

Celebrity Bankruptcies: Lessons to Learn; or Just a Good Scandal?

We are mesmerized by celebrity here in Los Angeles. We live, practically next door to some of the nation's wealthiest. We have [Oprah](#) in Santa Barbara and all of Hollywood's elite, hiding up in the hills. But what happens to those rich and famous when they fall from financial grace and file for bankruptcy? Do we just like scandal, or can we learn something from these bankruptcies?

So, what can we learn from the rise and fall of the wealthy and celebrity? Just ask [Carlos Justo](#), Realtor to the rich and famous in Miami. Watch [his ABC interview](#) on You Tube and you'll see an optimist who learned to focus on one thing and do it well. [Annie Leibovitz](#) avoided bankruptcy in September, when she was able to renegotiate with her creditors, despite earning millions from her photography; much of it for Vanity Fair and Vogue magazines. Ms. Leibovitz, 59, has managed to overstretch herself financially with a taste for lavish living. [Nicholas Cage](#) owed millions in back taxes to the IRS and his lavish lifestyle is to blame for [bankruptcy](#). Do you see a theme here?

The lessons are to live within. No. The lesson is to live below your means. Create a budget that includes paying yourself first by taking the first 10% of your income and putting it away for retirement. Create a monthly budget that includes all of your necessary expenses. As for your debt, pay it off if you have it and if you cannot afford to pay cash, do you really need it anyway?