth period.  
And just when it was about to  
take off, I clipped its wings.



I discouraged my wife from investing in MFs and FDs and buying gold.  
She still did.

I mocked her, laughed at her.  
Challenged her to a return comparison at the end of the decade.

It was her investment that saved us.  
Not once, thrice.



Because I hated  
money, I never  
respected it.  
And I realized that  
money didn't respect  
me either.

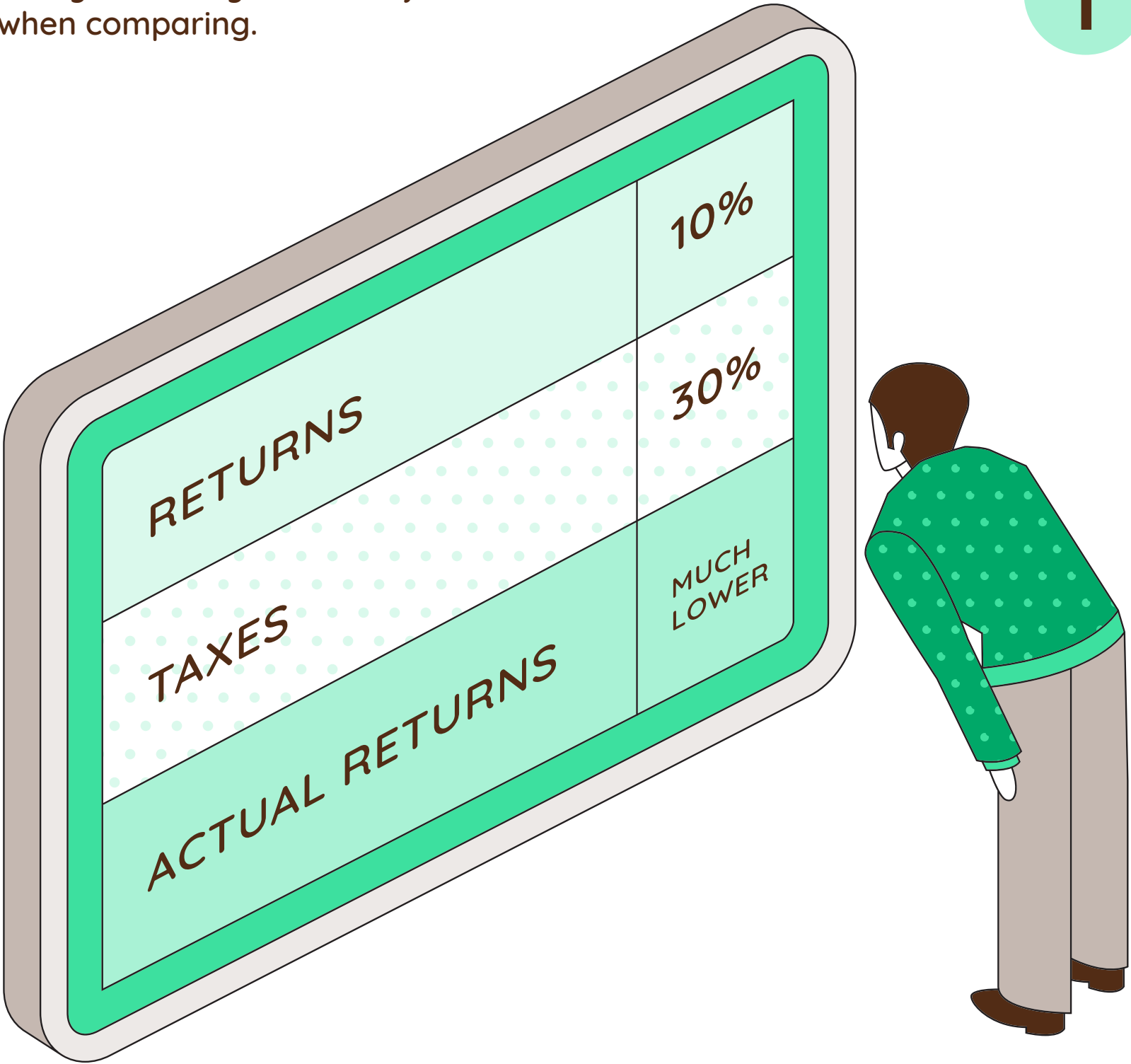
While I knew how  
to make it, I never  
understood how to  
preserve it.  
How to grow it.

Today I think I know.



