Daily Monitor

What can you do with Shs150m in a lifetime?

Securing your financial future depends on the decisions you will make and how you will execute them in life. **William Lubuulwa** addresses these financial matters that hardly anyone is willing to teach.

Recent findings by the Uganda Bureau of Statistics (Ubos) reveal that the average monthly income of a Ugandan is Shs303,700. This is an increase compared to Shs170,800 in about 10 years ago. The Shs303,700 can be rounded off to Shs310,000 per month.

The above data informs my basis for this article: Cash! Not my money but your money. Almost every one of us is going to earn more than Shs150m over the course of our lives. That is the barest fact! More than a hundred fifty million Shillings is going to pass through our hands during our financial livelihoods. Call it paltry or peanut, but the truth is majority of Ugandans never even touch half of that from cradle to grave!

Let us walk through the Shs150m maths. Many of us get our first degree around age 22 from university. Assuming you get a full-time job within a year or two, you will now be around 24 years. From this time until the day you retire (if you work full-term up to age 65), you will have to decide what to do with more than Shs150m. You think this is non-achievable? Try elementary mathematics. It is not that complicated math taught in schools these days. I am asking you to add and multiply; forget about subtraction and division here.

If many of you go to work in your mid-twenties, say at age 25, and continue working uninterrupted until you retire at age 65, then you will, surely hit the Shs150 million mark. Don't get me wrong; I hope we all retire much earlier than that, but even if you do, the same simple mathematics should apply.

If you get a job earning Shs3.72 million per year when you are 25 years until you retire at 65 years, that is 40 years of full-time work. Even if you never get a raise and make the same Shs3.72 million year in, year out, over the course of your 40-year service, you will earn Shs148.8 million. That is very close to Shs150 million. Although to a select group of Ugandans, this is just a monthly income, it is a lot of money - a whole lot to many folks this side of the Sahara where some people earn a misery Shs100,000 per month!

But let us just imagine what will happen if you are chanced to get a number of pay raises during the 40 years, like almost everybody does. What if you are graced with double the Shs310,000 Ubos figure stated above, making your regular income Shs7.4 million per year instead of Shs3.72 million? If you do that, then you will earn Shs297.6 million in a lifetime! What will you do with your nearly Shs300 million?

Now let me ask the young and vibrant, but still at school. Have you ever sat at your school desk and, right in the middle of your very exciting lesson, thought to yourself: Why do I need to learn all this Literature, Mathematics or Psychology? What does this Chemistry or Gender Studies got to do with my future? These should be rational questions, and every one of our school-going children has a right to ask them. If you did not know, here is why.

As a toddler, you entered your school with an eager mind to learn. You struck a deal with the grown-ups in the school community - the teachers, head teachers or principals, senior students and even other people. Every child puts their future in the adult society's hands. As children, you agreed to attend school, sit in class, do your homework, and sit for numerous tests and exams. You passed some and failed others! But somehow, you kept going up the academic ladder. In return for your investment of time, effort and brain, you merit more than just a piece of paper in the name of a diploma or degree that you frame and hang on your parents' or own wall. You deserve some sort of plan that informs you precisely what you will need to know in order to succeed in the workplace - since that is where you will end up. In this world of work is where you will earn the Shs150m I am talking about.

If schools, colleges and universities send you out into the real world (estimated data puts the figure at about 70,000 young men and women who enter Uganda's field of work annually) without the skills you need to prosper, then the adult world has cheated you out of your innocent deal. That is not because you are doing a great deal of work as the leaders of tomorrow.

Many Ugandan learners will spend between 20,000 and 30,000 hours in a classroom between baby class and the time they finish their first university degree. That is a great amount of time to sit in class and end up with insufficient skills.

Many of the graduates universities and other tertiary institutions in Uganda pass out, according to recent Inter-University Council for East Africa report, are not well prepared for the job market. They lack the hands-on skills to easily acclimatise in the workplace. The report shows that of the total employers interviewed in Uganda, only 37 per cent were contented with Ugandan graduates. The remaining 63 per cent found fault with the graduates, saying the employees they had hired had not been adequately prepared by their mother institutions.

A person counts a bundle of Shs10,000 denominated money on a table. It is advisable to start making good money decisions early in life.
FILE PHOTO

But as adults, we owe you high level knowledge and all the required skills in return for the time you invest in your education.

So, what are we going to do about the situation? It is evident that we are obligated to deliver a good plan for success to all the sons and daughters of this country. But the genuine question is: "What should that strategy include?" What do you really need to know in order to succeed after you spend more than 20,000 hours in a class looking at chalkboards?

That is a fascinating question because its response changes over time. Many people, for example, agree that in order to succeed in today's world, it is necessary to have computer skills - at least the basic ones. I totally agree. But when I was in school, nobody ever taught me anything about computers although I now use them every day!

The skills we need to succeed today might not be the same ones we needed a decade ago or those that will be needed when my five-year old son brings me a grandchild home.

The bottom-line is this. Everybody eventually finishes school, at whatever level, moves out on their own, gets a job or fails to get one. Some people make some money; others make a lot of it; while a few get more than they need. The majority need a whole lot more than they make! No matter which category you are in, nobody wants to lose the money that they work so hard to earn.

Very many people, including me, went through school and never learned a lot about dealing with money or financial matters. They learnt through trial and error, and there was usually a lot more error. In school, they forgot to teach us what to do with our money after we earned it. That is the ugly bit about financial literacy.

The beauty is we are not going to let that happen to you, our children. That is not the contract you signed when you came into this world under our care.

In making, handling, growing, and keeping money - the bottom-line is: It is an individual's money. So, it is up to them. But remember all financially successful people have a few things in common. As teenagers, they begin by working part-time; enter careers that make them happy; recognise the difference between needs and wants; learn how to make and save money at an early age; develop good spending habits before they earn big cash; pay their bills religiously; seek insurance protection; understand that get-rich-quick schemes are scams; are aware of the need to live within their means; and only give away money when there is need! Collecting Shs150m and managing it well, needs behaviour of financially successful people.