

Don't Manage Your Money Like This

In September of 1992, I outlined the tragic story of a MLB slugger, Jack Clark who had misspent his money and wound up in bankruptcy. I wrote:

It's Time for Bankruptcy

Not for you of course. No, I'm writing to you about bankruptcy for Jack Clark, Boston Red Sox slugger, but this story carries a lesson for most of us.

Now here's a guy—a good guy, too—with a three-year Red Sox contract worth \$8.7 million. And yet Jack is bust. He has listed \$11.5 million in debts, versus only \$4.8 million in assets. Clark owns 18 automobiles, including a \$717,000 Ferrari. He dumped over \$1 million into the Jack Clark Racing Team and earned next to nothing on it. He owes American Express over \$55,000 and Visa nearly \$20,000. The guy's monthly statements must look like a J. Crew catalogue. He owes state taxes. He owes Fed taxes. He owes his agents.

You Need to Protect Your Principal First

Here is a story of financial excess that is truly hard to imagine. Jack Clark is a young man who has earned millions. But he did not have a plan for his financial future. He did not even plan for today. And he did not protect his principal.

Remember last month when I wrote to you about not blowing your principal? For many investors, the accumulation of principal may be short-lived, like a professional athlete's, or even a one-time shot, such as receiving an inheritance. That's why it is so important to protect—not plunder—your principal. Jack

Clark blew \$8.7 million. Who knows what's ahead for Jack Clark, but it will most likely include starting from scratch financially. Had Jack invested along the lines outlined monthly here, his wealth would have increased with consistency, and his financial worries would today be non-existent.

The lesson here is that whether you have \$8 or \$8 million, you must have a disciplined, consistent plan for your financial future with first priority given to protection of principal.

Clark's story turned from bad to worse this year. At age 62, after earning what was estimated to be \$15 million during his long baseball career and working for multiple television and radio sports broadcasters, Clark has [filed for bankruptcy once again](#).

Instead of enjoying what should be a comfortable retirement, Clark is starting from scratch once again. He didn't protect his principal, he spent it, twice.

Don't make the same mistakes as Clark. Protect your principal with a disciplined, consistent plan for your financial future.