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SIMPLEMoney

Simple, practical financial advice *for* the modern family.

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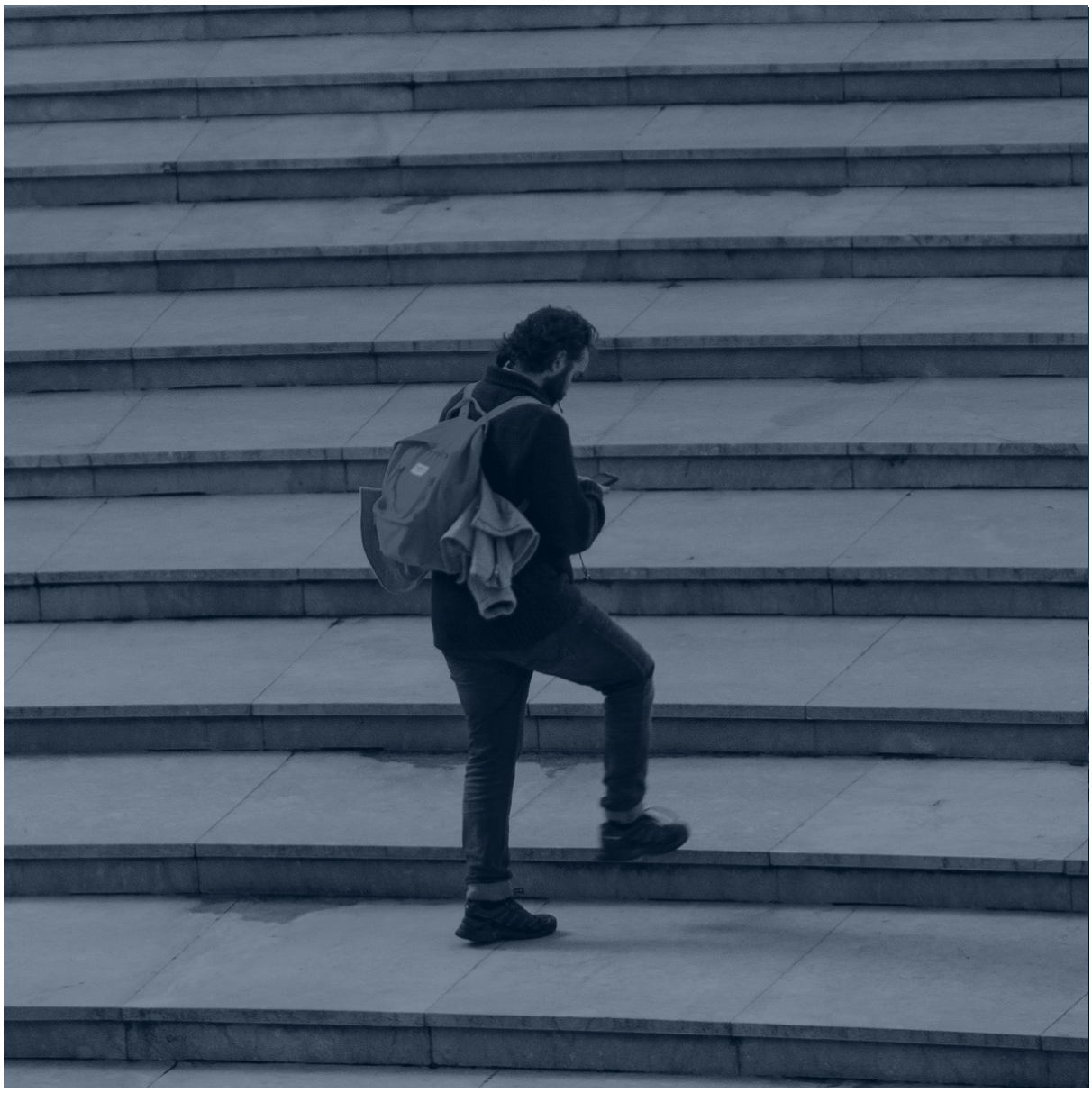
How To Become A Millionaire - 16 Dos and Don’ts

—by Jesse Cramer



It's no longer "Who Wants to Be a Millionaire" but how to become a millionaire. You don't have to be a contestant on a game show, win the lottery, or receive a windfall from a relative. Just follow the 16 Do's and Don't in this article, and you'll be on the road to becoming a millionaire.

Four Money Mindsets Used by Millionaires

While it might be easy to think that millionaires are just lucky, they think about how their money can work for them, not just how they can work for money.

1. Use Time to Your Advantage

Most people look for concrete paths to becoming a millionaire. But the essential ingredient to becoming a millionaire is intangible. It's time. The majority of millionaires utilize the compounding nature of time, where growth builds on itself over time.

My favorite imagery to describe compounding is to imagine the growth of a tree. In the first five years of a tree's life, it will only grow a few feet. Its shrubbery is the size of a basketball. It's a small, weak plant. In the next five years, will the tree double in size? No! It's more likely to quadruple (or more) in size. It's growing in all three dimensions—height, depth, width. It's not a simple doubling.

We've all seen the social media megastar who goes from broke to millionaire in less than ten years. But they are exceptions, not the rule. Most millionaires grow their wealth at a slow pace. Over time, they utilize an explosion of compound growth—like a tree—to become a millionaire.

2. Create Financial Goals

Millionaires develop written financial plans that serve as roadmaps to reach their destination. These plans allow them to make financial decisions based on their goals. A good financial plan means that to reach millionaire status isn't an if; it's a when. They know where they are going to get there because their personal finance is all planned out.

If you're unsure how to create a financial plan, then a certified financial planner (CFP) might be an excellent place to start. They might suggest you start investing or open a Roth IRA retirement account or first fill up your emergency fund. A financial advisor is there to share millionaire wisdom with you.

Becoming a millionaire goes hand-in-hand with retirement planning and retirement savings. For some, reaching the millionaire club will enable their financial freedom or the ability never to work again. Saving money allows a high net worth, and financial independence is the reward.

Big financial success requires big financial goals. A written financial plan sets those goals.

3. Millionaires Increase Earnings

There are a few ways to go about increasing your earnings on your path to becoming a millionaire.

The fact is that most millionaires have a full-time job. And they might work it for a full 40 years. If routine work is how you make money, you could ask for a raise. Easier said than done, sure. But there are sure-fire ways to speak with your management about increasing your base salary. The best part? An increased salary affects your income every year from now until retirement. You aren't just doing it for your current self, but for your future self too.

You could switch jobs. Self-made millionaire Steve Adcock attributes changing jobs (and getting raises each time) to be one of the critical factors in becoming a millionaire. Steve also focuses on the need to work hard and start investing as early as you can. Or you could find sources of passive income or secure a second job. Surprisingly there are easy ways to generate passive income, tons of side hustles to start, real estate ventures, and other easy ways to earn money and build wealth.

Increased earnings can be invested and grow into future millionaire wealth. A simple rule of thumb is that a dollar invested today will grow

into $10 in 30 years. Using this fact, one can quickly see how a few thousand dollars in extra earnings can make significant headway on your path to future millionaire status. The bottom line: increasing your earnings is how to become a millionaire. There's no "best way" to do this, but it's critically important to reach your millionaire financial goals.

4. Millionaires Also Decrease Their Spending

Many financial writers point out that the stereotypical "millionaire lifestyle" is antithetical to becoming a millionaire. Why? We think of millionaires as having a big house, a fancy car, the nicest clothes. But if you spend all your money, then you aren't a millionaire anymore. The truth is that most millionaires find ways to decrease their spending. They don't buy dumb crap.

This behavior—spend less, save more—is how to become a millionaire. It's counterintuitive to our traditional thoughts. The people who don't look like millionaires are the ones who frequently are millionaires. It's the adage of the "millionaire next door." The authors of "The Millionaire Next Door," a worthwhile read, have a target net worth ratio with age added as a factor.

