

The first bill you pay each month should be to yourself

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Maxim: *Pay yourself first.* — George S. Clason, *The Richest Man in Babylon*

A century-old parable about a poor scribe still holds the simplest rule in personal finance. The amount matters less than the order.

Most people save what is left after spending. People who build wealth spend what is left after saving.

George S. Clason told this as a story in *The Richest Man in Babylon*, published in 1926. His hero, Arkad, begins as a poor scribe. He strikes a deal with Algamish, a wealthy moneylender: Arkad will finish a long, difficult law tablet overnight, and in return Algamish will tell him how to become rich ([Books That Slay](#)).

The secret turns out to be one sentence. "A part of all you earn is yours to keep. It should be not less than a tenth no matter how little you earn." Arkad later puts it in his own words: "I found the road to wealth when I decided that a part of all I earned was mine to keep" ([Goodreads](#)).

The parable is honest about how hard this is. Arkad's first savings go to a brickmaker who promises to buy jewels on his behalf, and the venture fails. Keeping a part of what you earn is the first lesson. Not handing it to the wrong person is the second. Modern writers have compressed both into three words: pay yourself first.

Why the order matters more than the amount

If saving is whatever remains at the end of the month, it competes with every want that arrives before then, and it usually loses. If saving happens first, spending quietly adjusts to what is left. The same salary produces a different life depending only on which bill is paid first.

Behavioural economists have tested how much this matters. In a study published in the *Journal of Political Economy* in 2004, Richard Thaler and Shlomo Benartzi asked employees to commit in advance to directing part of their future pay rises into retirement savings. Among those who joined the first programme, average saving rates rose from 3.5% to 13.6% over 40 months ([Chicago Booth](#)).

The employees did not become more disciplined people. The decision was simply made once, ahead of time, at a moment when it did not hurt. That is Arkad's rule with a modern twist: pay yourself first, and make the payment automatic before temptation gets a vote.

India already does it for you, once

If you draw a salary from an employer covered by the provident fund, you have probably been paying yourself first without noticing. Employees contribute 12% of basic salary and dearness allowance every month, and the employer adds its own contribution, split between the EPF and the pension scheme, as a [Government of Canada trade guide](#) to Indian labour rules summarises. The money leaves before the salary reaches your account. Most people never miss it, and that is exactly why it works.

The SIP is the voluntary version of the same idea. AMFI data reported by [Onmanorama](#) show that 10.02 crore SIP accounts made contributions in August 2026, together putting in ₹32,297 crore that month. Each one is a small, automatic tenth in Arkad's sense, debited before the money can be spent.

But an automatic payment is only as strong as the owner's willingness to leave it alone. A SIP can be paused with a few taps, and the urge to do so is strongest when markets fall, which is often when steady buying helps most. Paying yourself first is a decision you keep making, quietly, every month.

Making it work on a first salary

The first salary is the best time to set this up, because you have not yet built a lifestyle that eats the whole cheque. Set your SIP date for a day or two after your salary is credited, so the investment leaves before the month's spending begins. Whatever remains in the account is genuinely yours to spend, without guilt.

Start with Clason's tenth if that is all that fits. The share matters less than the habit, and the habit is easiest to grow when you tie it to pay rises, as the Save More Tomorrow employees did. Each increment, move part of the raise into the SIP before you get used to having it.

Keep a short-term cushion too. Paying yourself first includes an emergency fund in a bank deposit or liquid fund, so that a medical bill or a job change does not force you to break your long-term investments at the wrong moment.

And remember Arkad's brickmaker. The money you pay yourself deserves a regulated home: mutual funds, the provident fund, government schemes. Tips from friends, unregistered advisers and promises of quick doubling are the modern jewel merchants.

If you do one thing: Schedule a SIP for the day after your salary arrives, for at least a tenth of your take-home pay, and raise it every time your pay goes up.

A decision, not an amount

Arkad did not become the richest man in Babylon because of the size of his first savings. He became rich because, in his own telling, he decided that a part of what he earned was his to keep, and kept deciding it.

A century later, the tools are better. Salary credits, auto-debits and step-up SIPs can do in seconds what the scribe did by hand. The choice is still the same one, and it still has to be made by you: whose bill gets paid first.

Sources

- George S. Clason, *The Richest Man in Babylon* (1926)
- [Goodreads: highlighted passages from The Richest Man in Babylon](#)
- [Books That Slay: The Richest Man in Babylon summary \(March 2026\)](#)
- [Chicago Booth: Thaler and Benartzi, Save More Tomorrow, Journal of Political Economy \(2004\)](#)
- [Government of Canada Trade Commissioner Service: Employee Provident Fund \(India\)](#)
- [Onmanorama: Contributing SIP accounts cross 10 crore in August 2026, AMFI data \(7 October 2026\)](#)

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