

SUCCESS

8

SECRET

Pay Yourself First

A part of all you earn is yours to keep,
and if you cannot save money, the
seeds of greatness are not in you.

—W. CLEMENT STONE

RESOLVE TODAY THAT you are going to save and invest at least 10 percent of your income throughout your working life. Take 10 percent of your income off the top of your paycheck each time you receive one and put it into a special account for financial accumulation. The fact is that if you save just \$100 per month throughout your working lifetime and you invest that money in an average mutual fund that grows at 10 percent per annum, you will be worth more than one million dollars by the time you retire. This means that anyone, even a person earning minimum wage, if he or she starts early enough and saves long enough, can become a millionaire over the course of his or her working lifetime.

Developing the lifelong habit of saving and investing your money is not easy. It requires tremendous determination and willpower. You have to set it as a goal, write it down, make a plan, and work on it all the time. But once this practice locks in and becomes automatic, your financial success is virtually assured.

Practice frugality, frugality, frugality in all things. Be very careful with every penny. Question every expenditure. Delay or defer every important buying decision for at least a week, if not a month. The longer you put off making a buying decision, the better your decision will be and the better price you will get at that time.

A major reason that people retire poor is because of impulse buying. They see something they like and they buy it with very little thought. They become victims of what is called "Parkinson's Law," which says that "expenses rise to meet income." This means that no matter how much you earn, you tend to spend that much and a little bit more besides. You never get ahead and you never get out of debt.

But you don't have to be a victim of Parkinson's Law. If you cannot save 10 percent of your income, start today by saving 1 percent of your income in a special savings and investment account. Put it away at the beginning of each month, even before you begin paying down your debts. Live on the other 99 percent of your income. As you become comfortable living on

99 percent, raise your savings level to 2 percent of your income, then 3 percent and 4 percent, and so on.

Within one year, you will be saving 10 percent and maybe even 15 percent or 20 percent of your income and living comfortably on the balance. At the same time, your savings and investment account will start to grow. You will become more careful about your expenditures, and your debts will begin to be paid off. Within a year or two, your entire financial life will be under your control and you will be on your way to becoming a self-made millionaire. This process has worked for everyone who has ever tried it. Try it and see for yourself.



ACTION EXERCISE

Open a special account for financial accumulation today. Make a deposit in this account, no matter how small. Then, look for every opportunity to add to this account. Begin to study money so that you understand how to make it grow. Read books and magazines by experts on the subject. Never stop saving, learning, and growing until you become financially independent.