

Getting rich and staying rich are two different skills

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Maxim: *You only have to get rich once.* — Charlie Munger, an idea at the heart of Morgan Housel's *The Psychology of Money*

The hardest part of wealth is not making it. It is not giving it back. One of India's best-known media founders learnt that in public.

Many fortunes are lost not through bad luck, but by risking what you have for something you do not need.

In January 2019, Subhash Chandra, the founder of the Zee media group, wrote an open letter to his lenders. "For the first time in my career of 52 years, I am compelled to apologize to our bankers, NBFCs & Mutual Funds," he began, according to the text published by [Business Today](#). He admitted to wrong bids in infrastructure, to funding loss-making projects instead of walking away, and to new ventures that mostly failed. To keep paying interest, the group had been borrowing against its shareholdings in listed companies.

By his own account, the debt sat with the promoter group rather than the operating companies, which he said were doing well. That is what made it dangerous. On 25 January 2019, after a news report about a probe, Zee Entertainment's shares fell as much as 33% in a day, wiping out about ₹14,000 crore of market value, [Newslandry](#) later recounted. With the shares pledged, the fall triggered margin pressure, and within a week lenders began selling pledged shares to recover their money, [Business Standard reported](#). Over roughly three years, the founder's stake in the company he built fell from 41.62% to below 4%.

He had got rich once, spectacularly. What followed was a lesson in how a fortune can be lost without the original business ever failing.

One mountain is enough

In one of his last interviews, on the Acquired podcast in October 2023, Charlie Munger was asked about a world with fewer easy opportunities. His reply: "The beauty of it is: you only have to get rich once. You don't have to climb this mountain four times," according to a [transcript](#) of the episode.

Morgan Housel built a chapter of *The Psychology of Money* around the same idea. There are a million ways to get wealthy, he wrote, but only one way to stay wealthy: a mix of frugality and paranoia, as [summaries of the book](#) record. In an earlier essay he put it more simply: "you have to survive to succeed," according to [Collaborative Fund](#).

The two skills pull in opposite directions. Getting rich usually needs risk, concentration and optimism. Staying rich needs humility, a margin for error and the willingness to leave some money on the table. People who are good at the first often assume they will be good at the second, and that assumption is where the trouble starts.

Smart people, same mistake

Intelligence is no protection. In October 1998, weeks after the hedge fund Long-Term Capital Management had to be rescued, Warren Buffett told students at the University of Florida that its 16 partners had “about as high an IQ as any 16 people working together in one business in the country” and hundreds of years of combined experience. “But to make money they didn’t have and didn’t need, they risked what they did have and what they did need,” he said, according to a [transcript](#) of the talk.

Housel’s favourite cautionary tale is older. Jesse Livermore made a fortune betting against the market in the 1929 crash, and by 1934 he was bankrupt, as the book recounts. The same boldness that made the money lost it.

The arithmetic explains why one mistake matters so much. A portfolio that loses half its value must double just to get back to where it was. Debt makes that worse, because a fall can force a sale at the worst moment, as Zee’s pledged shares showed. Gains and losses are not symmetrical. Survival is.

How to stay rich once you are

First, never borrow against the core. Loans against shares, property or mutual funds turn a market fall into a forced sale. If you must borrow, keep it small enough that a halving of the collateral would not trigger a crisis.

Second, decide what enough looks like. Housel calls the hardest financial skill getting the goalpost to stop moving, as the [book summaries](#) note. Without a number, every gain feels like a reason to take the next, bigger risk.

Third, separate the money that secures your life from the money you take chances with. Your house, your children’s education and your retirement belong in the first pile. Concentrated bets, new ventures and hot ideas belong only in the second, and the second pile should be small enough to lose.

Fourth, keep a buffer. Cash and short-term savings look lazy in a bull market. In a crisis, they are what lets you avoid selling everything else.

If you do one thing: Write down two numbers: what you need to live the life you want, and how much of your wealth is pledged, borrowed against or concentrated in one bet. If the second number could threaten the first, reduce it while times are good.

The quiet discipline

Subhash Chandra built something remarkable, and his own letter was candid about what went wrong afterwards. That candour is the lesson. The skills that build a fortune, ambition and appetite for risk, are not the skills that keep one.

Munger’s line is a relief as much as a warning. You do not have to keep climbing. Once you have reached a height that secures your life, the job changes from climbing to not falling.

Sources

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