Interview

Get Into the Wealth Habit

Thomas Corley, a certified financial planner, spent five years researching the habits of wealthy people for his book, Rich Habits: The Daily Success Habits of Wealthy Individuals. *Of the people he surveyed, 76% were self-made millionaires.*

If you had to select one daily habit that has the greatest impact on building wealth, what would it be? I call it dream-setting. It essentially means trying to identify the ideal life you desire 10 or 15 years down the road. Create a script—almost like a journal—for that life. Inside the script you are going to have a number of dreams. Bullet point each one, and build goals around each of them so you know what you have to accomplish in order to realize that dream. For example, if you wish to make $200,000 a year, what specific things would you need to do to get there? Do more training? Get a specific license in your industry? Purchase more rental properties? Invest in more-efficient equipment? Then ask yourself if you have the knowledge, skills or resources to pursue each goal.

CORLEY: "DREAM-SETTING" CAN HELP BUILD WEALTH.

You say that wealthy people read consistently. What do they read? Does Twitter count? Ninety-six percent of self-made millionaires read 30 minutes each day for education, career or self-improvement. Fifty percent read history. Seventy-one percent read material that has to do with self-help; 56% read something inspirational. Only 3% read for entertainment. It doesn't matter where you're getting the information—it could be Facebook or Twitter. The important thing is you're educating yourself. A lot of self-made millionaires in my study listen to audiobooks while they're commuting to work or doing chores.

You say that self-made millionaires have multiple sources of income. Can you explain? They take their profits and reinvest in other things. They take calculated risks with their money to create revenue streams. Some buy rental properties or invest in side businesses. One of the people I interviewed was a lawyer and a dedicated saver who invested in the stock market. He invested $250,000 systematically over 30 years, and now his stock and bond portfolio is worth $2.5 million to $3 million.

What is the most common habit that *prevents* people from becoming wealthy? Increasing your standard of living to meet your increased income. You don't want to supersize your life just because you're making more money. Stuff doesn't make you happy.

How much does the average self-made millionaire save? All of the people in my study saved 10% or more of their net income every year, and 95% saved 20% or more of their net income. And they did this long before they became rich.

market's best days (which account for big chunks of long-term gains). Even if stocks falter in the near term, they are likely to push higher over the long haul. As Buffett suggests, the U.S. remains one of the most attractive places to invest, with an entrepreneurial culture, solid rule of law, innovative technologies and many of the world's leading companies. These bedrocks of the economy have helped fuel the stock market's 10% annualized return since 1926. "As long as capitalism exists, the stock market will go up long term," says Gene Todd, head of the money-management division at First Bank, a financial-services firm based in St. Louis.

Granted, the path to $1 million gets easier if you have plenty of time and a pile of money to invest. With $50,000 in the kitty, it would take more than 31 years to hit the mark at a 10% annual return. But by investing steadily, through market ups and downs, you can accelerate the timetable. Adding $1,000 a month to the pot would push you past $1 million in 20 years. Saving $1,500 a month would get you there in a little over 17 years.

What to buy. These figures assume you plow every penny of dividend income and capital gains back into the market, and they don't factor in taxes or investment fees, both of which would trim your returns. One way to deal with those issues is to buy an exchange-traded fund that mirrors the broad market. One such fund, **ISHARES CORE S&P TOTAL U.S. STOCK MARKET ETF** (SYMBOL ITOT, $55), charges just 0.03% in annual fees, putting 99.97% of the market's returns in your pocket. (Prices and returns are as of June 30.) And because the fund