This has been incredibly difficult to map so I will freeform topics.

Related Articles:

[Time - Part 1](https://spencers.dev/posts/init/2020-08-14-time-1/)

[Time - Part 2](https://spencers.dev/posts/init/2022-01-05-time-2/)

[Wealth - Part 1](https://spencers.dev/posts/init/2020-04-01-wealth-1/)

**Investing Premise**

The foundational premise behind investing is that time is an asset.

Money + Time > Money

Given that Time is positive, the above equation is necessarily true. To invest logically is to hold this belief.

An example to illustrate this principle is lottery rewards. The winner has the option to receive a lump sum (immediately) or annuity (over time). The difference is often as significant as $5 million today or $10 million over thirty years.

In a later section we’ll discuss the multiple reasons *why* time is considered an asset however this section is simply illustrating the principle that $X today is more valuable than $X ten years from now.

**Savings**

Given that money today is worth more than the same amount of money in the future, should one save as early as possible?

If saving $5000 today is equivalent to saving say $15000 in ten years then it follows that spending $5000 today is equivalent to ten years from now spending $15000.

This weighting of time makes one more inclined to save current money (as opposed to saving future money).

To save for the future is to deny the present.

**Spendings**

Money compounds therefore saving earlier is optimal to optimize for money. However it is fallacious to believe that only money compounds. All things compound making all things are underrated.

There is a difference between buying the car at twenty and buying the car at fifty. Putting aside all the circumstantial differences, the remaining difference is that the twenty year old has compounded buying the car over thirty years.

It’s difficult to connect all the dots however one can imagine thirty years of being able to discuss owning a car, responsibility, design, opinions, etc. Having an experience earlier is more valuable than having an experience later; having X earlier is more valuable than having X later when X is an asset.

TLDR;

Time is linear, therefore all things (not just money) compound.

The beginning is proportionately weighted when compared to the unknown future, thus it is proper to spend.

**Historic Wealth**

Historically, we’re at the peak of wealth.

We have Paleolithic emotions, medieval institutions, and godlike technology.

**Global Wealth**

The western world is at the top when dividing global wealth into a hierarchy. Further dividing the western world into a western hierarchy, California is at or near the top as well.

**Standard of Living**

While each income bracket is normalized within the hierarchy the difference becomes apparent/matters/breaks the abstraction when crossing the border into another hierarchy level.

Consider the following example. X and Y are comparable people. The only difference is that X lives in H3 (hierarchy 3) and Y lives in H5. X is the median in H3; Y is the median in H5. X and Y both save twenty percent of their income. However, H3 salaries are higher than H5, therefore X makes 250k and Y makes 50k. Thus while they save the same percentage, X saves 50k and Y saves 10k.

Their income and savings appear very different however in daily life they are relatively equivalent. While H3 salaries are higher than H5, theoretically the costs are proportionally higher as well. With this model X in H3 is comparable to Y in H5. I posit they’re X = Y, if one could not move hierarchies. It would be somewhat like Y is 4 of 5 while X is 8 of 10.

Of course, in reality X != Y because it is possible to move up or down levels. Thus the numerator is reality and tangible, and the denominator was only set by the level itself -- that is to say it’s irrelevant once you move to another level. While 4 of 5 is mathematically equivalent to 8 of 10, X can move down from H3 to H5 and be 8 of 5. X moves to H5 and while his income decreases -- he now makes 50k in H5 instead of 200k in H3 -- his savings do not decrease. X’s savings for one year were 50k in H3 however it is now converted to five years of savings in H5.

The conversion of work and time will be explored properly in another section.

TLDR;

Descending hierarchies is favorable because of the positive savings-time conversion; ascending hierarchies is unfavorable because of the negative savings-time conversion.

Could you patent the sun?

<https://www.youtube.com/watch?v=NATzyzl7qY8>

Amilli - Rarri