

# How to become a millionaire?

What do you have to do to achieve this goal?

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*This article points out what to do in order to make a fortune of one million dollars or euros out of nothing. And it tells you what not to do, as well.*

## Millionaires

For many people it's a very desirable goal to become a "millionaire". That's why so many people play the lottery. Stakes are small and the probability to win, too. In the best case they win one million or even more. But let's be honest, this is no proper way to become a millionaire. In fact it's a good method to squeeze money out of those people that are willing to pay a 'tax for idiots'. A big part of this idiot tax from the lottery goes right into the pockets of the state. It's only the state and those being involved in the lottery system who are the true winners in this game.

The Boston Consulting Group (BCG) methodically collects the number of dollar millionaires (a net fortune of at least \$1 million excluding own businesses or real estate) on a yearly basis. All this mainly serves the finance industry to adjust their strategies in order to get an access to peoples money.

You have probably seen or read reports such as the following in the media: ["Billionaires Who Got Richer in the Financial Crisis"](#), ["Rich get richer after crisis"](#).

You aren't "rich" or "financially free" – according to Robert Kiyosaki – until the cash flow from fortune easily allows you to lead a good life, without the necessity to touch your capital. We have to use the bonds of

the “good” countries as a benchmark in this case. You would have to be able to live from the interest that these bonds pay.

10-year-US-Treasuries currently pay an interest of about 2.5%. Calculating with one million dollars we arrive at a yearly sum of \$25.000. Then you have to pay a tax on these \$25.000, which means that there’s even less money to remain. You definitely agree when we say that a monk might consider this sum as “enough”, but a millionaire definitely won’t. Calculating with a yield of 10%, we’d have a profit of \$100.000 before taxes, which is a little better. But now take the current performance of gold into consideration (38% in 2010, tax free), which means that an investment of \$1 million would have generated a profit of \$380.000. Even a quarter million dollars would be sufficient to lead a life with all kinds of conveniences.

As you see, a millionaire depends on the profit that his capital generates, by hook or by crook.

And if you don’t pay attention, your million might disappear faster than you can ever imagine.

### **Who won’t become a millionaire:**

There’s one group of people in the world who hardly ever has a chance of making a million dollars: employees. Excluded some top managers and investment bankers. But even they don’t have the absolute guarantee to keep their money – cause just like the average employee – they love to consume.

The reason why this group has almost no chance of making a million are high taxes as well as the propensity to consume (everything they earn will be spent).

After social security contributions and taxes, less than 40% of the monthly salary is left over for purchases. If people buy on credit, it’s even a lot less because taxes also need to be paid on interest on credits.

The majority of employees will have to work until retirement in order to earn their bread and butter and then they still have to hope to get a pension they can live off.

## Millionaires usually buy at the sales

Contrary to the employed or free-lance, prestige-oriented class of academics who are usually buying on credit, a selfmade-millionaire is always able to distinguish between 'cheap' and 'expensive'. In most cases he buys top-quality products, but never at peak prices. No matter if it's about cars, clothes, houses, timepieces or whatever. Same thing with investments.

Keep in mind that prestige never plays a role in the thinking of an investor.

Those who don't learn to distinguish between cheap and expensive investments will always buy at high prices (together with the majority of people) – and like that – limit their profit potential from the very beginning.

You need to be able to identify those goods that will rise in price. You will have to multiply your capital many times to reach a million or more.

## How to become a millionaire?

You can make it with a monthly net income of \$5000 when you make the right investments. You won't be able to make it with a gross income of \$5000 because of the high taxes.

Millionaires show a high degree of self-confidence. They stand behind their goals and values and don't ever allow anybody to lead them astray. Lots of people who are making good money suffer from the 'neighbor syndrom'. A rising income causes the aspiration for a higher standard of living, often overproportionally. People want to be as good as their neighbors or even beat them when it comes to spending money. Millionaires have a completely different way of thinking – and this is



exactly the reason why they have so much success.

Millionaires don't take part in the competition of prestige, so there is some income left over which can be used for investments.

Contrary to the recommendations of bankers to diversify your portfolio, millionaires mostly

concentrate their money in the best asset classes. As soon as the respective asset class is 'used up', they reallocate their money to the next one. The real millionaires among the readers probably agree.

You will definitely not become a millionaire by following the advice of your banker. All he has in mind is selling his products. His advice might enable you to keep your money on a nominal basis, but that's all. There are only a few people who reach the goal to become a millionaire as a pure investor and in most cases it takes them a couple of decades of successful investing.

