



## How to Become a Millionaire in Your 30s (or 40s)

### Description

So you want to become a millionaire, eh? Do you want to build substantial wealth, retire early, or have a comfortable nest egg that you can retire on later? Well, I've got good news: if you're in your 20s (or 30s), you have *plenty* of time to become a millionaire. And with the right tips (like the three below), you could become a millionaire within the next decade.

Exciting, right? Well, let's see what work you need to do to get there.

### Start now

The best time to start investing was yesterday, the second-best time is today. When you're aiming for a million dollars in the bank, every second, every minute, counts. To delay your investment plan by a year could cost you thousands in lost interest. Delay it by more than a year and you're starting to lose a hefty sum of money.

The only time I would seriously consider delaying your investment plan is if you're overburdened with high-interest debt. In that case, you may save more money in the long term by paying off your debts before you start investing. One rule of thumb: If the debt on your interest rate is higher than the expected return on investments, pay off the debt first. For instance, if your credit card debt is accumulating by an APR of 19.99%, you'll probably want to get rid of that before you start investing in an index fund that *maybe* returns 9%.

### Delay gratification

The biggest antagonist to building wealth is no doubt instant gratification. Instant gratification works like this: When you want something, you get it. No questions, no concerns, no looking at the budget. You can't wait until the thing is in your hands, even if you don't need it and often when you can't afford it.

On the contrary, the biggest ally to becoming a millionaire early is delayed gratification. That is, resisting the urge to buy it now, postponing the purchase until a later date, or simply sleeping on it

before you make a decision.

Delayed gratification goes behind your personal finances, too. A study done at Stanford in 1960 demonstrated that people who practice delayed gratification are often people who get more out of life. The experiment worked like this: Researchers set a plate of marshmallows in front of four-year-olds. The children could eat one marshmallow now, or if they waited a few minutes, they could eat two. The researchers then waited until the children were adults. As they expected, those who waited to eat two marshmallows often had higher test scores, attended prestigious colleges, and had created successful lives. Those who ate the marshmallows immediately had lower test scores and often behavioural problems.

Now, obviously, we can't read too deeply into this. But there is something about practicing self-control, patience, and delayed gratification that makes some people jump out ahead, while others stay behind.

## Save aggressively

Finally, if you're going to become a millionaire before you hit your 40s (or 50s), you'll need to save aggressively.

Now, you don't have to follow the F.I.R.E. movement here and save 70% of your take-home pay. If you can do that, however, great. Even 25% to 40% a month can go a long way, especially if [you invest that money wisely](#).

What I would do is create a budget around savings goal. That is, I would set my savings goal first (say \$2,000 per month), subtract it from my take-home pay, then plan out my expenses. When you build your budget around a savings goal, rather than build a savings goal *into* a budget, you make *savings* a priority, not spending.

Of course, I would also invest your savings wisely in either an [RRSP](#) or a Tax-Free Savings Account ([TFSA](#)). Since you have time ahead of you, you can afford to invest a bit more aggressively, such as with growth stocks or even certain micro-caps. If you'd rather not risk losing money, however, you can still find a good index fund or [ETF](#).

Again, no matter what you do, the best time to start is *now*. So go ahead and open a brokerage account with one of [Canada's finest online brokers](#) and get your investment plan going.

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