They might drive used or old cars. They wear non-designer clothes. They enjoy low-cost or free activities. They don't dine out too much. They vacation economically. These are all ways that millionaires decrease their spending without feeling deprived.

There are plenty of counter-examples. We all see millionaires on T.V. who genuinely live the millionaire lifestyle. But for the average reader, the simple path to wealth involves decreasing your spending, not increasing it.

Five Ways to Invest Like a Millionaire

Did you know that millionaires put 44% of their investable assets in stocks? And that 2/3 of millionaires lean on experts by consulting with advisors? Let's take a look at the most common path to Millionaire Road.

1. Millionaires Do Simple Stock Investing

The stock market is one of the most common methods for people to become millionaires. One investing strategy is simple to describe. Invest a regular percentage of every paycheck into a low-cost index fund. Rinse and repeat for ~35 years. Boom—that's how to become a millionaire. But let's take some time to break down those terms and that math.

First, what's a low-cost index fund? Many people mistakenly believe that successful stock investing involves picking individual winners and losers. But that's not true, and an index fund helps explain why. An index fund owns every stock in a given stock index. It doesn't pick winners and losers but buys entire swaths of the market instead.

You've heard of some indexes—like the S&P 500 or the Dow Jones. An S&P 500 index fund chooses to own every stock in the S&P 500, regardless of its recent success or failure. Other indexes and index funds are less well-known. For example, some indexes track the energy industry, the automotive industry, or precious metals.

History shows that index fund investing is very successful. One of the key reasons is that index funds charge meager fees. Since there is less expertise required—no "skilled" picking of winners and losers—there is no need to charge high fees.

2. Millionaire Investors Leverage Time

Next, let's discuss the long-term aspect of stock investing. Many people see the most expensive stocks—like Tesla—and think it's typical for stocks to grow by 10x in five years. "If only," they ponder, "I can discover the next Tesla." Index investing circumvents that wishful thinking. Since brokerages design index funds to be average (they own everything), index funds return average profits.

Over the history of the stock market, that return has been about 10% per year. Once inflation is accounted for, the stock market has a "real return" of about 7% per year. 7% is not a lot until it starts compounding. One year of 7% turns $1000 into $1070. But what do 30 years of compounding do? The average person might think 7% times 30 years equals 210%...turning those $1000 into $1000+$2100 = $3100.

But the truth is that stock market returns compound over time. A 7% return compounded over 30 years equates to (1.07)^30 = 761%. Your $1000 investment turns into $8610. But $8610 doesn't make you a millionaire.

3. Regular Investment, Regular Frequency Is the Path To Millionaire Status

That's why many experts suggest the average person invest using a regular frequency and a uniform amount. That's how you reach $1 million net worth. For example, Americans could choose to utilize their 401(k) account. They'd be investing a consistent fraction of their paycheck (uniform amount) each time they are paid (regular frequency). Some people call this "dollar-cost averaging," although the exact definition of dollar-cost averaging is up for debate.

Let's look at an example of dollar-cost averaging using a 401(k). Mikey invests $400 out of each of his paychecks. He does this from age 22 until he retires at age 60. Some quick math tells us that Mikey's contribution is $400 per check * 26 checks per year * 38 years = $395,200. The technical term for this contribution is principal.

But once we account for investing growth (again, using the 7% per year historical average), Mikey ends up with a whopping $2.07 million. Remember, our 7% is the "real return," meaning that Mikey has $2 million in today's dollars. He hits 1 million dollars at age 51. That's the

power of consistent stock market investing over decades. In this case, 30 years of simple investing is how to become a millionaire.

4. Millionaires Invest in What They Know

Cryptocurrency has undoubtedly created many millionaires (and even some billionaires). Whereas stocks return an average of 10% per year, Bitcoin has grown by 196% per year since its invention in 2008. Crazy! But your correspondents here suggest the following when it comes to cryptocurrency: invest in what you know.

If you understand how Bitcoin works and feel confident in its long-term growth, then you likely have the constitution to withstand any ups and downs it sees in the future. But if you invest in crypto ignorantly, simply hoping to make a quick buck, then you might be in it for the wrong reasons. If prices dive quickly—which we know can occur—it will scare you into selling after a significant loss.

Investing in stocks—which represent ownership in the companies comprising our economy—is much more tangible for the average investor than the boom in digital currencies.

5. Millionaires Invest in Themselves

While a smaller percentage, another path for millionaires is to “invest in themselves” via starting a business. Most business owners will tell you how this is a high-stress, high-risk, high-reward path.

First, there is stress. Business owners typically work long hours. They often take a little-to-no salary during the early years of the business. Instead, they opt to invest any earning to allow the company to grow. They are responsible to their employees (and those their employees care for) and responsible for their customers to provide the best service possible. These responsibilities contribute to high stress.

And then there is the risk. Businesses frequently use debt (or borrowed money) to get started. This debt creates financial risk associated with the business failing. Some businesses utilize outside investment capital. In this case, the outside investors trade a share of the risk for a company’s percentage. This trade decreases the business owner’s risk but increases their stress (they now must answer to their investors) and reduces the owner’s reward (they share it with the investors).

After the risk and the stress comes the reward! Perhaps the most satisfying aspect of capitalism is that those who invest their capital (money and time) can later reap huge rewards. Business owners certainly fall into this category. Let’s go over a few quick examples of those rewards.

Bill Gates founded Microsoft with, essentially, zero start-up dollars. The company is worth $1.7 trillion today (though Gates is no longer close to being a majority or plurality shareholder). Elon Musk contributed $6.5 million to Tesla in 2004—yes, he was already a millionaire. But Musk earned his millions from cash-strapped start-ups, most notably PayPal. Jeff Bezos founded Amazon using “a few hundred thousand dollars” as a loan from his parents. The company is now worth $1.5 trillion.

Yes, this data set was cherry-picked in the “worst” way. These are possibly the three most successful entrepreneurs in the past 50 years. But it serves to drive the point home. A business can filter risk and stress to create an asymmetric reward.

Four Personality Traits of a Millionaire

Millionaires and other successful people tend to share similar personality traits. You might already have some guesses as to what those are. Authors Chris Hogan and Tom Corley identified the following characteristics the millionaires share.

1. Millionaires Seek Feedback and Have Mentors

Millionaires don’t exist in a silo. They often seek out external feedback to improve. In particular, millionaires frequently utilize experienced mentorship to help them stay on the path to wealth. Sure, some people

strike gold by doing things their own way. But those people are exceptions to the rule.

2. Millionaires Persevere

The road of life is never smooth, whether you're a millionaire or not. But one character trait that sets successful people apart is their ability to persevere through thick and thin. This perseverance might mean overcoming hardships. It might equate to ignoring critics. They keep pushing on, no matter the obstacle. It's not guaranteed to make you millions. Plenty of hard-working people don't end up as millionaires. But it's even rarer for a lazy quitter to end up a millionaire.

3. Millionaires Are Consistent

Millionaires know that the tortoise beats the hare. Its slow and steady strategy wins the race. In other words, consistency wins in the long run. Consistency can take many forms. It can show up as hard work. It manifests as daily responsibility and intentional thinking. When these behaviors are practice day after week after month after year—consistently—then good results are sure to follow.

4. Millionaires Are Conscientious

Millionaires tend to be responsible and thorough. They follow through. They complete their duties to the best of their abilities. In other words, they are conscientious. Their inner conscience guides them.

Three Things Millionaires Don't Do

On your journey to becoming a millionaire, it's important to avoid some behaviors, or you'll sink your efforts. You'll be trying to fill your bank account with a leaky bucket. Let's now discuss the actions that millionaires don't do.

1. Don't Accrue Dumb Debt

Debt is a double-edged sword. You can spend more money than you have and achieve wild growth. Or you can stumble into a pit of misery, stuck in debt for decades. Student loans, for example, are one of the most common debt vehicles today. Many current and future millionaires have suffered student debt. Why? Because education kickstarted their growth as nothing else could.

