

## Start Getting Rich Now

The Motley Fool

By John Rosevear



Almost everyone wants to be rich. For some, “being rich” means having enough money stashed away to live comfortably without working. For others, it’s about being able to enjoy certain experiences — extended travel, for instance — that seem impossible to reach with normal means. And for many, it’s just about living the “rich” life, with the big house and the nice cars and the high-end kitchen appliances and whatever else floats your boat (like, maybe, a boat).

So here’s my question: If everyone wants this, how come so few people seem to be taking the proven approach to *getting* it?

### Four steps to getting rich

Lots of people will tell you that they have “easy” ways for you to get rich. Real estate investment systems, stock trading “secrets,” and multilevel marketing plans all sound good on paper, and the best of them do sometimes produce results for people who are both dedicated and lucky. But they’re not usually “easy” — and they’re definitely not surefire. If you want to improve the odds dramatically, while working with the cash flow you already have, this proven, incremental approach is the best way to go:

Take control of your finances. Track your spending until you understand where all of your money is going, then [set up a realistic budget](#) and stick with it. **Spend less than you earn.** Yes, [it’s that simple](#): 401(k) plans are all about forcing you to do this, but if you want to build wealth before retirement, you’ll need to do more. You’ll also need to [reduce or eliminate your debt](#), especially credit card debt. **Invest the difference.** The key here is “invest,” not “speculate with.” An index fund is good. [Learning to pick stocks](#) and building your own portfolio is better, but takes more time and effort. Real estate that generates a solid cash flow is good, too, but takes some specialized knowledge. Day trading? [Not so good.](#) **Be patient. Compounding is your friend.** Yes, this approach will take years to pay off. And yes, it’s boring compared with the promise of something like day trading. But it works.

### Avoiding self-sabotage

That last point — be patient — is especially important, and it’s where many people fall down. We want to be rich *now*, not at some dimly defined future point. Credit-hawkers like **JPMorgan Chase** (NYSE: JPM), **Bank of America** (NYSE: BAC), and **American Express** (NYSE: AXP) are all too happy to give us the credit lines to feel like we’ve already made it ... at least, until the bills come due.

But, of course, credit card debt is a notorious wealth-buster. I don’t hate credit cards — they’re an easy source of emergency funding, and they’re great for smoothing out monthly cash flow bumps — but large balances that eat up big chunks of your monthly cash flow are killers.

Worse, carrying a large credit card balance can psych you out and shut down your wealth quest before you even get started. People who feel like they're always behind on their finances have a hard time seeing saving and wealth-building as a realistic possibility — and if you can't see it happening, it won't.

### **The upshot**

To mangle an old saying, it is possible to have your cake and eat it, too — as long as you're careful with portions. I've [said before](#) that the most successful budgets are ones that allow you to have some fun and luxuries here and now, and it's a point worth reiterating. While some people are willing and able to live *far* below their means in order to maximize their savings, most of us (me included) can't stick to such a plan for very long. If you do decide to cut your spending to save more, cut carefully. Think hard about the changes you're trying to make, and don't be afraid to go back and modify your budget after a month or two of living with it. As with so many other things, balance is the key to success.

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