

11 Financial Lessons from The Greatest Showman

I love movies. Not the artsy types that win awards; I most enjoy the big, expensive popcorn blockbusters that take you away to a different time and place. However, as our income and wealth has grown we've maintained a few of our "cheapskate" habits from when we were poor. One of these is we see almost all of our movies at the "dollar theater," a second-run theater where the entire family can see a show for less than the cost of a month of Netflix. We rarely make exceptions and when we do it usually involves either hobbits or lightsabers. So it has been quite a surprise for me to see a film in the "fancy theater" not just once, but twice. The film? The Greatest Showman, a musical chronicling the life of P.T. Barnum (admittedly with some artistic license) alternatively titled "[Wolverine](#) Can Sing?!...and Dance?!" The show is a beautiful visual and auditory spectacular rivaling a Broadway show, but for those who pay attention, it is also a masterpiece of personal finance. Today, we'll examine eleven financial lessons from The Greatest Showman. Be aware this blog post contains spoilers, but if you haven't seen the show by the time this post runs, you deserve to miss out on any surprises. Knowing the entire plot couldn't "spoil" this show anyway.

11 Money Comes From Work

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Early in the movie and life, we see Barnum as the son of a tailor and then an orphan, stealing bread on the street. How does he escape this very hungry, unpleasant life? He starts selling newspapers out of the trash can. Then he takes an opportunity to work on the railroad. This is unpleasant, exhausting, dangerous work that takes you far away from familiar surroundings. As Thomas Edison said, "Opportunity is missed by most because it is dressed in overalls and looks like work." Barnum took advantage of the opportunity. Later he tries to support his young family by working in the accounting department of a shipping company where he continues to try to rise through the ranks through his merit. Even as he transitions to show business, you see him putting in countless hours to become successful. If you teach nothing else to your children about money, teach them that money comes from work.

10 Take Joy in Being Poor

Charity Barnum, who came from the upper class and married her childhood sweetheart [long before he had any real money or success](#), learned to take joy in being poor. Birthday presents for the kids were free, they couldn't afford ballet shoes much less ballet lessons, and their first little apartment had no furniture. Most physicians can relate. Over a decade in college, medical school, and residency requires us to find joy without spending money. Those lessons can be successfully carried throughout our lives, especially when applied during

the 2-5 year “[Live Like a Resident](#)” period immediately after completion of your training.

9 Banks Only Lend Money To Those Who Have It

At one point, Barnum goes to the bank to borrow money to buy a wax museum, a hare-brained entrepreneurial scheme. Another bank customer walks out unhappy muttering how banks only lend money to those who already have it. Barnum subsequently obtains his needed loan by using the titles to a dozen ships as collateral. Of course, he never actually owned those ships, which were currently at the bottom of the ocean anyway. The lesson to learn from this episode isn't so much that dishonesty is sometimes rewarded, but that banks are for-profit institutions. So while the federal government will loan you money just because you get accepted to medical school, don't expect to be able to refinance those student loans or get a mortgage if you're a “bad bet.” Even if you dedicate your life to the healing of the sick and injured, you don't get a pass on math.

8 Buy Stuff When You Can Afford It

As Barnum takes the advice of his children to put something “alive” and “not stuffed” into his wax museum (converting the museum to a “circus,” a word borrowed from his greatest critic), he finally hits it big and the money starts rolling in. He goes and buys his dream house, where he played with his future wife as a child. Lesson to be learned? When you



have money, it's okay to spend it on your dreams. But don't buy consumption items [BEFORE you have the money](#). It's one thing to borrow money on a dental practice that is likely to double your income, it's entirely different to borrow it on a "doctor house" when you have a negative net worth.

7 Get Equity

At one point in the movie, Barnum brings on Phillip Carlyle as a partner. Carlyle, while perhaps lacking Barnum's pizzazz, certainly has a better mind for business. He doesn't go work for Barnum for peanuts, he wants to be cut in on the action. He wants equity. Likewise, those who become wealthy own stuff. [Their own business](#). [Real estate](#). The businesses of others (in the form of shares of stock.) It is far harder to build wealth working for a W-2 paycheck and investing only in savings accounts and bonds.

