



How to Build Your Wealth From \$0 to \$100,000

Description

When it comes to building wealth, follow these simple rules. First, spend less than you make. Be smart about using loans and use your [credit cards](#) wisely. Second, save regularly. Third, invest your savings.

Save regularly

Wealth creation originally comes from a high savings rate. If you only save \$100 a month, you'll only manage to save \$36,000 over 30 years. A high savings rate is even more critical early on in your wealth-building journey when you're investing your money for the long haul. The savings of \$36,000 over the three decades would jump to \$100,562 when returning 6% per year.

30 years! That's taking too long to reach \$100,000. To achieve the \$100,000 milestone sooner, one straightforward action you can take is to save more.

What if you're able to boost your savings to \$500 a month? On savings alone, you'll reach \$100,000 in 12 years and \$180,000 in 30 years. If you get a 6% return annually, you'll achieve about \$502,810 at the end of the period. These scenarios assume that all returns from your investments are reinvested for the same 6% rate of return.

It follows that the more you save and invest early on, the bigger the snowball rolls down the hill thanks to the compounding interest effect. Your savings will pull more weight in growing your wealth in the early stages, but as the years go by, the returns from your investments will stand out much more.

Year Save & invest \$100/month 6% growth rate		
0	\$0	\$0
1	\$1,200	\$1,272
2	\$2,400	\$2,620
3	\$3,600	\$4,050

4	\$4,800	\$5,565
5	\$6,000	\$7,170
6	\$7,200	\$8,873
7	\$8,400	\$10,677
8	\$9,600	\$12,590
9	\$10,800	\$14,617
10	\$12,000	\$16,766
11	\$13,200	\$19,044
12	\$14,400	\$21,459
13	\$15,600	\$24,018
14	\$16,800	\$26,731
15	\$18,000	\$29,607
16	\$19,200	\$32,655
17	\$20,400	\$35,887
18	\$21,600	\$39,312
19	\$22,800	\$42,943
20	\$24,000	\$46,791
21	\$25,200	\$50,871
22	\$26,400	\$55,195
23	\$27,600	\$59,779
24	\$28,800	\$64,637
25	\$30,000	\$69,788
26	\$31,200	\$75,247
27	\$32,400	\$81,034
28	\$33,600	\$87,168
29	\$34,800	\$93,670
30	\$36,000	\$100,562

Save and invest \$100 a month for 6% per year over 30 years with investment returns continuing to be invested in the period

Invest for higher returns

A 6% long-term rate of return is pretty standard. In fact, if you were on top of market trends, you should be able to get at least the long-term average market rate of return of 10%. You would know which are the growing industries and could buy the exchange-traded funds (ETFs) in those areas. Online brokerages make it easy to invest nowadays with low trading costs.

If you prefer a more diversified investment portfolio, you could consider balanced ETFs or a mix of bond funds and equity funds. Some [online brokerages](#) even offer automatic rebalancing of a diversified ETF portfolio so that people can enjoy their lives and do what they love if they fancy doing other things

over managing their investments.

Year Save & invest \$500/month 12% growth rate

0	\$0	\$0
1	\$6,000	\$6,720
2	\$12,000	\$14,246
3	\$18,000	\$22,676
4	\$24,000	\$32,117
5	\$30,000	\$42,691
6	\$36,000	\$54,534
7	\$42,000	\$67,798
8	\$48,000	\$82,654
9	\$54,000	\$99,292
10	\$60,000	\$117,927
11	\$66,000	\$138,799
12	\$72,000	\$162,175
13	\$78,000	\$188,356
14	\$84,000	\$217,678
15	\$90,000	\$250,520
16	\$96,000	\$287,302
17	\$102,000	\$328,498
18	\$108,000	\$374,638
19	\$114,000	\$426,315
20	\$120,000	\$484,192
21	\$126,000	\$549,016
22	\$132,000	\$621,617
23	\$138,000	\$702,931
24	\$144,000	\$794,003
25	\$150,000	\$896,004
26	\$156,000	\$1,010,244
27	\$162,000	\$1,138,193
28	\$168,000	\$1,281,497
29	\$174,000	\$1,441,996
30	\$180,000	\$1,621,756

Save and invest \$500 a month for 12% per year over 30 years with no money leaving the portfolio

Investor takeaway

Start saving and investing as early as you can. In the beginning, your savings rate is the core engine growing your wealth. Later, your investments will pull a bigger and bigger weight, especially if you are able to generate high returns in the long run.

If you're interested in investing, read more about the subject. On trying something new, you might want to test out the waters instead of betting big initially.

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