



10 Steps To Retire A Millionaire

by Lisa Smith ([Contact Author](#) | [Biography](#))

Having a million-dollar portfolio is a retirement dream for many people. Making that dream come true requires some serious effort. While success is never a sure thing, the 10 steps outlined below will go a long way toward helping you achieve your objective.

1. Set the Goal

Nobody plans to fail, but plenty of people fail to plan. It's a cliché, but it's true. "Plan" is the leading self-help advice from athletes, business moguls and everyday people who have achieved extraordinary goals. (Read [Plan To Retire Rich](#) for additional insight into how to develop a course of action to achieve your goals.)

2. Start Saving

If you don't save, you'll never reach your goal. As obvious as this might seem, far too many people never even start to save. If your employer offers a [401\(k\)](#) plan, enrolling in the plan is a great way to put your savings on autopilot. Simply sign up for the plan and contributions will be automatically taken out of your paycheck, increasing your savings and decreasing your immediate tax liability.

If your employer offers to match your contributions up to a certain percentage, be sure to contribute enough to get the full match. It's like getting a guaranteed return on your investment. Finding the cash to stash may be a challenge, particularly when you're young, but don't let that stop you from pursuing future riches. (Read [Invest On A Shoestring Budget](#) for some additional tips on how to get started.)

3. Get Aggressive

Studies have shown that the majority of the returns generated by an investment are dictated by the [asset-allocation](#) decision. If you are looking to grow your wealth over time, [fixed-income](#) investments aren't likely to get the job done, and [inflation](#) can take a big chunk out of your savings.

Investing in [equities](#) entails more risk, but is also statistically likely to lead to greater returns. For many of us, it's a risk we have to take if we want to see our wealth grow. Asset-allocation strategies can help you learn how to make picking the right mix of securities the core of your investing strategy. ([Achieving Optimal Asset Allocation](#) can help you minimize risk while maximizing return. [Asset Allocation: One Decision To Rule Them All](#) explains how to treat all your investments as a single portfolio to maximize returns.)

4. Prepare for Rainy Days

Part of long-term planning involves accepting the idea that setbacks will occur. If you are not prepared, these setbacks can put a stop to your savings efforts. While you can't avoid all of the bumps in the road, you can prepare in advance to mitigate the damage they can do. (Read [Build](#)

[Yourself An Emergency Fund](#) to help structure your finances to avoid financial disaster.)

5. Save More

Your income should rise as time passes. You'll get raises, you'll change jobs, and maybe you'll get married and become a two-income family. Every time more cash comes in to your pocket, you should increase the amount that you save. The key to reaching your goal as quickly as possible is to save as much as you can. (Read why it might not be better for one spouse in a two-income family to leave work in [Consider The Outcomes When Cutting An Income](#).)

6. Watch Your Spending

Vacations, car, kids and all of life's other expenses take a big chunk out of your paycheck. To maximize your savings, you need to minimize your spending. Buying a home you can afford and living a lifestyle that is below your means and not funded by [credit cards](#) are all necessities if you want to boost your savings. ([The Beauty Of Budgeting](#) can help you figure out how to make it to the end of the month before you run out of money.)

7. Monitor Your Portfolio

There's no need to obsess over every movement of the [Dow](#). Instead, check your portfolio once a year. [Rebalance](#) your asset allocation to keep on track with your plan. (Read [Rebalance Your Portfolio To Stay On Track](#) to learn more.)

8. Max Out Your Options

Take advantage of every savings opportunity that comes your way. Make the maximum contribution to [tax-deferred](#) savings plans and then open up a taxable account too. Don't let any chance to save get away. (Read [Not All Retirement Accounts Should Be Tax-Deferred](#) to learn the advantages of a taxable account.)

9. Catch-Up Contributions

When you reach age 50, you are eligible to increase contributions to tax-deferred savings plans. Take advantage of this opportunity! (For more ways to save money and increase your nest egg for the fast-approaching golden years, read [Retirement Savings Tips For 55- To 64-Year-Olds](#).)

10. Have Patience

"Get-rich-quick" schemes are usually just that - schemes. The power of [compounding](#) takes time, so invest early, invest often and accept that the road to riches is often long and slow. With that in mind, the sooner you get started, the better your odds of achieving your goals. (Read [For IRAs, Time Is Money](#) for a discussion of the value of compounding.)

The Reality Of Retirement

Retirement might seem far away, but it when it arrives nobody ever complains about having too much money. Some people even question whether a million dollars is enough. (To find out why this magic number has lost some of its luster as a retirement savings target and to temper your

expectations regarding the lifestyle you will be able to afford during retirement, read [Can You Retire On \\$1 Million?](#))

That said, with lots of planning and discipline, you can reach your retirement goals and live a comfortable life after work.

Read [Managing Your Income During Retirement](#) to find out how to make your hard-earned savings last as long as you need them to.

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