

7 Secrets to Accumulating Your First Million





Everybody wants to be a millionaire

and over 10.4 million people actually are in the U.S.* So how are they doing it and how can you join the millionaire ranks? Accumulating one million dollars over the course of your lifetime may not be as difficult as you think. ***If these seven secrets to accumulating your first million may sound simple, it's because they are.***

*Source: CNBC.com, March 2016



1. Maximize the match of your 401k.

Most companies offer a match on your contributions to your 401k. At minimum, contribute whatever your company will match or you're missing out on free money. Many millionaires will tell you this is the simplest way to increase your net worth. If you'd really like to be aggressive, consider contributing the annual contribution limit of \$18,000. If you're age 50 and over, take advantage of the catch up contribution limit which grants you an additional \$6,000 per year. Another benefit of increasing your 401k contribution? You'll lower your taxable income which puts less money in the government's pocket and more money in yours.



2. Surround yourself with those who have done it right.

Who do you know that's good at managing money and what's worked well for them? Your friends and family are great resources for tips or ideas for you. As you participate in kids' activities, enjoy dinner or drinks with friends, spend time with family – these are all learning opportunities for you to gain insight into how to accelerate your wealth.



3. Avoid the latte drag.

It's important to make sure you're enjoying your life but are there expenses you can cut? The goal is to increase your net worth, not Starbucks'. Even simple cuts like a weekly cup of coffee can make a big difference. By removing these expenditures and reallocating that money toward investments, you can accelerate how quickly you get to your first million. The concept of delayed gratification is not always easy to follow. You can enjoy that cup of coffee now or watch your money compound in an investment account to be enjoyed in a potentially much larger form years down the road.



4. Automate your investments.

Just like you can automate bills, you can also automate your contributions to your investment accounts. By automating investment contributions, you won't have to think about making payments and you reduce the risk of using that money for something else. This is a good strategy for those who are tempted by the excuse of, "I'll start next month." If you don't have investment accounts set up yet, it may be time for you to engage with a financial advisor. They can help you determine your financial goals (such as accumulating your first million) and invest your money in strategies designed to help you pursue those goals.



5. Get in on the equity.

While this does not apply to everyone, some companies offer profit's interest programs, stock options or equity in the firm. These opportunities can contribute to rapid financial growth. Equity programs may offer faster growth rates than traditional investments.



6. Pay yourself first.

When bills accumulate each month, it can be hard to carve out additional funds for savings or investments. Not only do we recommend incorporating your investment contribution as a line item on your budget sheet, we believe it should be one of the first items on your list. You'll always find a way to pay your rent or electric bill, but with investments and savings, it can be too easy to push off if you don't have leftover funds for the month. Once you get in the habit of making these part of the budget, you won't miss a payment to yourself.



7. Stick to a disciplined investment approach.

Once you've defined your financial goals, your financial advisor can create a plan to start pursuing those goals. Whether it's to accumulate a million dollars, save for a big purchase such as a home or even setup a 529 plan for your children, your financial plan is designed with your unique goals in mind. Try to remove emotional decision-making through the upswings and downturns of the markets and stick to your long-term goals. Do you have a shorter investment time horizon? If so, it's even more critical that you put your plan and place, then stick to it.



These seven simple tips will help you on your way toward pursuing a net worth of a million.

But why stop there? ***Engaging a financial advisor can help you protect the wealth you've accumulated and help you on your pursuit to your second million.***



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