So let's have a look at the different ways to become a millionaire:

### **The Investor:**

He invests in assets of all kinds, such as stocks, commodities, gold ect. In most cases, he invests in very liquid assets.

Have a look at these books right here, you should read them:

[The Millionaire Next Door](#) by Thomas J. Stanley, William D. Danko  
→offers a nice overview of US millionaires, how they made it, their lifestyles, etc.

Robert Kiyosaki: [Rich Dad, Poor Dad](#), [Cash Flow Quadrant: Rich Dad's Guide to Financial Freedom](#), [Rich Dad's guide to Investing: What the Rich Invest in, That the Poor and the Middle Class does not](#);

Absolute classics when it comes to investor education. Great introduction into the thinking of a sophisticated investor. These books very well describe the differences in the thinking of different occupation groups and how you have to change your thinking as an investor.

As we have already said, an investors state of mind is completely different to the state of mind of an employee. For an employee a safe job is the most important thing in life.

Being an investor is not a fulltime-job, you can still work next to being an investor. Silver-Info primarily offers investment information and investment education.

The most important aspect in the investment domain, respectively your best friend -when it comes to investing – is, compound interest.

## **The Trader:**

There is another way to make a million: trading stocks, options, futures, etc. You can use short- and midterm price fluctuations to your advantage. You can go long and short.

I know some people who made it this way. But contrary to investing, trading is nerve-wracking and risky. Only few people reach the road of success, the rest of the traders ends up exhausted and flat broke, they have lost everything.

A lot of traders pursue the following strategy: they use one part of their fortune for trading and the other part for investing.

## **The Real Estate Investor:**

The 'real real estate investor' is a specialist for real estate. He knows all the traps that a house might host, he knows the market and he knows the tenancy law.

The common way is: you buy a house (apartment building or commercial property) and rent it to someone. The renter pays the mortgage and furthermore he pays the profit for the real estate investor. After a certain period of time, the investor can sell the house, tax free.

Apartment buildings and commercial properties that you use all by yourself don't belong in this category, they are nothing but pure consumption.

Proceeding on the assumption that you buy real estate on credit in most cases, you have to pay attention to the current economic situation and to what the central banks do.

As soon as interest rates rise massively and the economic situation worsens, you might get some problems real quick with renters dropping out. In times of economic turmoil like the ones we live in right now, it might be deadly not to sell in time.

## **The Entrepreneur:**

Most millionaires make it as an entrepreneur, usually with 'other peoples money and other peoples time', which means that they understood to use the leverage effect and their employees workforce to their advantage.

Therefore Robert Kiyosaki recommends to become an entrepreneur first, in order to learn a lot of things that an investor can profit from later on.

According to the book "The Millionaire Next Door" 70% of the millionaires made their fortune this way. Pure investors and traders were to be found relatively seldom. A real estate investor is an entrepreneur to a certain extent, as well, because he has to take care of his houses and do a lot of administrative work.



The difference in the thinking between an investor and an entrepreneur is relatively small, but it's still existent. I know persons who are great traders and investors but they would never be able to make it as an entrepreneur.

**Did you already reach 'millionaire status'?**

To all those people who haven't reached their goal yet, let me tell you this: most super-rich people originally came out of the middle class. All these millionaires know how 'saving money' works and even more important, they don't live beyond their means, they spend less than they earn. They don't buy trash and they don't have golden faucets. Most of them came out of the middle- or even lower class and they've made it all on their own.

## **The odds have never been better than they are right now:**

In normal times you won't be able to become wealthy without working with the compound interest effect. This will require a lot of patience and perseverance. Slowly but surely.

An old investment rule says that "big fortunes are always made during times of crisis".

How come? Because the majority of people simply doesn't want to trust the countless pieces of evidence. A crash will wipe out all their fortunes. Only those who have seen the signs and who understood to interpret them the right way will profit big time. It's always the same.

Suddenly profits of 1000% per year are possible – and even better – you'll be able to preserve your own fortune, while the majority – and also a lot of millionaires – lose almost everything.

Silver-Info wants to help you to profit in these extraordinary times. Therefore we recommend gold and silver. We've already been able to make nice profits and a lot of readers did do, too. But the best is still to come. The real big profits will be made when the system is crashing down. Lot of readers will become new millionaires. Congratulations in advance.

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