While some student loan debt is dumb, most people find their student loans manageable and worthwhile. Trading education for some debt was a good deal. But credit card debt is rarely worth it. It's dumb debt. Purchasing consumer products using credit card debt is not a millionaire behavior.

2. Don't Make Rushed Decisions

Remember when we said that "time is on your side." That idea applies to more than just long-term investments. Millionaires realize that big decisions require significant time commitments. And how to become a millionaire is a big question to answer! It's not something to rush.

Millionaires rely on well-researched decisions, rarely succumbing to hasty, irrational choices. What's one example of a foolish choice? Millionaires don't follow the crowd. According to author Tom Corely, the millionaires he has interviewed tend to separate themselves from "the crowd." They don't make decisions based on popular choices. Why? Because the popular opinion is often wrong!

3. Don't Be Stagnant

Millionaires seek growth in both their personal and financial lives. They aren't stagnant. Millionaires are constantly seeking to learn new skills and expand their knowledge set. They don't settle for the status quo. And in their finances, millionaires understand the balance between risk and reward. They don't use a savings account other than for their emergency funds.

In general, the most impactful rewards come from the highest risks. But there's a "risk-adjusted" way to measure those rewards. Millionaires often strike a healthy balance between risk and rewards.

Final Thoughts

Even if (somehow) this advice doesn't land you in the millionaire club, think of where you'll end up. You'll be a reasonably wealthy, high-earning, low-spending, self-invested, self-improving, perseverant, consistent, and conscientious person who avoids debt, doesn't rush decisions, and never settles.

Not bad, right?

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Jesse Cramer is an engineer and an avid reader/writer. He runs the blog The Best Interest, which started as his creative outlet but gained recognition for explaining complex personal finance ideas in simple terms. Jesse discussed money basics, like your net worth targets by age or the most common unknowns in personal finance. This article originally appeared on Your Money Geek and has been republished with permission.

Memento Mori: Carpe Diem's Older Brother

—Tom Redmayne

The gods envy us. They envy us because we're mortal, because any moment may be our last.

Everything is more beautiful because we're doomed. You will never be lovelier than you are now.

We will never be here again.

Homer, The Iliad

Personal finance is much more than numbers and equations (if only it was that simple). It is also about behavior and psychology. Habits, perspectives and your own thought processes.

After all, we are only human.

As such, there is a lot one can learn from philosophy to apply to personal finance and investing.

Memento Mori translates to "remember you must die".

The phrase was used by the Stoic philosophers of antiquity to remind themselves of their mortality. Whilst you may think it is morbid or depressing to think about your own death, I would argue it is quite the opposite.

Death is the universal truth that binds all living things. Whether you are the Pope, a peasant, a poet or a pigeon, you cannot escape it. We are all doomed, as Homer would say.

The Stoics did not constantly remind themselves of their own mortality to get some twisted kick out of it. They kept the thought of death at the forefront of their minds so they may truly live.

Ryan Holiday highlights that they "used Memento Mori to invigorate life, and to create priority and meaning. They treated each day as a gift, and reminded themselves constantly to not waste any time in the day on the trivial and vain".

Those who have near death experiences or are diagnosed with life threatening illnesses often lead much better lives after being confronted with their own mortality. They understand nothing is guaranteed in life and are therefore grateful for the opportunities each new day brings.

As Confucius, the ancient Chinese philosopher, said, "every man has two lives and the second one starts when he realizes he only has one". Contemplating your own mortality allows you to get on with your 'second life' sooner rather than later.

Without facing your mortality, you are liable to drift through life crippled by inertia. You may find yourself working in an unfulfilling job for 30 years or not cutting out toxic people or habits which bring you no joy.

You may obsess over accumulating money, only to find you cannot take it with you. You'll also be in danger of missing out on the small day to day pleasures, which is a big part of why one should practice this Stoic thought experiment.

There is a table you can use to show your life in weeks (If you are interested, it is a Google Chrome extension that fills out automatically each week). At the time of writing I'm 29 years old, and I find it is a great way to help visualize a life.

Mortality should be viewed as a gift. You cannot appreciate light without first knowing darkness.

The scarcity of your existence should hone your senses to enjoy every possible moment, from a great adventure to a chat with friends and family, all the way down to a nice cup of tea. Awareness brings clarity, which allows you to be present and intentional.

So, how does this relate to personal finance?

Well, it helps you ensure that you are being intentional with your time and your money. We only have a finite amount of both, so it is best not to waste either.

Plan that dream holiday, switch jobs, enjoy life. Your money is simply a tool that allows you to do whatever it is you find fulfilling.

Don't chase money and status, it won't save you at the end of it all.

Check out my post on a great book by Paul Armson, which goes into more detail on how to manage and use your money throughout your life.

Steve Jobs, arguably the man who has shaped our modern society more than anyone else, used Memento Mori as a tool:

"Remembering that I'll be dead soon is the most important tool I've ever encountered to help me make the big choices in life. Almost everything — all external expectations, all pride, all fear of embarrassment or failure — these things just fall away in the face of death, leaving only what is truly important.

Remembering that you are going to die is the best way I know to avoid the trap of thinking you have something to lose. You are already naked. There is no reason not to follow your heart."

Steve Jobs

I challenge you to take five to ten minutes to sit quietly and reflect on your own mortality.

Afterwards, think about what and who is important to you and then ask yourself if your current lifestyle is aligned with this.

How do you spend your time?

Where does your money go?

Who are you surrounded by?

This exercise should provide you with clarity and help you be more intentional moving forward.

Hopefully it will also make you realize you shouldn't take life too seriously, after all, "you are just a monkey with a plan" – as Naval would say.

Have fun, enjoy yourself and those around you. **Money is just a tool, not the end goal**. The goal should be a life well lived. Practice gratitude and remember, **Memento Mori**.

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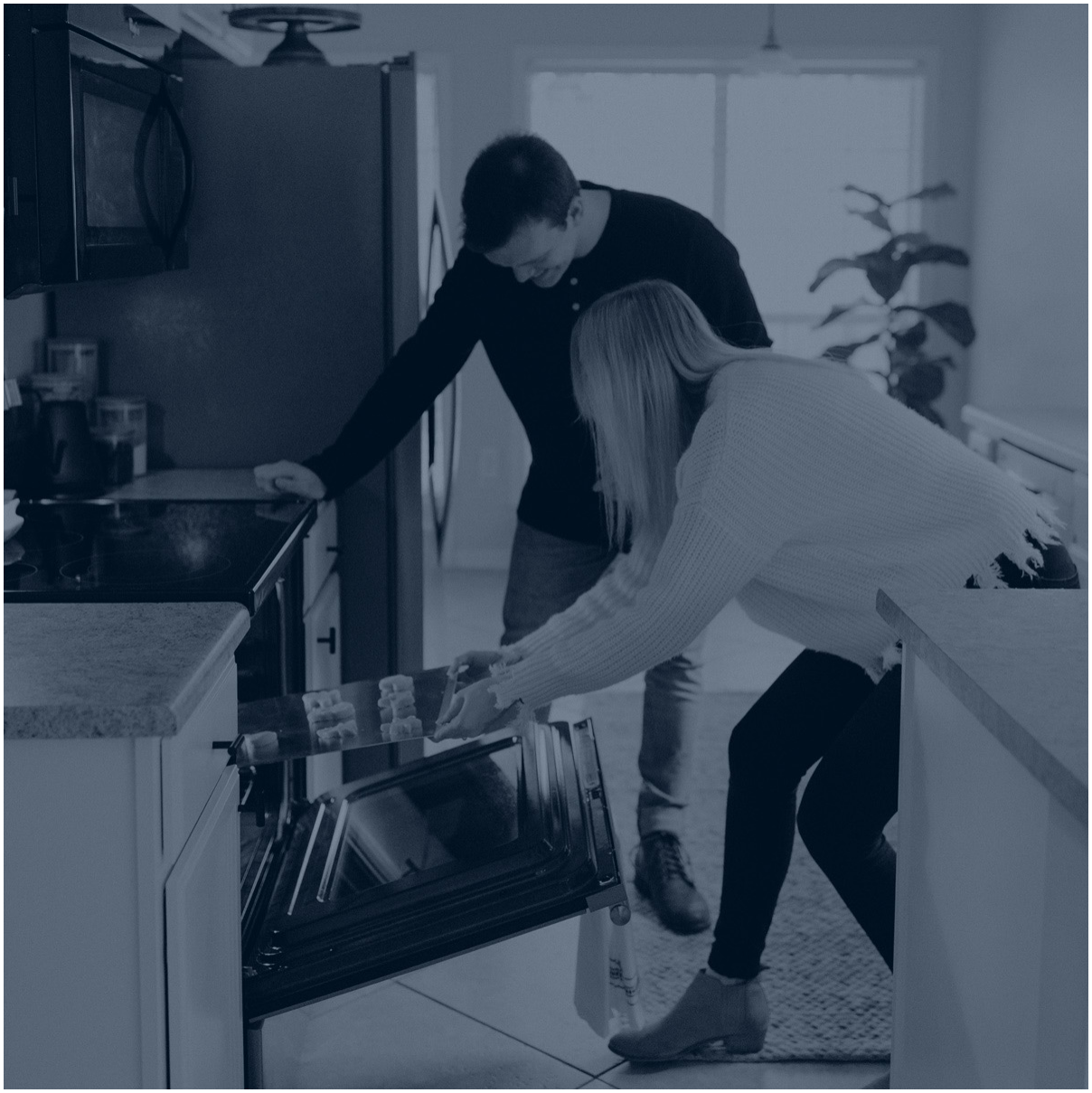
Previously the co-founder of Fresh Eats Bristol, in 2019 **Tom Redmayne** made the decision to pivot and begin working towards a career in financial services. He created Mantaro Money, where this article was originally published, to document his journey through the qualifications and to share thoughts on money & well-being.

