

Four Strategies to Bring Out the Millionaire in Everyone

What do you think your chances are of becoming a millionaire? Two surveys released in January 2006 reveal that financial planners have more faith in your ability to accumulate personal wealth than you do. Here are some proven wealth-building strategies that have helped create many millionaires and that almost any motivated individual can master.

1. Believe you can build wealth. Researchers found that income differences alone had little to do with disparities in wealth. Observing that some of the lowest-earning households in the study had managed to accumulate significant wealth, the researchers concluded that most of the disparity was a result of how much the households chose to save.

For example, consider the story of Genesis Morlacci, the former dry-cleaning shop owner and part-time janitor who amassed enough wealth to leave \$2.3 million to a small college in Montana. People who build wealth are optimistic about their ability to achieve their financial goals in spite of an average income or other apparent limits.

2. Live the millionaire lifestyle. Think you can't afford to live like a millionaire? The reality is that you can't afford not to live like one. The wealthy typically live comfortable but not extravagant lives, believing that financial independence is more important than displaying high social status. They consistently spend less than they earn.

Living modestly when everyone around you is buying the latest, most expensive toys and gadgets presents a challenge for many consumers. But, as those who have achieved financial independence know, wealth is what you accumulate, not what you spend. Regardless of your current net worth, your financial picture can improve only if you spend less and save more—just like a millionaire.

3. Actively manage your money. Studies show that households that put a couple of hours a week into planning and managing their finances have a much greater chance of accumulating wealth and achieving their financial goals.

Rather than constantly checking stock prices, use your money management hours doing such things as researching and learning how to invest, learning about the tax system, calculating your net worth, tracking your expenses, designing a budget, and writing down your financial goals.

4. Think like an investor, not just a saver. To build the kind of wealth that gives you independence and security, you have to be an investor, putting your savings into things that become more valuable over time, such as securities (stocks and bonds) and real estate.

You might be surprised to learn that investing success is within reach of even newcomers to the market. People who make money in the stock market buy and hold a diversified portfolio, which you can easily achieve through a good mutual fund having minimal expenses. Some index funds that track the entire U.S. stock market—they hold shares of thousands of stocks—have returned 9% to 10% a year over the long term.

Regardless of where you put your savings, your long-term investment strategy should be to achieve adequate growth so that, ultimately, you can live on the income your fortune produces and never have to dip into the principal.

Visit FFCU today. We can help you get on the road to building wealth.