

7 Things I learned from reading The Millionaire Next Door - The Surprising Secrets Of America's Wealthy by

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**1. Millionaires live below their means:**

- a. A lot of folks find it very difficult to say no to unnecessary purchases.
- b. A part of this is driven by the desire to buy status objects or the desire to lead a certain lifestyle.
- c. Live below your means; you must not spend more money than you earn.
- d. The more you save the more you will be able to invest.

**2. Income Does Not Equal Wealth:**

- a. Net worth = Asset - liabilities.
- b. Once you're on a high income it matters less how much more you make, than what you do with what you already have.

**3. Our personal financial goal should aim to increase our net worth i.e. increasing assets while decreasing liabilities.**

- a. Wealth wasn't always about six-figure salaries, but it instead was about living within their means.

**4. Millionaires allocate their time, energy and money efficiently:**

- a. When it comes to spending money, millionaires prefer investing in assets that will help them in accumulating wealth.
- b. Every financial decision that the wealthy millionaires take, they give proper time and energy.

**5. Millionaires believe financial independence is more important than social status:**

- a. Self-made millionaires spend less time on social status and more time on making wise financial decisions.
- b. They inoculate themselves from heavy spending by constantly reminding themselves that many people who have high status artifacts, such as expensive clothing, jewelry, cars, and pools, have little wealth.

**6. Millionaires Educate Themselves:**

- a. Education is still the best way to invest in yourself, and it's never too late to learn.
- b. Your own earning power rooted in your education is the most valuable asset you'll ever own, and it can't be wiped out in a market crash.
- c. Keep pushing up your earning power through continuous education, training and personal development.

## **7. Millionaires Avoid Bad Debt:**

- a. You can't be rich if you always owe.
- b. Debt has the potential to work against your financial health.
- c. Debt can put you at risk of falling behind on payments and affect your ability to cover other important bills.