

Habits of the Wealthy

That's right. You have the capacity to become wealthy. Many of the wealthiest people in America have similar spending habits. It may not be obvious by seeing what millionaires drive or where they shop. You can learn a lot on how to build wealth by looking at these shared habits of the wealthy.

They live within their means and spend less than they earn. Many wealthy people live just like the average household. Many don't drive expensive cars or live in extravagant mansions. They are content with what they have and don't try to "keep up with the Jones's". As you receive pay raises over the years save the excess.

They automate their savings. You've heard the saying "pay yourself first." Many people use the savings plan that they will save whatever is leftover at the end of each month. For most of us, there won't be much leftover if we do it that way. Instead, decide how much you will save each month and have that automatically taken out of your paycheck or transferred from your checking account. The money is gone before you see it and it makes an easy, painless way to save.

They plan their spending. Make a budget and stick to it. Without a plan, you will spend more than you intend. People are often surprised when they add up what they spend in a year on clothes, restaurants, entertainment, and many other budget categories. A spending plan helps you choose where your money goes and make sure that you are on track to meet your financial goals.

They don't carry credit card balances. The more monthly payments you have, the harder it is to save. Instead of paying outstanding credit card balances, save for purchases in advance and earn interest on your savings.

They set financial goals. It is important to think ahead about things like purchases you want to make and how much you need to save for retirement. Over half of American workers have never calculated how much money they will need for retirement, but hope to have a better standard of living in retirement than they did in their working years. You need to set goals and make a plan to reach them.

They take care of their health. Exercise and eating right improves your health which can lower your health care costs.

They maximize their contributions to retirement savings. Retirement may feel like a long way off, but any saving you do now will create big returns for you later in life because of compound interest. Start saving something for retirement as soon as you get your first job after you finish school.



As you can see it's the little habits that will bring the most glory. It takes more than dreaming about becoming wealthy - with a little savvy planning and pinching pennies, you'll be well on your way to building wealth. Enjoy the journey!