

MONEY MANAGEMENT

12 Practical Steps to Getting Rich

The secrets to getting really rich in life aren't secrets.



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Every entrepreneur dreams of being rich. They dream of having the power to pull fiscal strings, able to command a vast fortune and make money while they sleep, all while enjoying a life replete with leisure and pleasure. Yet, in a world where the have-nots far outweigh the haves, where just over 1,800 individuals across the entire planet can call themselves billionaires -- a mere blip on the percentage scale of the world's population -- not only are most not rich, they're also heavily indebted.

The truth? While some might seek the answers or secrets to getting rich in life, others are simply struggling to keep their heads above water. Most are suffocating in a sea of debt, unable to extricate themselves from the shackles of an abhorrent situation inherently created by the consumptionism and consumerism that grips much of the world's population. We are, in effect, products of our own society.

Still, how is it that some people have all the answers? How do the rich keep getting richer while the poor keep getting poorer? Is the game actually rigged against us? Are we, in fact, doomed to live ordinary lives, merely controlled by our hedonistic desires and pleasures, forced to succumb to our animalistic urges, never able to actually get ahead in life, let alone get rich? Or, is there some solution? A way out, if you will?

Clearly, these are questions posed by the masses. Nearly everyone wants to get rich in life. But not everyone can pull it off. What separates those who seem to have all the answers from those that are constantly jumping from one ship to the next, never able to truly find their gravy train? Well, the answers are far simpler than most would imagine.

What are the secrets to getting rich in life?

The secrets to getting really rich in life aren't secrets. They're actually well-known. Yet, as well-known as they are, they most certainly aren't abided by. Much of the world's denizens and a large part of every country's population actually live in stark contrast to these so-called secrets to getting rich.

However, if you're at all serious about the longevity of your wealth, then you'll heed the advice that's been passed down through the ages. While it's been largely ignored by most, it's been harnessed by some of the world's richest and wealthiest individuals throughout time.

1. Live below your means

The first so-called secret to getting rich is to live below your means. Translation? Don't spend more money than you make. Period. However, not many people follow this advice. Many are focused on spending as much as possible. Whether it's to revel in the perception of being more well-off than they actually are, or some other purpose, this is the truth across much of the developed world.

In fact, 55 percent of Americans have stated that they either break even or spend more than they make every single month, according to a survey from The Pew Charitable Trusts, which concluded its findings based on responses from 7,000 U.S. households.

2. Save 20 percent of your income

That same survey from The Pew Charitable Trusts found that one-third of Americans have absolutely no savings at all. Yet, in order to get rich, you need to save at least 20 percent of your income off the top. Everyone has heard this before, but how many people actually follow this advice?

The term "pay yourself first" holds major weight here. While some don't find the importance in this, others realize that this not only provides a rainy-day fund in case of emergencies, but also moment-of-the-opportunity cash. When the right opportunity comes by, you need cash to seize it. If you don't have the cash, you just missed the proverbial boat.

In another survey, it was determined that nearly half of all Americans have no retirement savings. And that nearly 70 percent of all Americans have less than \$1,000 in their savings accounts, and are one small emergency away from a complete and total monetary collapse.

3. Meticulously track expenses

The next step to getting rich? Meticulously track every red cent that you spend. Not just the big expenses. Every single expense that you have should be tracked with a fine tooth comb. Benjamin Franklin once said, "Beware of little expenses. A small leak will sink a great ship."

As easy as it might seem to ignore the little stuff, so to speak, the more you sweat the details, the better off you'll be. Cancel that gym membership you haven't used in six months. Eliminate that costly cable television plan. Stop buying expensive lattes and eating out when you know you can't afford to do it.

Download an app or purchase a small notebook and track every expense no matter how small or how big. Chart and plot those expenses over time using widely available software. See where your money is going. How much of that could you put towards savings every month that's otherwise being spent unwisely?

4. Eliminate bad debt

Don't get me wrong, not all debt is bad. Some debt is good debt to have. Other debt, such as revolving credit card debt and high interest rate loans, is bad debt. You have to eliminate your bad debt. This is especially the case if all you're doing is paying the monthly payments.

You can't get rich in life when you spend a large majority of your income paying interest payments on money that you've already spent. Take the highest interest rate card or loan and double the minimum payments until it's paid off. Then, move to the next one. Then the next. Until it's all gone.

When you're debt-free from the bad debt (not the good debt like mortgages for investment properties and loans to grow your business, for example), take that money and put it towards your savings. The trick is not to go spending cash and splurging on a vacation or a new car once you're debt-free. Stay focused.

5. Own the roof over your head

For most people, their home is their biggest investment. However, a large majority of the world rents its homes. While renting on a temporary basis isn't terrible, you should most certainly own the roof over your head if you're serious about your finances. It won't make you rich overnight, but by renting, you're paying someone else's mortgage. In effect, you're making someone else rich.

