

ARE YOU THE MILLIONAIRE NEXT DOOR?

By **Dominic Garcia**

Many fortunate people have read the book “The Millionaire Next Door.” For me, I did not realize how valuable the advice was until I had the last 20 years to reflect on it. This book not only applies to your own life, but it also provides a solid foundation on how to educate our children.

So what might characterize “The Millionaire Next Door?” The majority of self-made millionaires answered “yes” to the following questions. “Are your parents frugal? Are you frugal? And is your spouse more frugal than you are?”

The most unparalleled trait is that the typical millionaire lives well below their means. Moreover, they allocate their time and money efficiently. They are not concerned with displaying a high social status. Their parents did not provide economic support outside of the home, and their adult children are self-sufficient. They are proficient in targeting opportunities, and they chose the right occupation early on.

The book further suggests the following commonalities. Most are in households where one spouse generates at least 80% of the income. Most tend to own used cars. Most obtained an undergraduate degree from a local college. Most live in homes without a mortgage. Most are punctual in nature. Their children’s college has already been funded before the age of 18. Nearly all have a plan for their future, are goal oriented, and spend a superior amount of time educating themselves.

The defined millionaires realize that it is not about how much money you make, but instead, how much you save. The average millionaire tends to save at least 20% of their paycheck. They are great at budgeting, and they make sure their needs are covered for both today and tomorrow. It is also mentioned that the majority of millionaires are not intrigued by luxury items or expensive clothing.

Another note that I found insightful is that the average millionaire business owner only maintains about 21% of his net worth within his or her business. This tells me that they are conservative people who understand the value in diversifying among various appreciating assets (business, investments, personal real estate, etc.). The author discusses that most millionaires have confidence in the stock market and are not withered by short-term fluctuations. They also believe that you get what you pay for in the realm of financial advice as most tend to have their trusted team of advisors.

In the world of financial planning, it is important to find the balance between enjoying life and being financially secure. Once you evaluate what is required to provide you with the desirable lifestyle and piece of mind throughout retirement, it is just as essential to do the things that bring you true happiness.

Contact us: info@RochesterWealthStrategies.com www.RochesterWealthStrategies.com



Dominic Garcia is President of Rochester Wealth Strategies LLC, an Independent Registered Investment Adviser located in Downtown Rochester. RWS is a Fiduciary and Fee-Only financial advisory firm.