How Do I Get My Partner on Board with Financial Independence?

—by Andy Hill



There's just something about personal finance and financial independence. Once it clicks, people want to jump in with both feet. But sometimes there's a catch. If your money is more than just you, it's important to get your partner and your family on board with financial independence.

But how do you do that? That's exactly the question that someone left me recently. Let's take a look at the question and then explore some steps to get your partner on board with financial independence.

"Hi Andy,

My name is also Andy. I invest in Vanguard index funds and I'm pursuing financial independence to retire early. I'm trying to get my fiancé on board with the goal to achieve FIRE. Do you have any advice on how to go about doing that when your partner doesn't seem too interested? Thank you, Andy J"

Congratulations on finding the FIRE Movement and committing to improving your financial life!

While I love the concept of FIRE–and it's often misunderstood based on the Retire Early part–getting someone you love on board with what can be seen as a radical concept in our society can be QUITE difficult.

I made many many blunders with this in my relationship. Here are just a few:

1. Encouraging my new wife to sell her car that she loved.
2. Continuing to talk about numbers, facts, and figures when my wife wasn't motivated by them.
3. Pressing hard for financial independence, ignoring my wife's needs, and ending up in marriage counseling for it.

Now, I'm not saying that financial independence and FIRE is a bad idea. In fact, I think it's a fantastic idea if executed in accordance with what works best for your relationship.

Ways to Get Your Partner on Board with Financial Independence

Because I suspect you love your fiancé MORE than you love being able to achieve financial independence, let's talk about how to choose your path together.

That may look like the traditional FIRE path or it may be your own unique version that works well for you and your fiancé.

I think when we look at our finances in a black or white way, it can cause a lot of tension in relationships.

So with that in mind, I have a few ideas for you to try ...

Ask Your Partner Some Fun Questions

Since you two are entering into a life-long partnership together, I'd recommend finding out as much as you can about your fiancé's dreams, passions and desires for life.

With this information, you'll be able to be a more empathetic partner and perhaps find a middle ground for a version of financial independence that works best for both of you.

So during your next date night (not in passing), ask your fiancé some fun life questions.

Here are a few to get the ball rolling:

1. What do you spend your money on that makes you happy?

This question will give you a preview of your partner's passions and what makes them smile. These could be indicators for you on what are your finance's "must-haves" in your relationship.

If you come up to your partner when you're planning your FIRE journey and say, "we need to cut out clothes shopping" and they love "clothes

shopping" ... this can spell disaster for your relationship and your chances at FI.

2. If you had $1,000,000 and had to give it away, what would you do with it?

Your partner's answer to this question reveals where their passions lie. Are they all about family? Are they all about saving the planet?

With financial independence, these dreams for giving back time and money may become more of a reality. Also, see how you can incorporate a small version of this passion today.

3. What are your dreams for life?

You're getting married because you love your fiancé. You want the best for them. Together, you are going to be enhanced versions of yourselves and go where you've never gone before. So where is that place for your partner?

- Do they want to travel the world?
- Are they interested in having a bunch of kids and be involved in their activities and sports?
- Do they want to own a business someday?

All of these questions will lead to eye-opening and incredible conversations that start your marriage off right. The openness, transparency, and honesty that come out of these discussions will hopefully lead to a great start to your marriage.

And a more directed conversation around what financial independence means to both of you.

Share Your Passions and Desires Too

Using these same questions or additional ones that make sense for your relationship, share your passions for life as well.

Help your partner know where you stand, what you care about and why it's important to you. This open communication will do wonders for your long term relationship together.

When you're sharing, leave out the numbers, spreadsheets, and compound interest charts. Speak from your heart.

Perhaps you're working in an industry you don't like and want to transition out. Or you have a small business idea in mind that you're dying to get off the ground.

Suppressing your desires isn't healthy for the relationship either (believe me, I've done that too … that's how you create a future volcano that explodes when you least expect it). So share with your fiancé just as they have shared with you. This is when the real conversations of FIRE begin.

Redefine FIRE with Both of You in Mind

With this new found information (on both sides), I'd like you to throw out the FIRE playbook and write your own script.

That's right! Get rid of some of the FIRE classics of cutting the cord on cable, buying rental properties and shopping at Aldi. Because your fiancé might LOVE cable TV, they may never want to own a rental property and they may be a die hard for Whole Foods!

Craft your plan with your fiancé's needs in mind and your needs in mind.

I'll give you an example. When Nicole and I were working together to help me transition out of my career and into a life of entrepreneurship, I brought up that having a cleaning lady seemed like a waste of money and we should cut it out of our budget.

OH MAN was that a bad move!

Nicole absolutely LOVED (and still does) that type of help around the house. She craves a tidy, clean, and orderly home. So when I threatened that tidy, clean, and orderly home with my budget crunching, that did not go over well. That was one of her “must-haves”.

Those “must haves” are different for all relationships. And I bet you have some “must haves” too.

For me, I love having money for vacations, kids' activities, and certain expensive healthy foods! I could care less about clothing, furniture or even cars.

So do this discovery and create a plan that works best for both of you.

Closing Thoughts on How to Get Your Partner on Board with Financial Independence

I’ve spoken to dozens of couples about their FIRE path, plans, victories, and failures.

One resounding theme from most all of them was they wished they hadn’t been so intense and raced to the finish line as quickly as they did.

So as you’re planning your path to FIRE whether it’s investing in the stock market or real estate, make sure you’re putting your relationship

first so that you have someone to enjoy your financial independence with.