No matter what it takes, even if you have to downgrade your living situation, you should do what it takes to purchase a home. Sit down with a mortgage broker and assess your situation. Set some goals and create a plan of action.

Even if you don't have enough money saved for a down payment right now, figure out what it's going to take to buy your home. We're not talking about your dream home here. However, over time, the money spent on your mortgage is far better invested than money spent paying rent.

6. Decimate your bad habits

Bad habits hold us back from achieving many kinds of goals. They stop us from losing weight, making more money, saving, investing and everything in between. The only way you can actually get ahead in life is to decimate those bad habits. You need to quit the bad habits before they lead you down a deathly spiral.

It's hard to achieve something that takes so much of your energy, such as getting rich, without eliminating your bad habits first. I'm not just talking about poor financial habits; I'm also talking about any other habit that eats away at you, physically, emotionally or mentally.

Obviously, success in anything isn't just about eliminating the bad habits that hold us back; it's also about ensuring that we employ some of the best habits in life and the best habits in business to virtually guarantee our future outcomes and make progress on autopilot.

7. Set daily goals

Getting rich is a monumental goal. However, you can't simply say that you want to be rich. First of all, you need an exact number and you need to have a specific date you'll achieve that by. That's the bigger picture. Beyond that bigger picture, you need to set goals on a daily basis.

Daily goal setting provides milestones on your way to your bigger goals. Break the big goal down to achievable daily goals that won't seem so overwhelming. For example, if you want a \$10 million dollar net worth in the next five or 10 years, figure out what it's going to take on a daily basis to move closer to that goal.

Obviously, you'll have a hard time saving towards that massive goal of getting rich when you start out near ground zero or worse. However, compound interest is very powerful, and even if you don't save your way there, you can leverage the cash that you do make and tuck away to engage in smart investments that will produce high returns.

8. Manage your time effectively

We all have the same amount of time in this world. You don't have more than the next person and that person doesn't have more time than another. No matter if they're a powerful politician, a business magnate or a famous athlete, they don't have more time than you do. Time is life's greatest equalizer.

However, what does matter is how effectively the time we do have is used. Those precious moments of every single day can easily be squandered. There's absolutely no way to get rich by wasting time on trivial pursuits. Manage your time by instituting a smart and effective time management system to stay on track towards your goals.

9. Add massive amounts of value

No matter what strategy you implement to make money (online or offline), without adding massive amounts of value, and doing it consistently over time, there's almost no chance that you'll get rich. Those that have added the most value to this world have amassed the greatest fortunes.

The simple truth is that, one of the most fundamental principles of success states that you need to do the most amount of work for the least initial return. If you look for shortcuts and hacks for getting rich quickly or without great amounts of effort, you'll most surely fail.

The problem? There are so many unscrupulous marketers who prey on individuals that are looking for that quick fix. Well, it doesn't exist. If you want to get rich, you need to add massive amounts of value, and you need to do it constantly without fail over time.

10. Build multiple streams of passive income

Anyone who's serious about getting rich needs to build multiple streams of passive income. Passive income is incredibly important when it comes to amassing wealth. Simply put, you need to generate your income on autopilot if you want to create a considerable net worth.

There are a number of passive income generating ideas that you could implement. Some of the most popular involve real estate and dividend income for those that can afford the often high-cost barrier of entry into those fields. Others opt for generating passive income by starting a blog, creating digital products such as ebooks or courses, and even creating online tutorials, just to name a few examples.

Whatever you decide to do, by focusing on passive income, you'll do the work once and get paid repeatedly. Alternatively, active income requires the consistent investment of your time to earn money. As soon as you stop working, you stop earning. There's no way to scale your wealth or income by solely engaging in active income. Focus on passive income and watch your wealth explode over time.

11. Invest in what you know

If you're serious about getting rich, you have to invest in what you know. For example, if you're in the pharmaceuticals business, don't try to invest in an agriculture business. Get the point? Invest in what you know. If you know pharmaceuticals, get involved in biotech.

The better you know an industry or niche, the more likely you'll be able to spot ideas that could possibly create massive amounts of income for you in the future. No one else is going to do this for you. And when you do invest in something that you know, be sure to track it vehemently.

It's okay to put all your eggs in one basket, so to speak, as long as you watch them like a hawk. As soon as you get distracted or lose interest, that's when things go downhill. Pay acute attention if you're serious about compounding your wealth.

12. Mind your own business

While you can get rich by working as an employee, it's far more difficult. Instead, you should start your own business and mind that business. Put all your heart and soul into the business and keep working at it even if you fail. And if you do fail at it, even if that happens repeatedly, learn from those failures and grow.

Henry Ford learned a lot through failure but didn't give up. Even though he went bankrupt once and was forced out of his second business, he didn't throw in the towel. He minded his own business. Every successful entrepreneur has failed. But the reason why they succeeded on such a massive scale was because they didn't give up.