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Simple Changes Can Set The Way To Owning A Million Dollars

Would you like a million dollars? Do you think owning a million dollars is an impossible dream? Actually, it probably isn't. It does take a little bit of work but it probably isn't as difficult as you might think it would be. The biggest obstacle to obtaining a million dollars is getting in the right mind set and understanding that it isn't going to happen overnight unless you win the lottery or receive an inheritance. Since the odds of winning the lottery are slim and an inheritance might happen just once in your lifetime, your best choice is to grow your assets yourself.

The first thing to do is focus on your long term goals. Why do you want a large lump sum of money? For most people, the ability to retire and not have to work if they choose not to is a prime reason to build their assets. Maybe your goal is to purchase a vacation home in 10 years. I'm guessing you don't necessarily want to own a million dollar home but you will presumably need some cash to pay for the home. What are your goals? Don't forget them. Personally, I have my goals written down and I look at that list a few times a year. It helps me remind myself of why I am making sacrifices now and keeps me focused on the big, longer term goals.

There are easy things you can do to save a lot of money. If, for example, you buy a new car every 10 years rather than every 7 years, you might own two less cars over your lifetime. If each car costs \$20,000, you have just saved yourself \$40,000 in today's dollars. You may have higher maintenance costs and a lower trade-in value on your cars but you should save tens of thousands of dollars overall if you purchase less cars in your lifetime and be well on your way to having a million dollars.

There are also many small things you can do, that over time can easily add up to hundreds of thousands of dollars. For example, if you cut your grocery bill just \$10 a week, you will save \$520 a year. If you invest that \$520 every year for 30 years at 8%, you would have almost \$59,000. If you bring your lunch to work daily, rather than go out, you might save \$6 a day or \$1,560 a year. Invest that much every year for 30 years at 8% and you could have over \$176,000. How about vacations? There is nothing that says you need to take a big vacation every year. What if you had a big vacation every few years and did much less expensive vacations in the other years? Let's say you reduced your vacation spending \$1,000 a year. Invest that \$1,000 instead every year and it could grow to \$113,000. How about paying cash for future car purchases, rather than obtaining a loan? You might save yourself a few thousand dollars in interest

payments. Invest that money instead and maybe you would have an extra \$27,000 over time. Pay cash for each car purchase and the savings multiply.

If the goal is one million dollars 30 years from now, then you only need to invest \$8,800 a year at an 8% annual rate of return. I think certain people are naturally born savers and others are born spenders so saving money comes easier to some than others. If you are a spender, saving money may seem like a difficult task. But, keep your focus on the big long term goals and try to limit the impulse purchases. It takes practice to live below your means but it is possible to do so. You can even make a game of it to see how much you can save. The grocery stores make it easy for you because they tell you how much you saved each week on your shopping. See if you can regularly save 25% or more of the bill. Stock up on things you use when they are on sale. Try the store brands which are usually cheaper. Try not to buy something unless it is on sale. There are lots of tips and suggestions on how to save money if you go on-line and search using words such as frugal, cheapskate, tightwad. Some of them are a bit extreme but I would think you can find some suggestions on simple ways to save money that would work for you.

Remember, you don't need to forfeit all your pleasures now but by making a few simple changes now, you can probably cut your expenses and have that million dollars sooner than you think you can.