6 Negotiate

When Carlyle is convinced to join Barnum's attempt to reach "the carriage trade" instead of the peanut-eaters, he did something that few physicians do – He negotiated. Carlyle began at 18%, Barnum at 7%, and they eventually reached an agreement at 10%. In life, you don't get what you deserve, [you get what you negotiate](#). Don't be afraid to do so and remember that the time to negotiate is when you have something the other party needs, i.e. in the beginning. Always try to negotiate from a position of strength.

5 When You've Won the Game, Stop Playing

Even after Barnum became successful, he continued to chase after fame and fortune. It was [Never Enough](#). He continued to take the ridiculous business risks that initially led to his

success. He put his house and entire business at risk in order to finance a tour around the country with European opera singer Jenny Lind. When that didn't work out, the house was foreclosed on and the business was destroyed. As [William Bernstein](#) has famously said:

"When you've won the game, stop playing."



In the life of a typical high-income professional, that means as you approach an amount of money that will support your desired lifestyle for the rest of your life, start dialing back the risk. That includes leverage risk and equity risk. You only need to get rich once. You only need one high income job, one good idea, or one lucky break. You only need [one reasonable method of investing](#). Don't forget that the purpose of the game is not to get as much as possible, but to get "[Enough](#)."

As [Jonathan Clements](#) has said:

"Saving enough money for retirement, and then turning those savings into a reliable stream of retirement income, together constitute our life's great financial task."

Don't forget the object of the game.

4 Diversify

Barnum bet his entire fortune and future on one tour of one singer, Jenny Lind. When it turned out she had entirely different goals, he lost everything, including his family. [Diversify](#) your investments and your income streams. Make your financial failure require the failure of dozens, hundreds, even thousands of other people, businesses, and economies. Invest in multiple asset classes and multiple assets in multiple countries. Diversification protects you from what you don't know.

3 Insure Against Catastrophe

Barnum returned from the Lind tour to discover his circus had burnt to the ground. If Carlyle hadn't bailed him out (another great lesson to save money and to get your cut early and often if your employer/partner isn't particularly financially savvy), that would have been the end. All for lack of a little bit of property insurance. You don't need to insure your iPhone, but you'd better insure anything you can't afford to replace such as your [home](#), your business, your health, [your life](#), and your [ability to earn an income](#). Insure against financial catastrophe.

2 Do Something You're Passionate About

Life is too short to spend it doing something you don't love. Barnum loved entrepreneurship and show business. Hopefully, you love medicine or law or whatever your profession might be. But if you've lost the passion you initially had for your profession, start [transitioning toward something you do love](#). It's good to have work, but it's wonderful to have work you love. Those who love their work never work a day in their lives.

1 Happiness Doesn't Come From Fame and Fortune



When Barnum hits rock bottom, after losing his house, his money, his business and even his family, he finally wakes up and realizes which of those four things is the foundation of his happiness. It is the same for each of us. As [Barnum sings](#), *I saw the sun begin to dim and felt that winter wind blow cold. A man learns who is there for him when the glitter fades and the walls won't hold...I drank champagne with kings and queens, the politicians praised my name. But those are someone else's dreams, the pitfalls of the man I became. For years and years I chased their cheers, the crazy speed of always needing more. But when I stop and see you here I remember who all this was for. From now on these eyes will not be blinded by the lights. From now on what's waited til tomorrow starts tonight. Tonight. Let this promise in me start like an anthem in my heart. From now on.*

Happiness doesn't come from fame and fortune. Don't lose sight of what is really going to make you happy. Your happiness and your financial position won't be lasting if you don't take care of what matters most to you. Nobody ever says on their deathbed, "I wish I had spent more time at work."

What do you think? Have you seen the film? What financial

lessons did you learn from it? Comment below!