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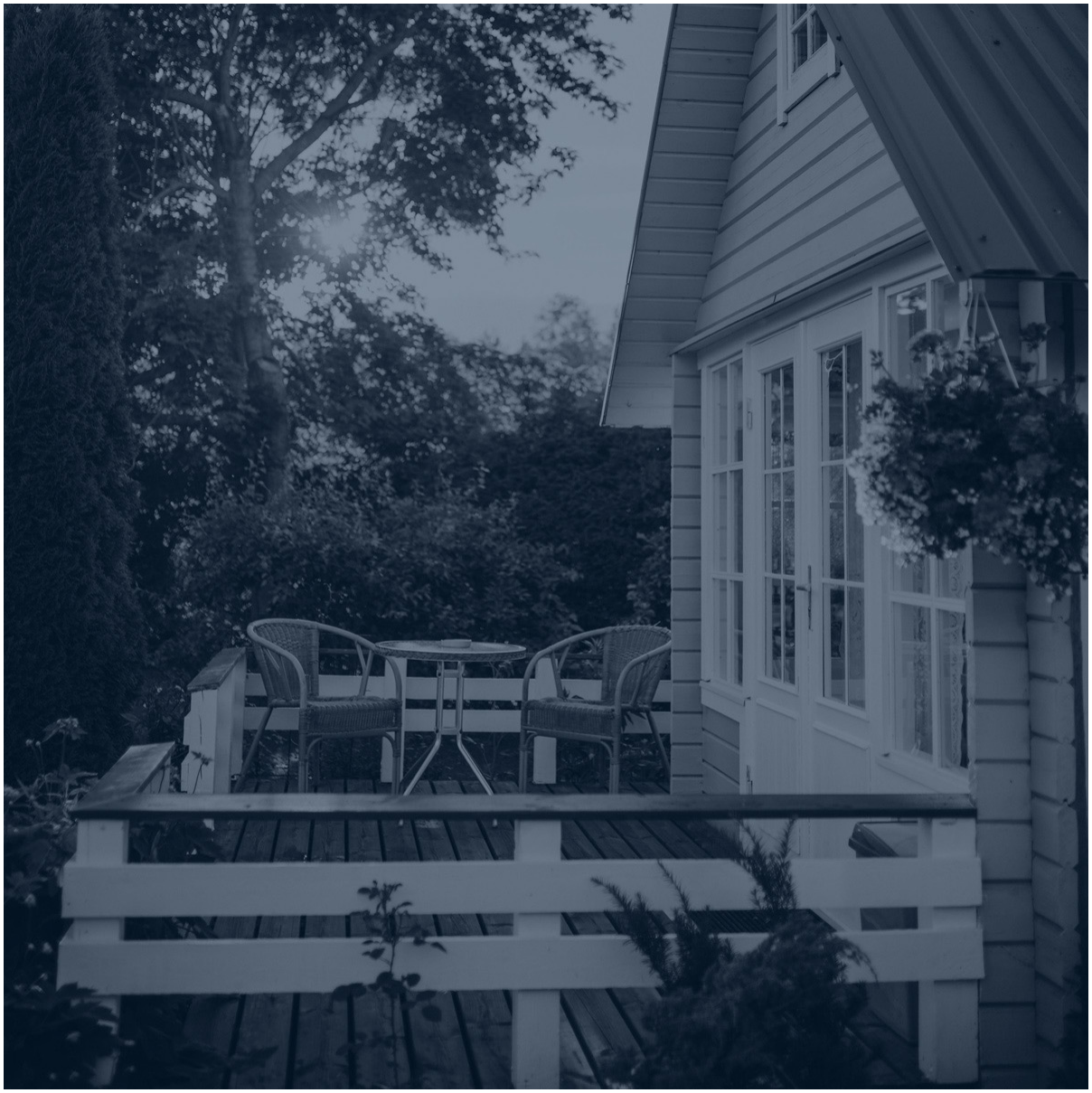
Andy Hill is the award-winning family finance expert behind Marriage Kids and Money - a platform dedicated to helping young families build wealth and thrive.

Andy's advice and personal finance experience have been featured in major media outlets like CNBC, Forbes, MarketWatch, Kiplinger's Personal Finance and NBC News. Trusted as a personal finance influencer and corporate financial wellness speaker, Andy's message of family financial empowerment has resonated with listeners, readers and viewers across the world.

When he's not "talking money", Andy enjoys roughhousing with his two kids, singing karaoke with his wife and watching Marvel movies.

Don't Wait to Downsize

— Karen Trefzger



Maybe you're like me, and you've helped a newly-widowed parent pack up and sell their home.

You've spent days (maybe even weeks) going through drawers and closets and boxes full of stuff, deciding what to do with old books, papers, paintings, furniture, towels, knickknacks, DVDs (or even VHS tapes), dishes, mementos, small appliances, tools, and more.

You've had to decide what to give away, what to sell, what to throw away, and what to remove to a new dwelling that is half or a quarter of the size of the home your parent is leaving.

And you've had to do all of this while your grieving parent turned their focus from the lost spouse to the often dusty and unused possessions they're losing. Instead of using their time and energy to begin to recover and move on to what is left of their own life, they're worrying about the loss of their belongings. My mother said she felt like she was losing everything.

And then a few years later, when that parent dies, perhaps you go through the process all over again. This time you're dealing with your own feelings as a newly-orphaned adult, and you have a bit more understanding of how your parent felt. All of those tangible reminders, those physical possessions, seem so poignant.

Can you part with them, or does it feel like you're losing everything?

Fortunately, by the time my mother passed away, I had a lot of minimalist habits in place, and I wasn't very tempted to keep her stuff.

After all, Mama and Daddy had already given me a great legacy: happy memories, life lessons, and plenty of love.

Decluttering has become a global trend in affluent countries, led by advocates like Marie Kondo, Peter Walsh, and Joshua Becker. There's also the "gentle art" of Swedish death cleaning, which is the process of mindfully clearing out one's own possessions before others have to do it for you.

Many of us live in homes that hold far too much, and we might find it hard to declutter unless and until something forces us to do so. But downsizing in distress, because of illness, financial difficulty, natural disaster, or death, is even more difficult.

To me, it makes better sense to remove the excess and live in something smaller long before the inevitable happens. That's why my husband and I moved into an 800-square-foot apartment a few years ago. I don't want to be surrounded by a bunch of useless stuff when I die.

There are some things I need because I use them every day, week, or month. I have to bathe and dress, after all. I have to cook and eat. I need a bed, a table and a comfortable chair. There are a few books,

photos, and pieces of art that make me happy. I have a couple of hobbies.

But I can live comfortably, lightly, enjoyably without a huge number of possessions. And it's likely that you can too. No matter what your age, especially in this era of Covid-19, it might be time to consider death cleaning.

And it's never too soon to consider your legacy. Contrary to popular belief, the most important legacy any of us will leave is not a house, land, cars, jewels, furniture, or collections. It's not a storage unit full of dusty boxes.

Who we are and what we can contribute to the world has nothing to do with what we own. In fact, I might contribute more to future generations by reading to my grandchildren and planting a tree than by anything else. My legacy might be my humor, my stories, my generosity, and all of my hugs.

We know this, but we don't always live like we know this. Maybe now is the time to remember it.

