



FIVE PIECES OF FINANCIAL WISDOM FROM THE PRESIDENTS

The American College of Financial Services

FEBRUARY 17, 2020 Once a year on Presidents Day, we all pause to remember those who have served our country in the highest office in the land and reflect on their legacies of sacrifice, service, and honor. Regardless of party affiliation or ideological beliefs, being an American president is a distinction only a small handful of people can claim, and is a position that carries with it an unimaginable weight of responsibility for the well-being of the United States and its citizens.

Any cursory online search will tell you that presidents usually have a lot to say on a wide variety of topics, and famous inspirational quotations from the leaders of the free world abound, from Franklin D. Roosevelt’s “fear itself” speech to Abraham Lincoln’s Gettysburg Address. But a few of our former presidents, however, have also doled out financial advice that remains sound even hundreds of years after they left office.

Here are five notable presidential quotations offering guidance and direction with regard to money that stand the test of time:

**“All the perplexities, confusion, and distress in
Americans arise, not from defects in their
Constitution...not from want of honor or virtue, so
much as from the downright ignorance of the
nature of coin, credit, and circulation.”**

John Adams, 2nd President

Never one to mince words, this rather blunt quote from John Adams is still no less true, and the second President is aimed squarely at something in dangerously short supply these days: personal financial knowledge. Even back in the 1700s, Adams recognized that a public uneducated about finance was destined for trouble, and we still see that problem coming up today in all kinds of everyday situations. Many young people and others working in low-paying or part-time jobs don't see the point of, or just don't understand, starting to put money away for retirement now. They worry that they're hurting their own pocketbooks to put money away for some nebulous future goal that has nothing to do with the here and now.

Examples like this are why it's so crucial, as Adams suggests, to ensure all people get the basics of financial literacy and education. Spreading awareness of employee benefits, retirement savings plans, investments, and other strategies is one of the keys to the responsible citizenship the presidency was created to champion.

“The circulation of confidence is better than the circulation of money.”

James Madison, 4th President

While he may not have the name recognition of a Washington or a Jefferson, James Madison was quietly one of the pillars of early American government, responsible for drafting large swaths of the Constitution and pushing it through the early days of the republic. As befitting his character, this quote is a bit more vague and could be interpreted a number of different ways. The most interesting application today, however, is considering the stock market and investments.

One of the biggest hurdles financial planners, and ordinary people for that matter, face are the impacts of the unpredictable ups and downs of the market and how it affects people's investments for the future. Some trends and movements can be predicted, but others can't since above all the stock market is based on emotions, and is therefore volatile. A fluctuation in the market can lead investors to panic and make poor decisions, and even the most reputable advisor is prone to making a bad call that costs clients dearly. Common financial advice is for investors to largely ignore the market's changes: a dip in the short term will be balanced out by long-term gains. When you're investing, you have to play the long game, and maintaining your confidence, as Madison says, is the key to success.

“Never spend your money before you have earned it.”

Thomas Jefferson, 3rd President

This first piece of advice, coming from the mouth of one of the most famous of the Founding Fathers, seems like a good place to start. At a glance, it's a pretty obvious warning about avoiding debt and running up big bills you can't pay. But it's not so easy to follow today, where credit is a fact of life and almost everyone uses some form of electronic payment to buy things they can't afford at the moment, but plan to eventually pay off later.

Taken in the modern age, Jefferson's advice still stands, but with perhaps a minor adjustment to not spend money before you have a plan to pay it back. When you buy anything, it's a sound strategy to always consider how much money you still have on hand should unforeseen emergencies arise, and to know when and how you'll be able to pay off what you owe. Being familiar with your personal finances and knowing both how quickly you'll earn money and how much you can afford to pay off outstanding debts on a regular basis is a critical first step toward financial efficacy and success.

“To contract new debts is not the way to pay old ones.”

George Washington, 1st President

No list of presidential quotes would be complete without a kernel of wisdom from our very first national leader, George Washington. Washington set the standard for what we expect of our presidents: humble, yet determined, and courageous while still honorable. As such, it's not hard to believe Washington would give us sound advice about money, and this comment is no exception. As established in the discussion of Jefferson's quote above, debt in some form or other these days is almost a given for everyone, with credit cards in heavy use, students facing repayment of their college loans, and many people working to pay off houses, cars, and other big purchases they'd never have been able to afford up-front. But the key here is making sure that debt is as temporary as possible: very often, uninformed people make snap decisions to borrow money from one source to pay back another, creating a debt spiral that can ruin lives.

Do your best to limit your debt. Have a plan to pay back what you owe. Keep track of your finances to avoid any unpleasant surprises. If necessary, hire a financial advisor to help untangle the complicated knot of modern money management. Take whatever steps you have to so you don't fall into the debt trap Washington warned us about.

“You are not here merely to make a living. You are here in order to enable the world to live more amply, with greater vision, with a finer spirit of hope and achievement. You are here to enrich the world, and you impoverish yourself if you forget the errand.”

Woodrow Wilson, 28th President

To end our reflection, we'll jump ahead to the 20th century and President Woodrow Wilson. While history casts his legacy as somewhat more complicated, Wilson amassed an impressive array of accomplishments, from seeing the U.S. through World War I to establishing the Federal Reserve system and laying the building blocks for what would become the United Nations. True to that aspirational spirit, Wilson's words here are meant to push Americans toward a common goal: giving back and paying it forward.

Put simply, Wilson is calling for more philanthropy, both from those who have the means to give it freely and even ordinary people who can contribute a few dollars, or perhaps just a bit of their time, to improving their communities and making the world around them a better place. From financial advisors taking personal time to help and educate their clients to those with wealth using it in philanthropic endeavors, small-scale or large, we're all called to think about what we can do to expand our vision and use what we have to lift up others in the true American spirit.