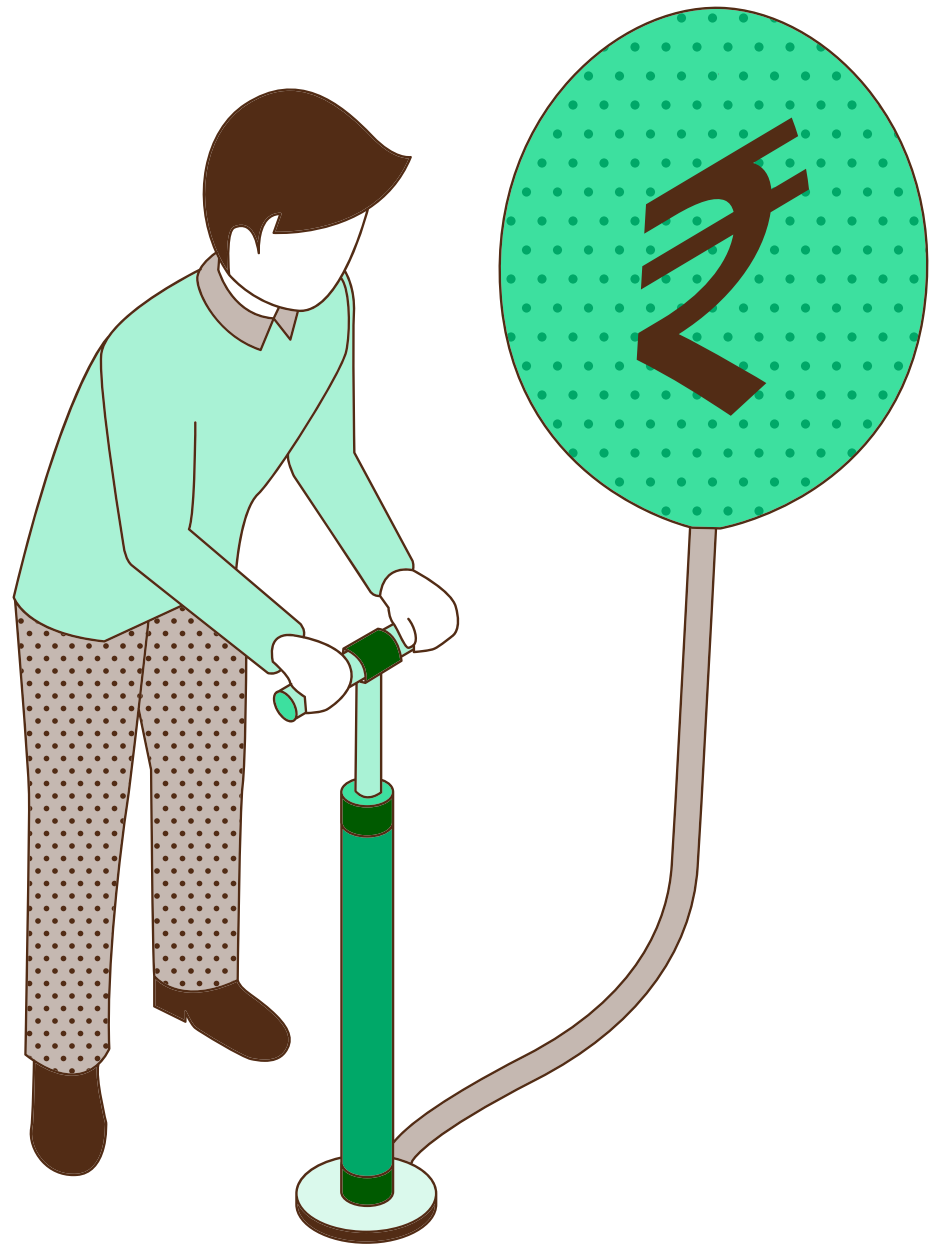
Taxes are a thing. A real thing.  
Always look at your tax-adjusted returns  
when comparing.