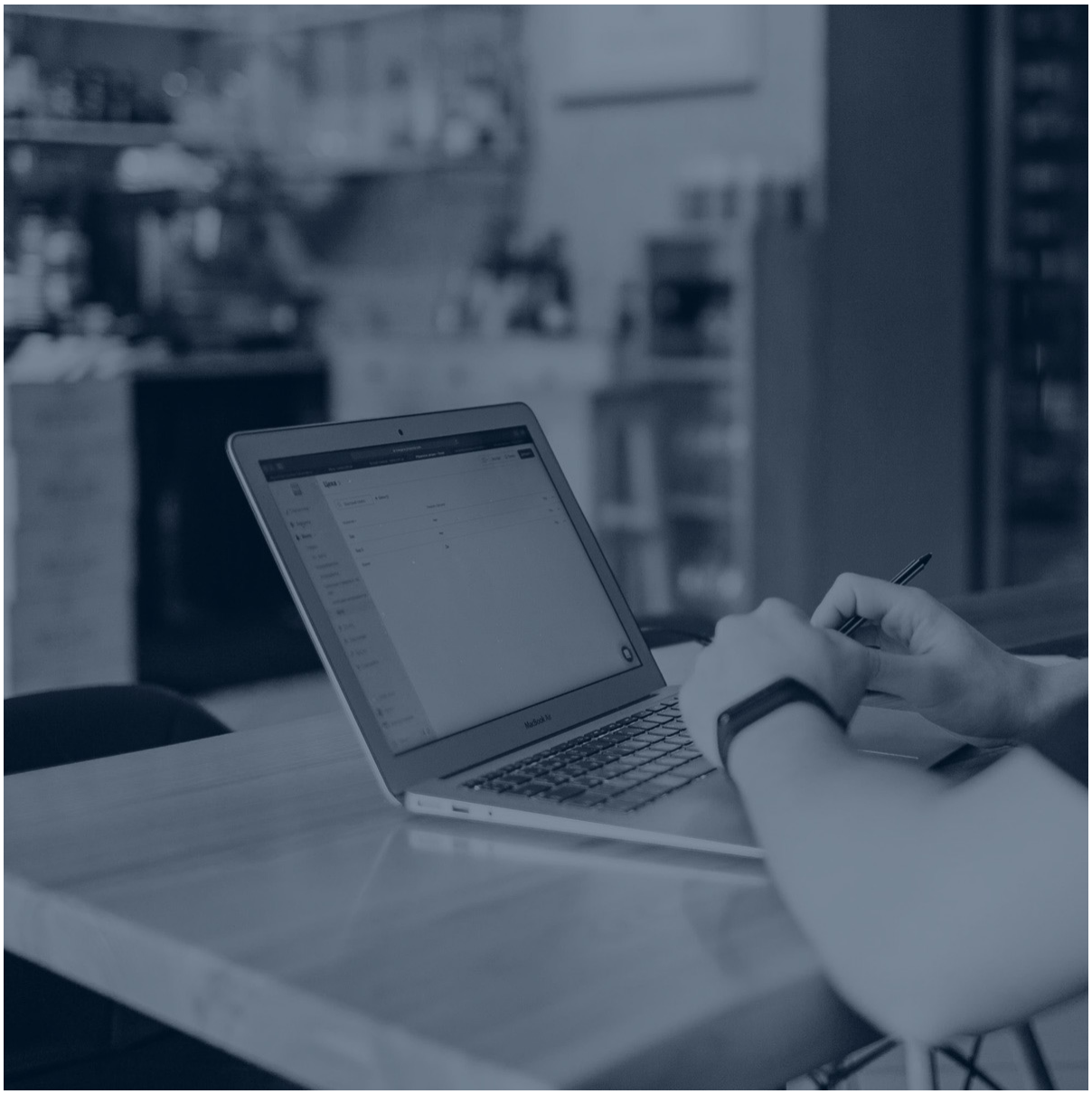
. . .

Karen Trefzger is a writer, singer, teacher, wife, mother, and grandmother who has been choosing a simpler life for over 20 years.

She is the author of Minimalism A to Z, and you can read more articles like this at MaximumGratitudeMinimalStuff.

Credit Cards: The Silent Wealth Sucker

—by Miriam Joy



The world is in love with credit cards. – Warren Buffet

I've heard it so many times before.

Your favorite sports team is coming to town. You have wanted to go see them play live for years, but you don't want the nosebleed seats. You want to be close to where the action is.

So close that you can almost touch your favorite player and shake their hands or pat them on the back while their names are announced as they come out of the tunnel.

This year you have decided to treat yourself and will go see your team play.

However, tickets aren't cheap.

After reviewing information on ESPN.com, you will see that watching James Harden dunk on LeBron James comes at a hefty price.

The average ticket in the NBA now costs $51.02, according to the Team Marketing Report, which monitors the business of sports leagues. Add charges for food, drinks and parking, and that cost rises to $72.53 per person.

And if you want to sit front row, the range for a court side seat in the NBA is generally anywhere from $300-$20,000 just from a quick price check on Ticketmaster.

Since almost everything in America costs more than the federal minimum wage of $7.25 that millions of low-wage workers are earning; Americans are turning to plastic to fund clothing, doctor fees, college, medical bills, furniture, cars, excursions, and jewelry. You name it, then folks are dropping down their American Express to make a purchase faster than The Rock can put out another film!

The problem with that is pretty obvious. You don't have the money to go to the game so you put it on plastic instead. This can have serious consequences down the line. If you are unable to pay off the balance, now you have to pay interest on this purchase.

With the average credit card interest rate hovering around 18 percent, you could end up paying double or triple the cost of this little excursion to go see the LA Lakers play at Staples Center over the next several years!

In the book *American Plastic*, the author stated she saw consumers going into debt to pay for cosmetic surgery, which could cost you $7,000 for one procedure. Putting many Americans further behind in their wealth building.

The book *Credit Card Nation* by economist Robert D. Manning, published in 2000, provides a comprehensive overview of a social and economic crisis going on in America-escalating dependence on credit. The deregulation of financial services in 1980 paved the wave for Americans to become dependent on credit cards.

According to CNBC and USA Today, the average credit card debt Americans held is approximately $6,200. And Alaska topped the 50 United States with the most credit card debt at $8,026. This is also the state that gives all its residents annual checks from its rich oil supply. Just something to chew on right there.

Meanwhile, the average credit card debt is now becoming a major wealth killer. Those households with it are more likely to have lower 401(k) balances, less in savings and investments, and less home equity.

Billionaire investor Warren Buffet says you should avoid using credit cards like a piggybank; it doesn't work because a piggybank is filled with cash and credit cards are not cash. Credit cards funnel all your cash that should be used for wealth building into the banks coffers. Banks are now making a billion dollars a month thanks to easy credit access!

The credit card love affair usually ends in a trail of past due bills.

Once the minimum payment (usually a paltry one percent of the balance) becomes unmanageable, you can get into serious trouble.

Instead of making minimum payments and paying interest, you should be earning it instead in Mr. Market.

The one percent you are paying could be going to your retirement accounts or toward the down-payment of a home. How important is once percent really? It is enough that if you subtract that amount from the expense ratio of a mutual fund, then that one percent difference can be enough to fund 10 years of retirement. Very important in my book.

Forget credit card debt. Go max out that 401(k) at $19,500 annually and/or a Roth IRA at $6,000 per year and $7,000 if you are 50 and over.

This will of course take discipline, but so what. If you are willing to fork over $10,000 for season tickets to see the San Francisco 49's play, why can't you put away $100 a month for your future?

Maxing out a 401(k) over 20 years with a 9 percent return would net you 1,087,408.34. Don't let credit card debt take this away.

Just my 2 cents.

. . .

Miriam is a self-appointed wealth advocate and has been studying personal finance since 2007. Miriam grew up in the Washington DC metropolitan area and has been working in the financial services and lending industry for over a decade at Georgetown University. She started her company 401(k) with $0 in 2010 and now has over $250,000 invested. She plans to become financially independent in her 40s and travel the world. She started a blog called Greenbacks Magnet to share her money adventures, where you can read more great articles like this.

The Problem with Always Wanting More

—by Joshua Becker

We live in a culture that is never satisfied and always desires more:

More money. More clothing. More toys. More square feet. More followers.

In fact, in many ways, the pursuit of more defines our entire society:

More power. More wealth. More prestige. More reputation. More sex. More. More. More

But there is a problem with the lifestyle choice of desiring *more*. When we constantly desire more, we are never satisfied. Because no matter how much we accumulate or achieve, *more* always exists.

By definition, it is unquenchable.

No matter how much money is in your bank account... there can always be more. No matter how big your house... there can always be more. No matter how many likes on your Instagram post or views on your Tik-Tok video... there can always be more.

When *more* is the goal, we never fully arrive. It is insatiable. And that is the problem with always wanting more. Happiness and contentment will always elude us if we are looking for it in the acquisition of more.

I suppose, if it was commonplace to see an end to this pursuit, that would be a different story. If human beings eventually arrived at a level of *more,* and suddenly became content, we could all strive to reach that magical level.

But that is not the example surrounding us. Quite the opposite in fact. Most everybody who acquires *more*, only continues to pursue it.

We see it in the lives of individuals who amass great fortunes but are not satisfied.

