



Investing Your Time vs. Spending Your Time

The same principles to investing money apply

If I asked you how you spend your money, you could answer with a decent amount of precision (and maybe some embarrassment). But if I asked you how you invest your money, your answer would be very different – because spending money and investing money are two very different actions.

Let's replace time with money. How do you spend your time? That's an easy answer, right? You probably sleep 6-8 hours a day, work about 8 hours, leaving another 8-10 hours for other activities. But *how do you invest your time?* Or, do you just spend and not invest your time?

Do you find it odd that it is so easy to tell me how you spend your time, but not so easy to answer how you invest your time?

Before we talk about how we can invest our time, let's look at where the word "invest" actually comes from. Not surprisingly, the word "invest" derives from the Latin word "*investire*" which means "to clothe in, cover, surround."

Etymologists explain to us that the Latin word for clothing – "vestis" – was adapted by the Italians in the 1300s to what it means today.

Turns out that in the 1300s, there were a lot of economic activity and if someone used their money to buy a business, then they were "dressing it up," which we recognize as a term for transforming one thing into something else – presumably something better.

Let's look at practical ways you can "invest your time" – and turn it into something better:

School. The value of a college education is usually presented in purely monetary terms, probably because the payoff from a college degree is so high. But according to the Lumina Foundation, Americans with bachelor's degrees receive the following benefits in comparison to high school graduates never attending college:

- The likelihood of reporting health to be very good or excellent is 44 percent greater.
- The likelihood of being a regular smoker is 3.9 times lower.
- Life expectancy at age 25 is seven years longer.
- The probability of being in prison or jail is 4.9 times lower.
- The probability of being married is 21 percent higher and the probability of being divorced or separated is 61 percent lower.

Relationships. Spending time with family and friends in order to build relationships is absolutely an investment and like any investment, the key is to be intentional.

Exercise. Going to the gym, taking walks, playing basketball or jogging with your dog are investments in time and investments in you. It's akin to the maintenance you provide for your house – cleaning out the gutters, fixing that squeaky door, repairing the wood rot. Your body, of course, is so much more valuable than your house

Eating healthy. Eating well is much like investing in a savings account – eating healthier won't pay immediate dividends, but you'll be better off in the long run.

The Principles of Investing Money

Interestingly, the principles of investing money can be applied to investing your time:

1. **Diversification.** Just like I'd advise you not to invest all your retirement assets in a single stock, make sure you don't invest all of your time in a single activity. When investing your time, you really don't know which activity will pay you the best dividends, so you're better off investing your time in different areas.
2. **Rebalancing.** When equity markets have a prolonged run-up, I advise my clients that we need to reallocate assets to maintain a balance that is consistent with their goals. In this case, maybe we trim the equity positions and allocate more to fixed-income.

If you spent much of the past year exercising every day and eating well only occasionally, maybe you should flip the two.

3. **Risk/Reward.** I'm constantly reminding my clients that every investment carries risk – and that risk must be commensurate with the potential return. The same is true when you invest your time – not everything in life brings the same amount of return. But only you can determine if the risk is worth the potential reward.

4. **Research is Important.** You know that there are great investments, awful investments and everything in between. As a financial advisor, I research the details of an investment so that I can make an informed recommendation to my clients as to which investments are better than others. The same is true with how you invest your time – there are plenty of great ways to invest – and there are plenty of awful ways to invest your time. Do your research. And remember that some activities may not be the best investment for you.

Summary. Smart, experienced financial advisors can debate all day long about the merits of one investment vs. another. But what they all agree on is that it is best to invest early and do so consistently. The same is true with investing your time.

As with your money, you can frivolously spend on material things and not invest your money for when you need it later in life. Or you can invest your money in ways that improve your life.

Investing in your time is no different.