

# Unleash your own hidden wealth-generating power



If you're like most people ages 25 to 65, you go to work every day. Stuck in the 9-5 hustle, you don't have much free time for yourself and you struggle to balance work, family responsibilities and fun-time. If only you had the tools, knowledge and answers you need to accumulate enough riches to live a simpler, less stressful and more financially independent life.

Well, you do. Astonished yet? Good – let's dive in.

## What does 'wealth' mean to you?

Everybody defines wealth their own way. For some people, it means having a million dollars. For others, a hundred million. For me, being wealthy means having enough money to reduce my financial stress to zero – and being financially independent means never *having* to work again.

I've seen low-income earners significantly increase their net worth, yet 6-figure income earners remain forever broke. How can that be? The secret is simple: What matters isn't how much you make – it's how much you KEEP.

In my experience, it is much simpler to save money you already have than to continuously try to increase your earning potential. That explains why you should fully optimize your spending before you optimize your earnings. Only then will you have your

finances under control – and this powerful control will help you considerably increase your net worth, year after year.

What if saving money wasn't that boring thing that deprives you of the short-term consumption you have grown to love? What if it rather enabled you to be financially free, never worry about money and live the life you always wanted? What if money worked for you, instead of dooming you to constantly work for your money?

### **Optimize your spending**

I always tell my clients “getting rich is simple: spend much less than you make, and invest the difference”. The problem is that, for most people, the difference is slim to none. Or worse, it's negative – meaning they bury themselves deeper in debt year over year. That vicious circle is a financial disaster that must be avoided. This generally happens because people live above their means, influenced by what their peers own. The familiar sentence: “I worked hard to earn that money, I deserve to buy this!” should be replaced in your mind by: “I worked hard to earn that money, I deserve to let it make me richer!”

Interested? OK. Let me give you a few easy tricks to get there...

- Plan your life so that you spend much less than you earn, right now. Use any budgeting tool you can find online and make sure it encompasses all your expenses.
- Then, keep track of your spending to make sure you're sticking to your plan.
- Bonus trick: as your salary increases, don't increase your lifestyle. Imagine how fast your fortune will pile up. That will translate into years – maybe decades! – of work you won't have to do.

My dad once said: “Think about it twice before increasing the level of luxury you live in, because once you do, it's almost impossible to go back.” He's right. Have you seen

anyone buy a brand new Mercedes and then switch it for a 10-year-old Corolla? I haven't.

### **The 3-step plan**

If you relate in any way to this article, here's how to build your wealth easily. The more intensely you apply it, the faster it'll work.

*Step 1:* Stop spending on frivolous, unnecessary stuff. Rather, spend only on things that add real value to your life.

*Step 2:* Evaluate where you could cut your current expenses. There is virtually no expenditure item on your budget that you don't have the power to reduce. (Tip — Start with what costs you the most money.)

Ask yourself: “Do I really want to become poorer in order to have this?”

*Step 3:* With the extra money that is now magically piling up in your bank account, here's what you do:

- Reimburse your debt until it's all paid off. In my opinion, the only acceptable personal debt to carry is a mortgage. Otherwise, if you can't afford something with the money you already have, it's outside your means.
- Once you're “debt-free”, build an emergency fund by putting into a savings account the equivalent of 3 to 6 months of expenses. Congratulations, now you can breathe and sleep better.
- Then, fill-up your investment accounts. (Tip — Choose investments that are a good fit with your risk profile. Better yet, speak to a professional that can propose different options to maximize your investment return based on your tolerance to risk and investment horizon).
- Once you've accumulated 25 times your yearly expenses in net worth, you are considered financially independent (assuming you'll keep investing your money and earning reasonable interest). You never have to work another day in your life. At this point, you can dedicate all your time and energy to doing the type of work, sports, activities, social implications and travel that thrill you.

## Choosing financial freedom

“But how long will that take”, you ask? The answer may surprise you. It depends on only one factor: your savings ratio (i.e., the percentage of your net income that you save and invest). For instance, if you have 0\$ today and start saving 50% of your income, whatever your income is, you will have enough money to stop working in 17 years, while comfortably enjoying the same level of life ever after. It’s that easy, and it’s all about the math! Curious? Take a look at the table below.

SAVINGS RATIO VS. YEARS YOU HAVE TO WORK				
5% - 66 years	10% - 51 years	20% - 37 years	30% - 28 years	40% - 22 years
50% - 17 years	60% - 12 years	70% - 9 years	80% - 6 years	90% - 3 years

\* Source: [Networthify.com](http://Networthify.com)

This means that anybody can retire in just a few years, starting at any age, if they are willing to adopt the necessary lifestyle to do so. You literally CHOOSE how long you will have to work. That choice is expressed every day by the spending decisions you make. Any amount saved today directly reduces your obliged-to-be-working lifetime. And how great is it that at last, you can know RIGHT NOW how long you’ll have to work?

In conclusion, simply ask yourself: what’s more important to you? Time, freedom to do whatever you want every day without any financial stress whatsoever, or continuously spending money on things and be shackled for decades to jobs you won’t necessary like? Your call.

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