We see it in the world's largest corporations who continue to pursue greater and greater market share and profits.

We see it in those who acquire power and then work relentlessly to keep it and expand upon it.

In the early 1900's, John D. Rockefeller was the richest man in the world. He was once famously asked by a reporter, "How much money is enough money?" Rockefeller replied, "Just a little bit more."

The richest man in the world, not satisfied, still in pursuit of *more*. More can never satisfy.

Other larger, less anecdotal studies, come to the same conclusion that even the wealthiest among us are never fully satisfied.

Of course, we don't need to look at the lives of others to understand this phenomenon. One look in the mirror reveals the same motivation inside us.

The average American home has tripled in size in the last 50 years and continues to grow larger and larger. The average American woman owns 4X the amount of clothes as her grandmother, but continues to purchase. The average American home has 300,000 items inside it... and yet Amazon arrives on our doorstep several times each week.

When *more* is the goal, we will never find contentment. *More* is always a moving target. Never fully attainable.

We live life with only two options:

1. We can continue to pursue *more*. We can believe there is a better life waiting if we were just to acquire more money, more property, more fame.

2. We can reject the false notion that *more* is needed to discover happiness. And we can find contentment in our circumstances and gratitude for the blessings we already possess.

The choice is yours.

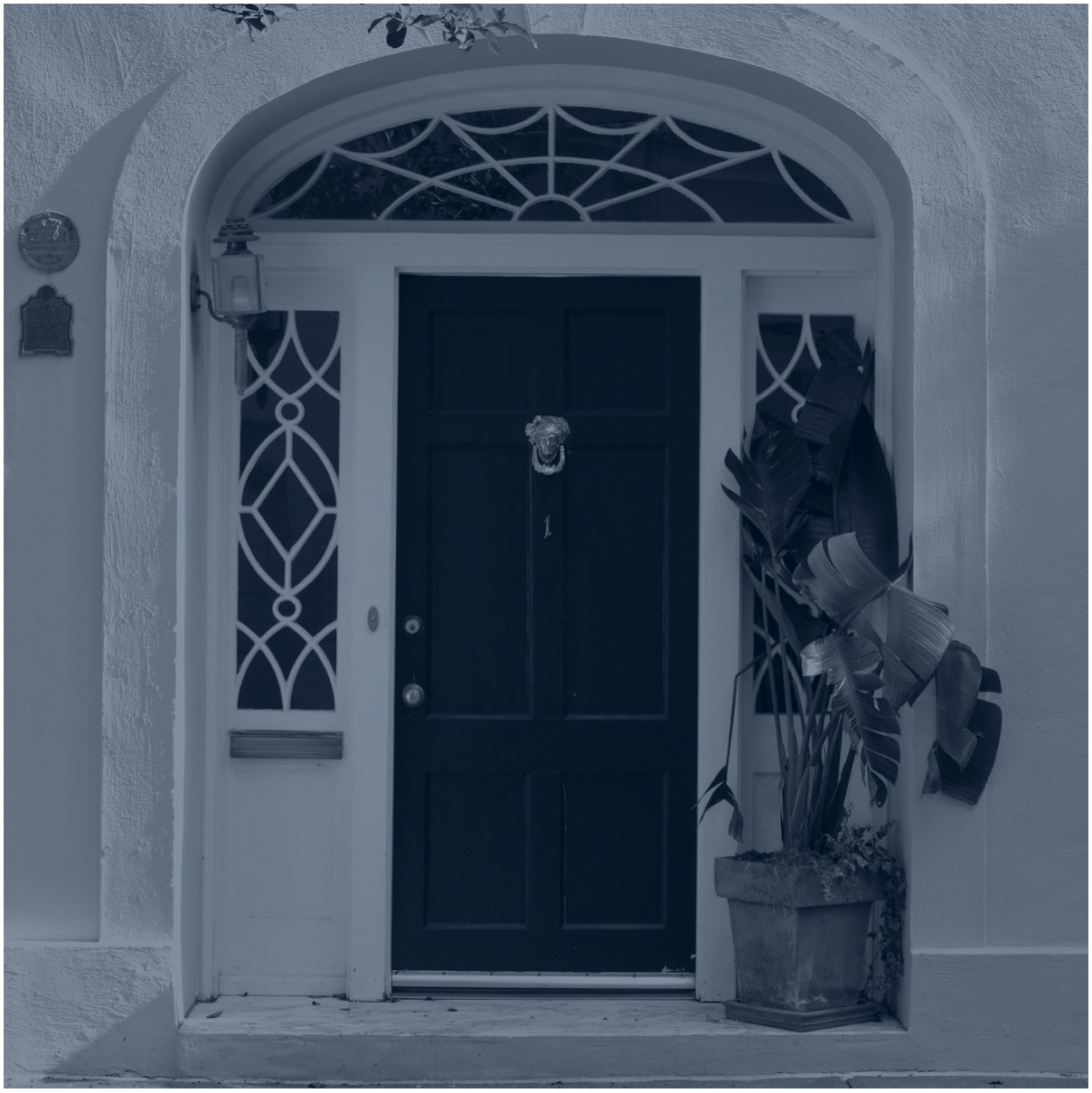
As for me, I'll choose contentment with less.

. . .

Joshua Becker is the WSJ Best-Selling author of The More of Less and The Minimalist Home. He has appeared on numerous media outlets including The NYT, WSJ, USA Today, and CBS. You can read more from Joshua at Becoming Minimalist.

The Next Millionaire Next Door

—by Dr. Jeff Anzalone



You may not be familiar with Dr. Sarah Stanley Fallaw, but you've probably heard of her dad, Dr. Thomas J. Stanley.

He was the author of one of my favorite books, the *Millionaire Next Door,* which was the best selling personal finance book that yours truly read some 25 years ago.

Sarah also knows a thing or two about the average millionaire as she's surveyed over 4,000 of them.

She's the president of DataPoints which helps advisers understand their client's money mindset and published a follow-up to her father's book titled, *The Next Millionaire Next Door*.

Like me, she read her dad's book while attending college, but had no idea the importance of his work and what was going to happen with the book.

Who would have thought surveying a bunch of everyday people that turned into millionaires would become so popular?

At that time, very few books had accomplished the kind of research on the affluent that Stanley performed.

Not just the seemingly affluent, but those households who actually had a high net worth of $1 million or more.

Some of the characteristics he found from these “everyday millionaires” included:

- They live well below their means.
- Financial independence is more important than displaying high social status.
- Most owned their own business.
- They spent less than they earned.

This is the exact OPPOSITE of how most doctors and other high-income earners live. Their main focus is trying to “keep up with the Joneses” with luxury houses and expensive cars leaving them with little to no savings.

They’re used to spending everything they earn and sometimes more. The worse part of falling into this trap is that it’s a hard one to get out of.

Despite the evidence-based financial planning principles taught throughout *The Millionaire Next Door*, many people continue to ask, “Why am I not wealthy?”

Although it's been over 25 years since the book was originally published, have things changed that much? Are the principles for wealth accumulation that much different now?

Unfortunately in 2015, Dr. Stanley was killed by a drunk driver before completing research for a follow up book.

The good news is that Thomas Stanley's daughter, Sarah, continued to carry on his work to bring their findings together in their book, The Next Millionaire Next Door.

Most of the book's data was from a survey conducted of affluent Americans between 2015 and 2016.

Let's take a look at what they found.

The Next Millionaire Next Door "The Sequel"

After the original book The Millionaire Next Door was published, there was some that stated the reason why these "everyday folk" turned into millionaires was due to the booming economy along with a host of other excuses.

One of the main reasons that Fallaw and her late father decided on a sequel was to see if there were lifestyle and behavior changes noted in today's millionaire households.

Here's a few of their findings of what Today's Millionaire looks like....

