



Warren Buffett to Young Investors: If You Want to Retire Wealthy, Build a “Very Long Hill”

Description

It seems like an odd tip, doesn't it? “Build a very long hill,” Warren Buffett recommends to young investors, and you'll end up wealthy.

If you don't have much skill mixing gravel or cement, don't worry — Buffett's tip is *much* simpler than you might imagine.

Build a very long hill

When Buffett says “hill,” he means time, and when he says, “build a very long hill,” he means start investing young (ideally, as soon as you can). The sooner you invest, Buffett says, the more time you give your investments to grow.

For some perspective, Buffett bought his first stock when he was only 11 years old. Yes, at the age when most of us are still in grade five, learning multiplication and division, Buffett bought three shares of an oil company, Cities Service, at around \$38 a share. 19 years later, he became a millionaire at age 30, and 26 years after that, he became a billionaire at age 56.

“I started building this little snowball at the top of a very long hill,” Buffett said, referring to the early years of his investing. “The trick to having a very long hill is either starting very young or living to be very old.”

Notice that Buffett didn't say he built a *big* snowball. When you're young, the size of your snowball doesn't matter. Instead, what matters is that you *start*. What matters is that you put that little snowball on the top of a big hill and give it a push. What matters is that you take that extra \$100 — or \$50 or \$25 — and invest it.

Then let compound interest work hard for you. If you don't touch your investments — if you don't sell them when the market tanks — your money will build momentum over time. That's the power of building a long hill: time works harder for you.

Of course, you'll want to add more funds to your [brokerage account](#). A little cash might get you started, but you'll need to add more if you want a bigger snowball.

What if your hill is “small?”

If your hill is small, you can always postpone retirement. In fact, postponing retirement might be a good idea, no matter how big your hill is. Numerous studies have shown that many retirees who retire early suffer from clinical depression, or even health risks from lack of physical activity.

Aside from your health, postponing retirement will also give your pension a boost. The longer you put off retiring, the higher your pension payouts will be — not to mention that you'll give your investments more time to grow.

Foolish bottom line

Setting aside a consistent amount each month will help put you on the right track to retirement.

Of course, to properly plan for your retirement, you'll want to do other things, too, such as determine how much income you'll need in retirement, what retirement accounts you should open (TFSA and RRSP), as well as which investments will help you hit your retirement goals faster. For a deeper dive into retirement planning, check out our [retirement planning guide](#).

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