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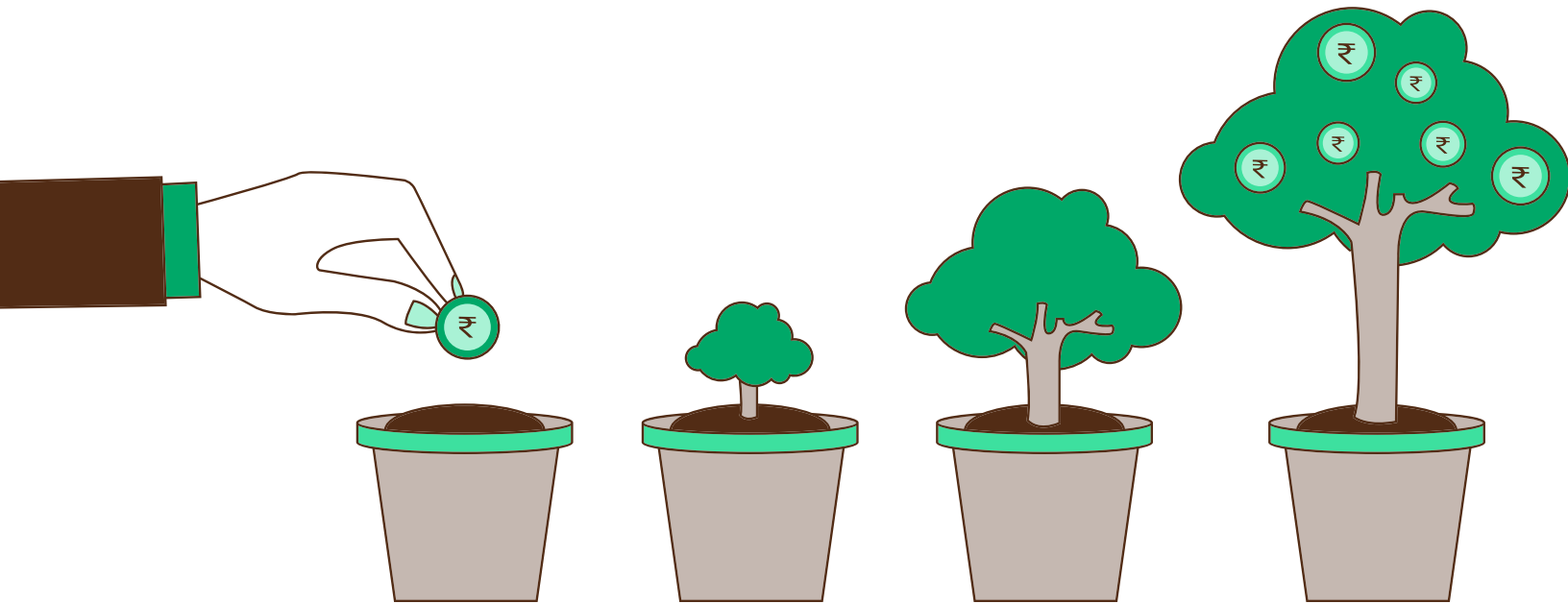
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Inflation is a thing. A real thing.  
Money loses value over time. Always include that in your return calculation.

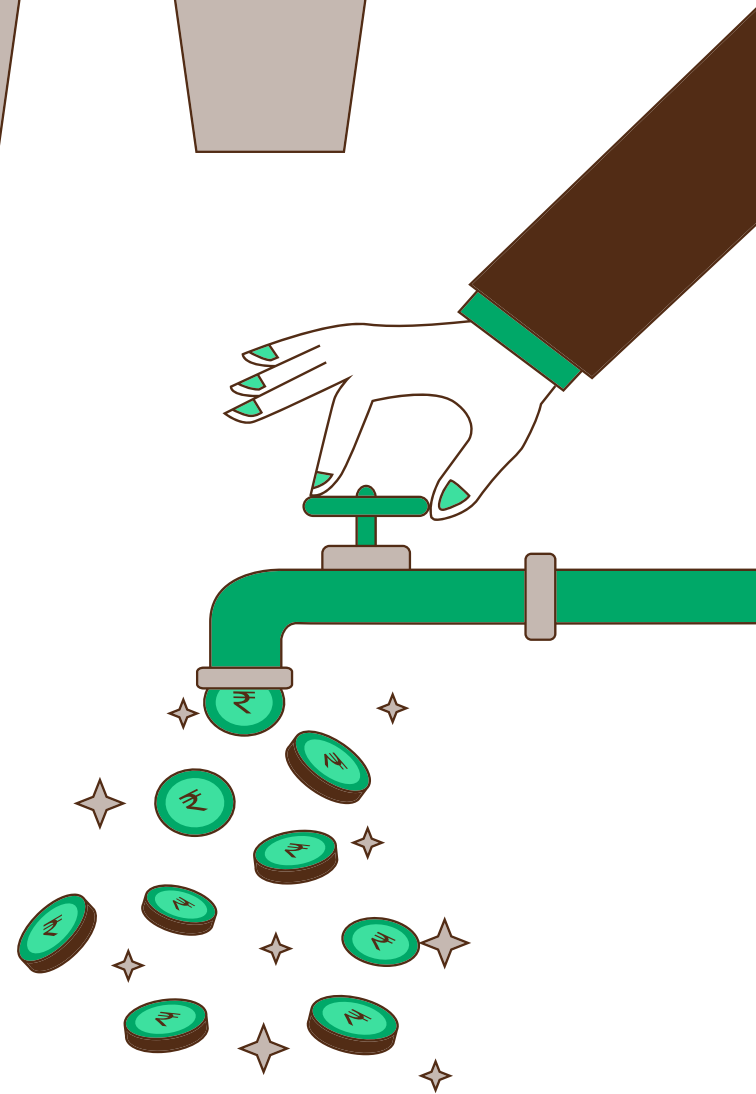
Compounding rests on a very important element - time. You need time to witness compounding in action. Give it time. A lot of time.