A Portrait of Today's American Millionaires

- Most were married men in their 60's that believed a spouse was critical in economic success
- Median annual income = $250,000
- Median net worth = $3.5 million
- Most didn't become wealthy until their late 40s or early 50s
- Less than 1/3 rely heavily on a financial planner
- 70% say they know MORE about investing than most financial advisors
- More than 60% have 30% or more invested in retirement accounts
- Over 33% invest in real estate
- More than 70% know their personal expenses, 59% are frugal
- Most spent on jeans = $50, on sunglasses = $150, on a watch = $300

- Tend to drive Toyotas, Hondas or Fords at least 3 years old
- Median price paid for a car was $35,000

Paths To Wealth

No matter what path the person took to reach millionaire status, roughly 70% stated they've always been frugal.

The majority of individuals who fall into the high-income earner group are often tempted to look "the part" of their colleagues by purchasing the "doctor" house, luxury automobiles and other expensive consumer goods. To them, status symbols rule their life.

To build wealth with a high income takes considerable discipline in the consumption arena. This is becoming increasingly harder as more than 70% of Americans are on social media and can be easily influenced by what others are doing or buying.

To have economically self-sufficient children, this group must apply and teach frugality.

Moonlighters, Gig Workers, and the FIRE Community

One of the main differences between both books has to do with the rise of those that obtain side gigs in order to reach FIRE (Financial

Independence Retire Early). It's now much easier to have multiple sources of income than it was a decade ago.

With technological resources at your fingertips, anyone can create multiple businesses in a matter of minutes.

The Discipline of Wealth Building

The #1 success factor noted that determined wealth was...discipline. In 2016, 91% of millionaires rated being disciplined as the most important success factor.

Specifically, discipline is required to take income and transform it into wealth (remember that income does NOT equal wealth).

This discipline includes knowing:

1. how much you bring in
2. how much you spend
3. creating a budget to ensure the difference is in the positive camp

More than 9 out of 10 of the top 5% high-income people in America reported that being well disciplined was very important in explaining their socioeconomic success. This finding is consistent over time.

From *The Millionaire Mind*, we're reminded that "a disciplined person sets his sights on a lofty target, then figures out productive ways to reach it. Disciplined people aren't easily sidetracked."

Discipline often requires going against the tide, including the tide of your social influences, and perhaps even how you were raised or long-held beliefs about what you're entitled to today.

"One man pretends to be rich, yet has nothing, another pretends to be poor, yet has great wealth." – Proverbs 13:7

America: Where Millionaires Are Still Self-Made

One of the most surprising aspects of *The Millionaire Next Door* was the finding that 80% of millionaires were self-made. The same trend rang true after surveying the affluent for *The Next Millionaire Next Door*.

In Fallaw's decades of surveying and studying millionaires, she has consistently found that 80-86% are self-made. That also applied to deca-millionaires.

Even though economic opportunities continue to be huge in the U.S., most Americans don't have much wealth. The main reason is they spend all or most of their income on liabilities or things that have little to no lasting value.

They lack the discipline (there's that word again) required to accumulate wealth. Many American households are on a treadmill of working and consuming.

Do The Opposite

Our income, while statistically related to wealth, is NOT wealth. When we start to understand this (especially the high-income earner), we start seeing the criticality of our savings rate.

This rate is driven NOT by what we make but instead by what we do (how we consume and save).

It's up to us to save more than we spend and live below our means. This is a mathematical truth in building wealth and financial success.

Once we understand that a lifestyle of consumption, one that's more interested in appearing wealthy, is driving most Americans into a lifetime of dependency, work, and little economic freedom, we can begin to create an alternative plan for our lives.

It may look very different than our parents or grandparents, and unless you're lucky, it'll look very different than those around you or on your social media feed.

Influences on Wealth

As science has shown in almost all aspects of our lives, why we do what we do is a combination of our unique characteristics and how we were raised.

Growing up, we can't choose where we come from, who our parents are, or what kind of early education we receive.

But as adults living in a society that doesn't dictate our choices, we have the freedom to choose with whom and how we spend our time. These choices can influence our financial health and future.

Those who are financially independent focus on their own choices, taking responsibility for their money-related actions and behaviors.

Recent research shows that few other factors help shape how we save and spend money like our upbringing and our family's influence. Adult children who reported that their parents were frugal, discussed money-related matters, and demonstrated good money management skills were more likely to be prodigious accumulators of wealth compared to those who did not experience this same type of upbringing.

A vast majority of young people learn about a family's propensity for saving and financial management through direct observation versus through conversations regarding these behaviors.

In other words, parent behaviors tend to stick with children more so than discussions of what ought to be done related to money. So if you're a parent then remember that your kids are watching you!

And action speaks LOUDER than words.

Strengths for Building Wealth

The Next Millionaire Next Door created a helpful list to ensure households built wealth called:

Critical Tasks for Household Financial Management

General

- Consider the outcomes of potential actions before deciding on a course of action
- Make financial decisions based on household's budget, plans, and long-term goals
- Focus financial management efforts on becoming debt-free

Spending

- Live (spend) below means (income/net worth)
- Spend less on expenses than household's total income in a given time period

Budgeting

- Create an emergency fund
- Budget enough money for basic needs (i.e., food) before budgeting for optional purchases (i.e., entertainment)
- Account for important household needs (i.e., food, clothing, shelter) in preparing budget
- Analyze budget and financial goals when considering a significant life change (job changes, additional children, moving locations) that may impact goals

Administrative Tasks

- Pay bills on time to ensure no late fees or interest charges apply
- Complete and file tax returns on time (whether in-house or with assistance)

- Pay credit card bills on time to ensure no interest charges are incurred
- Pay entire balance of credit card each month

Working with Others

- Discuss unplanned or unexpected purchases with spouse/ significant other prior to purchase
- Work with spouse/significant other as a team when managing household financial issues

Investing

- Understand the nature of investments and their risk and return profile
- Invest in employer-provided retirement accounts
- Understand the appropriate level of risk to take for own investment portfolio

Occupying Our Minds and Time

How we spend our time can either support our financial goals or detract from them.

- What activities occupy the time of millionaires?
- How do these activities compare for prodigious accumulators (PAWs) and under accumulators of wealth (UAWs)?

Paws, those who are adept at transforming their income into wealth, spend considerably MORE time reading business articles and reading in general than their under accumulating peers, but perhaps it's because our under accumulating friends are working more than the PAWs.

In Fallaw's research, they noted that UAWs are spending MORE time on social media sites (14 hrs) as compared to PAWS (9hrs) per week.

Consider any number of technological distractions today: From social media to texting to gaming, how many hours a day do YOU spend on your devices?

Distractions are a significant reason why many struggle to reach FI or achieve other goals. We know that the more we're able to focus without distractions, the better we're able to build true wealth long term.

How much time do today's millionaires spend on the so-called "excitement" of the day? Most reported only spending 2.5 hours per week on social media vs the average American who spends almost 6x more (14 hours per week).

What about thinking about presidential outcomes? Most spend less than an hour thinking about political elections (and about 10% spend no time at all).

Millionaires...in a "Regular" Job?

Similar to 1996 when *The Millionaire Next Door* was published, today it's possible with an average to higher-than-average income, to become a millionaire through steady, prudent, disciplined financial management and regular income- regular meaning not extraordinary commissions from sales jobs or extremely high salaries like those of doctors, attorneys, and CEOs.

This is GOOD news for the high-income earner!

For most Americans, one's desire, discipline, and intellect are more important factors in accumulating wealth than earning a high income.

The problem today among many high-income earners is that they think that money (income) is the MOST easily renewable resource.

I thought this too until I injured my wrist while skiing which made me ask, "How would I provide for my family if I couldn't work?"

Luckily I learned how to acquire other sources of income while not taking up anymore time treating patients which is allowing me to slowly replace my active income.

. . .

Dr. Jeff Anzalone is a periodontist in full time practice in Louisiana. He's also a father of two teenagers with an extremely high food bill! He loves to travel and play tennis with his family. He founded DebtFreeDr.com to help doctors and other busy high-income professionals STOP trading time for $$. Check out his articles for more inspiration.