



## 6 FINANCIAL LESSONS YOU CAN LEARN FROM BASKETBALL

With the NBA playoffs in full swing, let's take a moment to review some surprising financial lessons we can learn from the iconic sport and its players.

### **Lesson 1: Passion breeds success**

As any wannabe professional athlete can tell you, it takes more than muscle and talent to be a star. You need to be completely passionate about the sport to really succeed; otherwise, you'll find it challenging to summon up the single-mindedness and commitment necessary for building your skills and strength.

In much the same way, you'll see the most success while working at a job you feel passionate about. Your interest in the field will drive you to push yourself harder, set increasingly larger goals and achieve true success on a personal and financial level.

### **Lesson 2: Discipline is key**

From grueling training sessions to early-morning workouts, basketball requires an endless amount of self-discipline. Athletes must learn to ignore distractions and to devote themselves completely to the

game to reach the top. This can mean missing out on social events, pulling all-nighters to keep their grades up and, of course, spending hours upon hours on training sessions and muscle building.

Managing your finances successfully requires a tremendous amount of discipline as well. Will you stick to your budget for groceries this month or blow it all on an expensive product that catches your eye? Will you have the self-control to decline an invitation to join your friends at a pricey restaurant when you already used up your allotted monthly budget for dining out? Will you remember to pay yourself first each month and set aside money for savings when there are so many things you'd love to buy today?

Training yourself to be disciplined with money is the key to a lifetime of financial wellness.

### **Lesson 3: Set small goals**

Young athletes aspiring to compete on a professional level have a long road ahead of them. To bring their long-term goal within reach, they set smaller, trackable goals along the way. For example, they might work on increasing their muscle mass one season and then focus on bringing up their speed the next year.

Setting small goals is equally important when managing your finances. Sure, it's nice to dream of acquiring your first million or buying a private island, but how realistic are these goals right now? How many years will it take to achieve them? It's better to set smaller, manageable goals for your money, such as saving up a targeted amount of money, putting away a specific percentage of your monthly income for the future or bringing your monthly discretionary spending down by 10 percent. Just like a professional basketball player, your goals can be progressive, with another, larger goal taking the place of a smaller one you've already achieved.

### **Lesson 4: Diversify, diversify, diversify**

A basketball team cannot be made up of star centers. The team needs every player, each of whom is an expert in their own skill area. The team players then work in perfect coordination, using their talents to compensate for their teammates' weaknesses and, ultimately, to win the game.

Similarly, the best investors will diversify their investments across different classes to maximize their chance of success. This way, the loss of any investments that don't work out as planned will be offset by those that do.

### **Lesson 5: Research, review, revise**

Athletes prepare for games beyond training sessions and practice runs. Before a scheduled game with an opponent, coaches will show their players videos of previous games they've played against that particular team. This way, the players can get an understanding of what they're up against, learn the other team's strengths and weaknesses and develop the best strategy to help defeat them.

In smart money management, there's no end to the ways you can build your knowledge. You can check out online financial resources, read the latest in personal finance literature and listen to podcasts on money topics that interest you. You can also stop by Island Federal to speak about the financial resources we offer members. Use the knowledge you acquire to make smart decisions about general money management, your investment strategy and your long-term financial goals.

### **Lesson 6: There's no such thing as the easy way out**

Players learn quickly that there are no shortcuts to building their skills, stamina and strength. Those who try to take the easy way out by turning to steroids or other illicit sources to help them reach their goals end up ruining their own careers.

Short of winning the lottery, there are no shortcuts to financial wealth, either. Don't fall prey to get-rich schemes or miracle investments promising astronomical rewards. Instead, follow the timeless rules of money management to maintain true financial wellness throughout your life: Always pay yourself first, invest early to take advantage of compound interest, spend less than you earn and increase your earning potential by investing in your own skills and knowledge.