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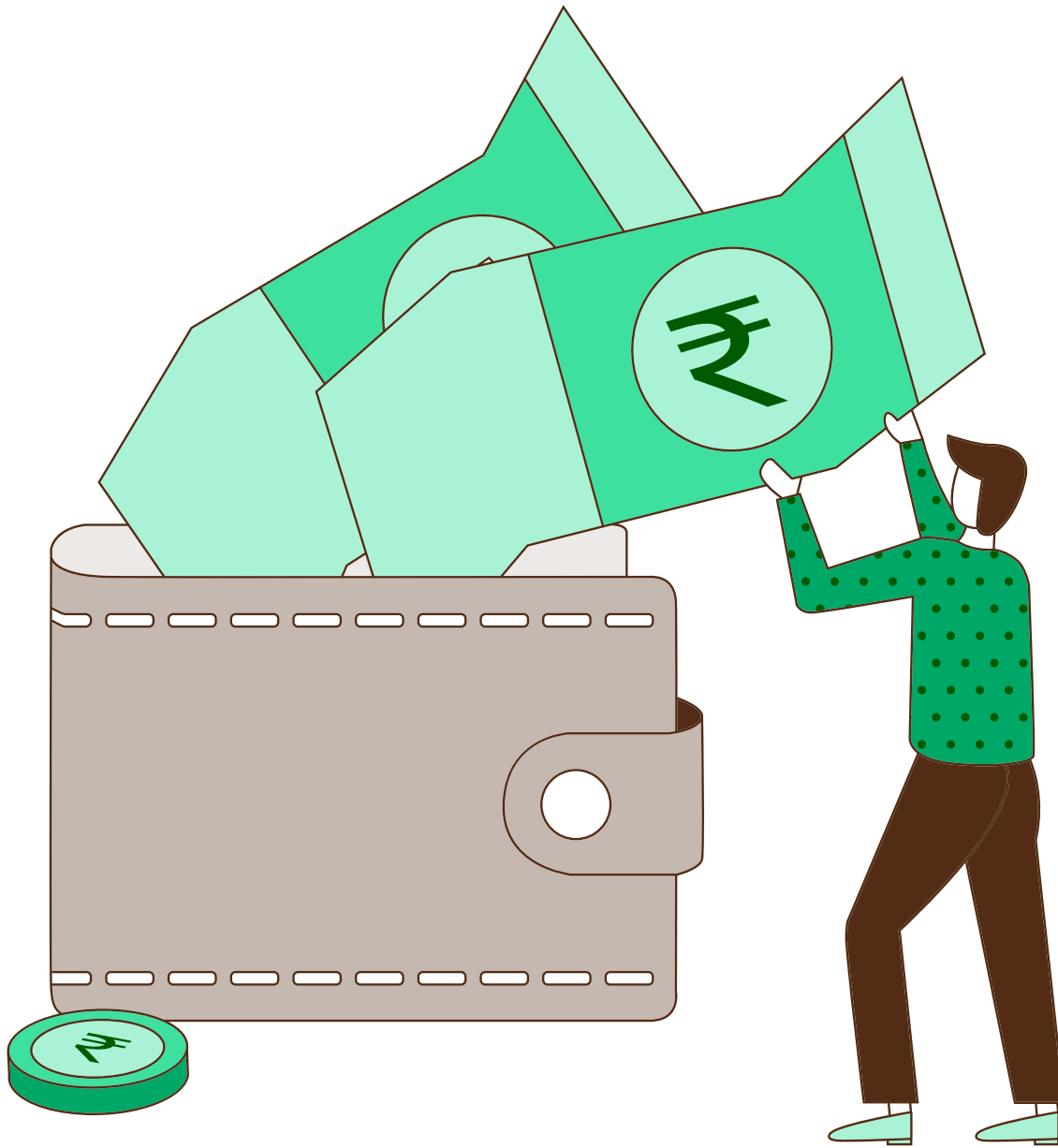
Liquidity is critical. Invest in a way that you can withdraw cash whenever you need. Else what's the point?



