



All it takes is long-term planning

Many Pharmacists believe the cause of other practitioners' financial success come from some wrongdoing [like connivance with pharmaceuticals or overcharging patients, especially ones with insurance covers], a stroke of luck [read knowing some God Father in the Ministry of Health or in the NGO world] or sheer genius [S/He was always bright anyway!]. How else can you explain their nice homes, expensive cars and children being able to attend expensive private schools and universities? they ask.

While it is true that some pharmacists become wealthy through dubious means, most successful practitioners, especially ones in private practice, are ethical, hard-working people of average intelligence; remember those guys who always drunk the night out or got saved on exams? release because they didn't believe they will pass them? They are normal individuals like you and me who consciously plan what they will do with their earnings and thereby end up succeeding in buying their own home, educating their children and retiring in financial security and dignity.

What may surprise you is the fact that financial success comes more from avoiding mistakes than making brilliant moves, from long-term planning than making it overnight. It is therefore useful to know what kind of mistakes one could make so as to avoid the pitfalls.

The most common error is failing to anticipate and prepare for future needs. Some pharmacists live by the maxim 'life is short, live it to the fullest'. And for most anyway, there will almost always be something coming up from private projects to NGO engagements to pharmaceuticals sponsorship on something or the other. The trouble with such a philosophy is that one day, you'll wake up and find that you have a challenge that requires a lot of money. What will you do then? An example is tuition fees for your children's university education. Children grow up really fast. Before you know it, that little terror who is keeping you awake all night will be all grown up and ready to go to university. If you have not prepared yourself financially, you might not be able to help him/her get a good start in life.

Another need you have to prepare for is buying a house for your family. This is the

most valuable personal possession most individuals will ever own. Since the cost is normally high, one cannot just wake up in the morning and say 'I'm going to buy a house today'. You have to plan for this life challenging purchase. As you do all these, ensure that you do not confuse a high cost lifestyle with happiness. Happiness most comes from living according to one's values and achieving one's goals which is exactly what financial planning helps you do.

Another mistake most people make is to live beyond their means. If you spend more than you earn, you will not be able to save for your future needs. You will sink deeper into debt.

However little you earn, you should ensure that you spend less than your income and your invested savings will eventually free you from poverty. Many pharmacists are driven to overspending by peer pressure. There is this high profile image most people have on the pharmacist and most of us, sadly, strive to leave by those standards. So you take a loan to buy a better car because society or your peers in other professions expect you to have one, and better than theirs; you want to go on a holiday abroad because you can't stand the way your fellow peer Dr. X brags about his/her last trip to Hawaii [never mind it was sponsored by a renowned pharmaceutical company with a new product to push in the market]; you must wear designer clothes straight from internship because that is hip for young pharmacists, perfumes with unpronounceable names and with prices to match, etc.

So you spend even what you do not have. When you have no more money to spend, you borrow. Soon, a huge portion of your salary or earnings goes to repaying those debts. What does all this expenditure do towards improving your financial security? Nothing!

Another common mistake many of us make is failing to invest. Even if you earn one million shillings a month but spend 1.1 million shillings, you are still poor because you are not investing. After controlling their expenditure, living within their means and saving some money, many people are frustrated because they are still unable to achieve their goals.

If you were given Kshs 100 every time

someone told you it was impossible to raise the deposit for a house by saving, you would most likely be in a position to retire today. If you keep your savings in a bank paying, say, three percent interest, and inflation is seven percent, you are fighting a losing battle.

Assuming you need 1 million for deposit for a house, if you save Kshs 16,000 per month in the bank, after five years earning 3 per cent interest, it will accumulate to Shs. 1,036,933 (ignoring taxes). During the same time, the deposit required will have risen from Shs. 1,000,000 to Shs. 1,489,845 if average inflation is 8 per cent. The only solution is to ensure the money you are saving is earning a return that is higher than the inflation rate.

The other thing that most pharmacists need to shed is this 'we have it all' and 'I'll do it my way' attitudes. While it is true that many pharmacists have more ways than one to make an extra coin and you may work and earn till you drop, it is important to get together and pool resources with a view to consolidated investments. One of the things PSK is on course establishing is a members' Sacco. Looking at what the Kenya Medical Association has achieved over the years (housing schemes and most recently the state of art multi-million structure in Upper Hill area) are just pointers to what can be achieved with pooled resources.

With over 1,500 pharmacists in Kenya today, we have the wherewithal to pool resources and be on top of investment schemes in this country.

Finally, one must never forget that the only predictable thing about life is that it is unpredictable. Even when everything is going well, we should have protection against potential threats to our financial security.

If a family member falls seriously ill and you do not have medical insurance, all your savings for the house could be used up on treatment. But medical problems are not the only threat; you should have life insurance.

Avoid the four mistakes above and while you may not end up rich, you certainly will be secure and comfortable, without stealing, being the benefactor of lady luck or even being a genius.