

A secretary bought three Abbott shares for \$180. She left \$7 million

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Maxim: *Save like a pessimist, invest like an optimist.* — Morgan Housel

The two halves of this maxim pull in opposite directions, and that is the point. Expect bad things in your own life; expect good things from the economy over decades. Each attitude protects the other.

The same person can be both a worrier and a believer, and the best investors usually are.

Grace Groner was one. She went to work at Abbott Laboratories and stayed for 43 years. In 1935 she bought three shares of the company at \$60 each, \$180 in all. Then she did almost nothing. She reinvested the dividends as the shares split over the decades, and she never sold. She lived in a small cottage that had been left to her, bought her clothes at rummage sales, and gave quietly to people in need, according to her [Wikipedia biography](#), which draws on reporting by the Chicago Tribune and others.

When she died in 2010, at 100, her estate was worth more than \$7 million. It went, through a foundation she had set up, to [Lake Forest College](#), her alma mater, to pay for student internships and study abroad. A \$180 purchase had become a \$7 million gift.

Groner's life is the maxim in full. She saved like a pessimist: she spent far less than she could have, kept her needs small, and never put herself in a position where she had to sell. And she invested like an optimist: she held a single American company for three-quarters of a century, through a depression, a world war and every crash that followed, on the assumption that it would keep growing. It did.

Two attitudes, two jobs

Morgan Housel, author of *The Psychology of Money*, put the idea into one line when he spoke in New Delhi in December 2021: "save your money like a pessimist but invest like an optimist," as [Cafemutual reported](#). What he was arguing for, he said, was "reasonable optimism."

The two attitudes do different jobs. Pessimism belongs in the parts of your finances that must survive a bad year: the emergency fund, the insurance, the money for next year's fees, the decision not to borrow against shares. Optimism belongs in the long-term portfolio, where history has rewarded patience and where the main enemy is giving up too soon.

Housel has described his own money this way. In his [2018 essay](#) that grew into the book, he called his finances "barbelled": he takes risks with one portion and is "a terrified turtle with the other." He also posed the test that links the two halves: "Can you survive your assets declining by 30%?" The pessimist's savings are what make it possible for the optimist's investments to stay invested.

India's recent mix-up

Indian households have recently shown what happens when the attitudes get swapped. After the pandemic, net household financial savings fell to 5.1% of GDP in 2022–23, roughly a five-decade low, according to RBI data [reported by Business Standard](#). The RBI's deputy governor Michael Patra explained part of it simply: "as these movement restrictions were removed, people went out to spend and started to draw down those precaution savings." Borrowing, mostly for homes, also rose.

Some of that was healthy; buying a home is not reckless, and household savings have moved around since. But the pattern is a reminder of how easily the attitudes get swapped: optimism about spending and borrowing, just when the cushion is getting thinner. Optimism in the portfolio is fine. Optimism in the budget is what turns a market fall into a forced sale.

What each half looks like in practice

Saving like a pessimist is not about misery. It means assuming that the job may end, the hospital bill may come, and the market may fall in the same year, and arranging things so that none of them forces you to sell investments. In practice that means six months or more of expenses in a bank or liquid fund, adequate health and term insurance, modest debt, and a savings rate that you set before you see what is left to spend.

Investing like an optimist is not about excitement. It means believing that productive businesses will, over decades, keep finding ways to grow, and acting on that belief by staying invested through the years when it does not feel true. Groner did not need a forecast for Abbott. She needed only to avoid ever having to sell it.

If you do one thing: Split your money on paper into two piles. For the first, the money you may need in the next few years, ask what would happen if the worst came; make it boring and safe. For the second, your long-term investments, ask what could go right over twenty years; leave it alone. Never let fear run the second pile or hope run the first.

Grace Groner never earned a large salary, and she never needed to be right about the market in any given year. She was cautious about her own life and confident about the long run, and she kept the two apart for seventy-five years. That is most of what this maxim asks, and most of what it takes.

Sources

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