If you have excess cash, wait.  
Wait for the right opportunity.  
Wait patiently.  
Wait for markets to drop.  
Wait.  
The price you buy at, determines your return.

“No one wants to get rich slowly”  
- Warren Buffett





When in your 20s, live like a pauper.  
Live within your means.  
Pay your bills, and then pay yourself by investing.  
Pay for your desires the last.  
Do not take loans for your desires.

Take loans only for things that appreciate in value.  
Education. Maybe a house. Only one!

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Do not invest according to your echo chamber.

Angel invest because you are a founder.

Stocks because you are in finance.

Gold because you are a trader.

Get to learn and respect all asset classes.

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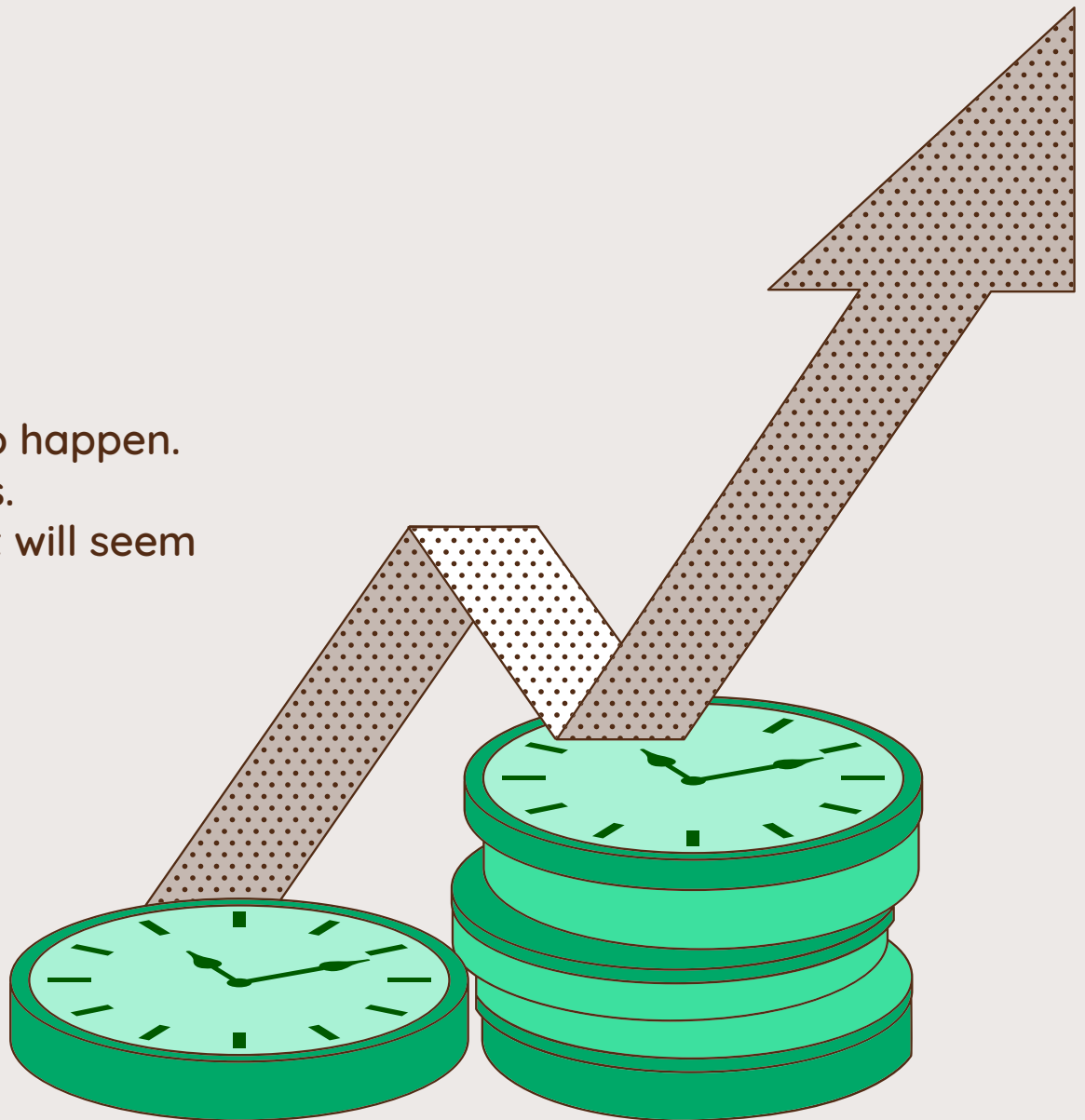


