



3 Powerful Wealth-Building Tips You Can Incorporate Today

Description

There's no need to blaze a new path if you want financial security for you and your family. The best strategy is to simply copy some of the common techniques millions are currently using to get ahead.

Ultimately, getting rich comes down to one variable: you need to create leverage and then use that force to your advantage. The rest is just details. Every wealth-building technique comes down to using another force to your advantage, the financial equivalent of using a lever to lift something you couldn't possible hoist on your own.

Let's take a look at three common types of leverage and how you can use them to get ahead.

Time

The slow and steady tortoise beat the much faster hare in the legendary race because the tortoise worked tirelessly towards his goal. The rabbit lost because he got mired by endless distractions.

By starting early and consistently putting money away, regular middle-class Canadians can leverage time, which is just a fancy way of saying they can use compound interest to their advantage. They can create their own slow path to wealth.

Say you are able to put away \$10,000 per year and earn an 8% return. If you start doing this at age 25 and stop at age 65, you'll have a nest egg of more than \$3 million by the time you hit a typical retirement age. If you delay saving until you hit 40, you'll end up with a mere \$858,000. That's still pretty good, but it pales in comparison to starting earlier.

Debt

One way savers can supercharge their investment returns is by using debt to leverage the amount invested in the first place. But be careful; debt can easily go against you, especially if the [market crashes](#).

Real estate investors have been doing this for centuries now. They come up with enough for a down payment and then use their rent cheque to pay the mortgage. After a number of years, the property gets paid off, and the investor gets the benefit of passive income spun off the investment.

Do this a few times, and we're talking serious money. I know real estate investors who are quietly pocketing four or five figures of [passive income](#) each and every month.

The keys to using debt are to make sure it's used to make smart investments and ensuring it doesn't create a burden that can't be paid back. Most smart borrowers use the cash flow from the underlying investment to pay down the debt as quickly as possible.

Employees

I've saved the most powerful form of leverage for last. If you start a business, you can potentially leverage the expertise of dozens, hundreds, or even thousands of employees to get really rich. There's a reason why the *Forbes* top billionaires list is dominated by business owners.

Becoming an entrepreneur is no small feat, of course. Owning a business comes with a million headaches, something most people want no part of. But the rewards are limitless, which is why we have a steady stream of entrepreneurs throwing off the shackles of a day job and blazing their own path.

The key to building wealth through your own business is to build something that scales. Being the neighborhood plumber is a good way to make a living, but plumbing is not a business that scales any larger than your own city. Selling products or services online is much better; the internet offers a limitless source of new customers.

The bottom line

Each of these wealth-building techniques are nothing new. They've been used a million times before and will continue to be effective in the future.

The hard part is starting. Do you have what it takes to stick with something for years? If you can stay focused, I'm confident you'll end up successful.

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