



## These Money Habits Are Stopping You From Retiring a Millionaire

### Description

Ah, the seven-figure retirement fund. Sounds dreamy, doesn't it? With a million in the bank, you can live the retirement you want: you could travel around the world, buy a second house on a lake, or move to Florida.

Contrary to what you might think, retiring on a million dollars doesn't require you have a high income (or an inheritance). It only requires you plan wisely as well as steer clear of bad financial habits.

What financial habits are stopping you from retiring a millionaire? Well, here are six of the most common.

### 1. You're not investing

For every day you don't invest, your chances of retiring a millionaire become slimmer and slimmer.

Most millionaires don't become millionaires by making six or seven figures a year. No, they invest small portions of their income over long periods of time. They harness the power of compound interest, which takes a small sum and grows it into something much large (AKA a million dollars).

If you're not investing, it's time to open a [brokerage account](#) and put your money to work.

### 2. You invest conservatively when you're young

When you're young, you can afford to invest aggressively. This might sound counterintuitive, but you have *time* to lose money. As long as you [pick your stocks wisely](#), investing aggressively now could help you earn enormous gains over the long run.

So, don't limit yourself to large-caps and companies considered safe investments. Open yourself up to more risky stocks, such as [growth stocks](#) and [small-caps](#).

### 3. You take on *too* much risk

A little caveat to the above tip: one easy way to crush your dreams of retiring a millionaire is to engage in risky investing strategies, such as [day trading](#), options trading, trading futures, or buying on a margin.

To be fair, these investment strategies can result in big gains. But they are advanced, and they come with more risks than the average investor can stomach. If you want to try your hand at these strategies, just be sure you understand the risks involved.

### 4. You carry a balance on your credit card

Here's a financial myth you've probably heard before: carrying a balance on your credit card will help your credit score.

False.

Carrying a balance on your credit card results in accumulating interest charges, which you pay to the degree that you don't pay off your balance. The interest rates on credit cards are high, making them one of the easiest ways to waste money.

So, do me a favour: if you want to retire a millionaire, pay off your credit card balance monthly.

### 5. You don't have a budget

Yes. As much as I hate budgeting, I have to admit: without a budget, I would be *lost* with my spending.

How detailed you get with your budget is your call. You could have a zero-based budget, which involves planning out every single expense (even that pop you buy at the vending machine). Or you could have a 50/30/20 budget, which involves allocating 50% toward needs, 30% towards wants, and 20% toward savings.

That last part is important: savings. At the very least, you could build a savings goal into your budget. Budgets work best when they help you save money — not just on expenses but for long-term goals.

### 6. You skip retirement contributions during market downturns

This one is a big no-no. But I get it: when you see the stock market plummet, you might not feel inclined to invest your money.

But to retire a millionaire, you have to invest consistently over a long period of time. That means investing during bear markets as well as bulls.

One strategy is to dollar-cost average. That means you invest the same amount of money over consecutive periods of time. For instance, you could invest \$500 every month, whether it's a bull or a

bear market.

## Can you retire a millionaire?

Absolutely. By steering clear of these bad money habits, you can help yourself save, invest, and retire on a seven-figure nest egg.

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