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Double down on what is working rather than diversify. Diversification will not yield super-normal returns. Owning more of what is working, will.

10

Allow compounding to happen.  
It takes time. Decades.  
For the longest time it will seem  
nothing is happening.  
It's happening!





The biggest lesson that I have learnt about money is  
that money buys you freedom.  
And freedom is a privilege.



For the longest time I denied myself this freedom.  
And today when I have it, I realized all the mistakes I made that prevented  
me to get this freedom.

These mistakes make me wise today, at 40.  
I hope they make you wise today, much earlier for you!

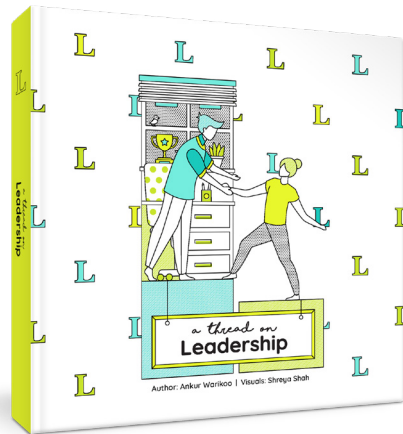
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Do follow Shreya on Instagram - [you can find her here.](#)  
I write a thread every Friday on twitter - [you can find me here.](#)

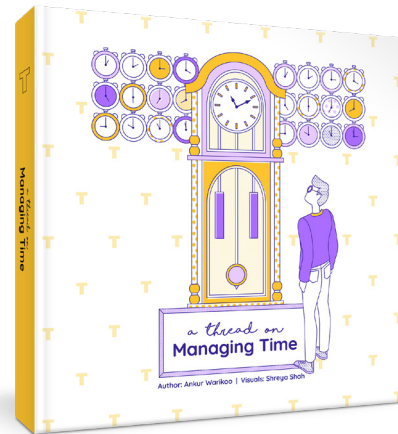
Thank you so much for your time :)

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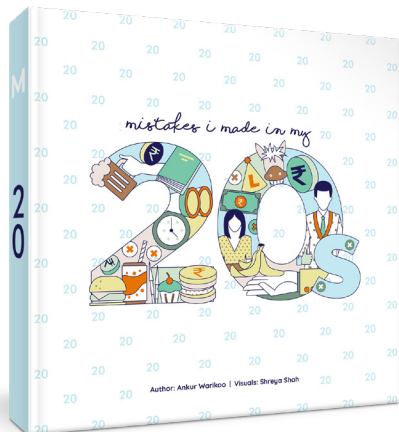
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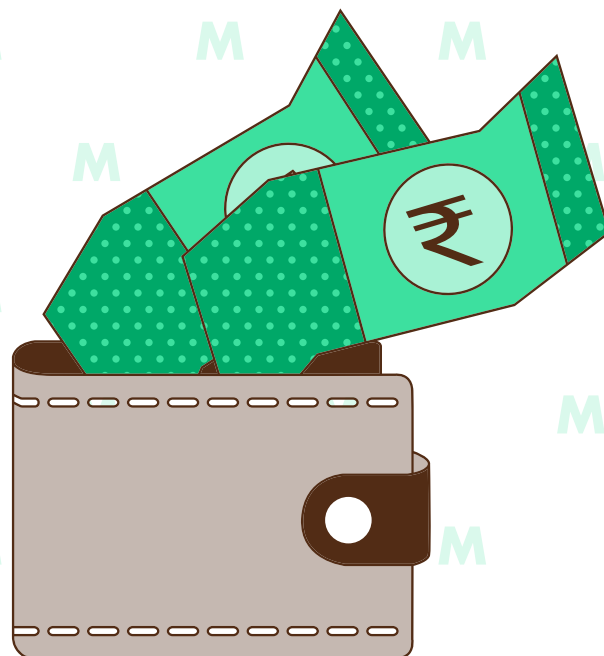
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