

Wealth Building Plan

Create and support a written long-term investment plan to guide you to meet your retirement goals

Invest automatically in the stock market on a regular basis through bull and bear markets in a diversified portfolio with the proper asset allocation and solid investments

Increase Career Income

- Select a career in a field that is in demand and pays well
- Increase your income by at least 5% annually by employing continued education, acquiring new skills, working hard and developing strong interpersonal skills
- Seek out a promotion into management to get bonus and stock option income

Reduce Spending

- Live within your means with a modest home and car, avoid vacation homes and boats
- Prioritize saving over spending, plan savings first then adjust your budget for what you have left
- Bag a lunch
- Only purchase insurance you need
- Buy a car, maintain it and keep it at least 8 years, stay in your house at least 15 years before you move

Increase and Automate Savings

- Automate your paycheck to be distributed to your 401 (k), stock purchase plan, savings account, Roth IRA and checking account
- Flexible spending accounts should be used to pay for healthcare and childcare expenses with pre-tax money
- Target saving 20% of your wages annually
- Contribute enough to your 401 (k) to get the full match, then max out your Roth IRA, then contribute more to your 401 (k) and last to your taxable accounts
- Invest profit sharing into your 401 (k)
- Review and fine tune your automated savings plan annually

Reduce Debt and Use Credit Wisely

- Focus on reducing your debt to zero by age 55. Make double house payments. Use bonuses and the periodic sale of stock purchase plan shares and stock options to pay down debt, for needed major purchases and to increase investment accounts
- Pay off high interest loans first
- Pay off credit card balances each month
- Establish a good credit rating to get lower interest loans

Setup a Sound Investment Plan

- Start investing early to take full advantage of compounding returns
- Contribute to your 401 (k)
- Contribute to your company stock purchase plan
- Open a Roth IRA with a discount online broker and contribute the maximum each year
- Open a taxable account with an online discount broker for any extra savings beyond the ones listed above
- Increase your investment education so you understand your investments and strategies, so you can better support your wealth plan
- Practice saving and investing discipline, be patient, allow time and control your emotions
- Do not mix investments and insurance

Select a Sound Financial Advisor and Invest in Sound Investment Strategies

- Select a financial advisor to create and support your wealth building plan and guide you to meet your retirement goals once you accumulate some wealth

- Select a financial advisor to select the best investment strategies and design and manage your investment portfolios
- The investment process is complicated and requires strict discipline without emotion. You should always seek professional advice unless you receive the proper training, invest in the proper tools and are willing to put the time into managing your portfolio
- Your wealth plan should be reviewed annually with your financial advisor and your portfolios should be measured for performance, performance consistency, risk, risk adjusted return, maximum drawdown and cost

Wealth Building Book Review

I Will Teach You to Be Rich by Ramit Sethi

This book is a good general wealth building book for a person with their first full time job, for newlyweds and for many others of all ages. It teaches you the key elements of wealth building with a focus on budgeting, buying a house, planning a wedding, selecting and setting up a savings account, checking account, investment account and credit cards. The book does not spend much time on investment strategies and financial advisors.

- Career Income
- Spending, Saving, Debt Reduction & Credit Cards
- Wealth Plan

The Wealthy Barber by David Chilton

This book is a good general wealth building book for a person with their first full time job, for newlyweds and for many others of all ages. It teaches you the key elements of wealth building with a focus on how to learn from the wealthy, control spending, estate planning and insurance. The book does not spend much time on career income and investment strategies.

- Spending, Saving & Debt Reduction & Credit Cards
- Wealth Plan
- Financial Advisors

The Millionaire Next Door by Thomas Stanley and William Danko

This book is a good general wealth building book for a person with their first full time job, for newlyweds and for many others of all ages. It teaches you the key elements of wealth building with a focus on the wealthy and their traits, career selection and spending control. The book does not spend much time on investment strategies.

- Career Income
- Spending, Saving & Debt Reduction & Credit Cards
- Wealth Plan
- Financial Advisors

Simple Wealth Inevitable Wealth by Nick Murray

This book is a higher level wealth building book for a person in their late twenties and older. It teaches you the key elements of wealth building with a focus on creating a wealth plan, selecting a financial advisor and behavioral control. The book does not spend much time on career income, spending, saving, debt and credit cards.

- Wealth Plan
- Investment Strategies
- Financial Advisors

It's About More Than the Money by Saly Glassman

This book is a higher level wealth building book for a person in their late twenties and older. It teaches you the key elements of wealth building with a focus on creating a life plan, wealth plan and selecting a financial advisor. The book does not spend much time on career income, spending, saving, debt and credit cards.

- Wealth Plan
- Investment Strategies
- Financial Advisors

Wealth building books are good for everyone to read. They make great gifts for children and relatives when they graduate from college and start working fulltime. If you need help with the wealth building process, see a financial advisor like PDM Investment Services. If you need a coach to help you with spending, saving and debt reduction, Levanto Financial, Saving Coach, Dave Ramsey, saveup.com and the hellowallet.com can help.

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