

# The 10 Mistakes Keeping You From Your First \$1 Million



Piles of money from AMC's *Breaking Bad* | AMC

How much money is in your [bank account](#) right now? If you're like the average American, it's probably not much more than \$4,000. When you take that amount, and add in the value of your retirement and [savings](#) accounts, as well as your investments like vehicles or properties — what does your tally come to?

Chances are, it's not quite the \$1 million (or more) you'd like to have. Though there are a record [10.4 million households](#) in the United States worth \$1 million or more, those make up only about 8.3% of all [American households](#) in the country.

Of [course](#), we have to acknowledge that the [wage gap](#), stagnant paychecks, and lingering effects from the Great Recession can be debilitating. However, in other cases, you can be your own worst enemy when it comes to reaching that \$1 million milestone.

John Rampton, a contributor for Entrepreneur, wrote that he's seen \$1 million in his bank account on three separate occasions. "Becoming a millionaire isn't as far-fetched as you would believe. With dedication, patience and focus, becoming a millionaire is completely obtainable. If I can do it, anyone can," he writes.

If you're looking to see a million dollars in your own account — or at least want to get a little closer to that — here are 10 mistakes to avoid. No. 9 is perhaps the most paralyzing mistake.

<http://www.cheatsheet.com/money-career/the-mistakes-keeping-you-from-your-first-1-million.html?a=viewall>

# 1. Thinking it's not possible at all



A pile of one hundred dollar bills | iStock.com/halduns  
See an Old Fashioned Vegetable Soup Recipe

As Rampton alludes to, you might write off the possibility of being a millionaire right off the bat. But don't do that just because it seems unattainable at first. For instance, if your goal is to reach a million dollars by the time you retire, several online calculators can show you exactly how much money you need to save to get there. If you start early, it might not be as much as you think, thanks to compounding interest that helps your money grow.

For example, [Bankrate's retirement calculator](#) shows that if you currently make \$40,000 a year, and are able to contribute 15% of your paycheck toward your 401(k) with some employer matching, you'll have over a million dollars after 35 years. In that case, you can start **saving** that amount when you're 30, and retire at 65 with seven figures in your 401(k) alone. Even if you can't put that percentage aside each month, other good investments and saving habits could get you to that \$1 million mark with some discipline.



## 2. Failing to do the math



Calculating income | iStock.com

Retirement calculators are great for the big picture. But when it comes to a weekly or monthly view of your finances, you probably have to pull out a calculator yourself. Having a goal of **saving** \$1 million is great, but you'll need a practical idea of how you'll get there.

The best way to do this is to set up a [realistic budget](#) that tracks your income and spending. You'll be able to see how much you're setting aside each month for your goal, and if there are any ways to increase that by cutting back on spending in other categories. And if you're serious about setting aside major chunks of your income, it might be worthwhile to sit down with a financial adviser to help you make the best choices — especially if it's in preparation for retirement savings.

### 3. Not distinguishing between wants and needs



How do you balance your wants and needs? | iStock.com

Hands down, the toughest thing about saving money while using a budget is deciding which categories are priorities, and which ones you could cut back on. Even more than that is distinguishing between [which items are necessities](#) and which ones are optional.

Just how many items fall into your “needs” column? If your goal is to save \$1 million, you might need to be stricter about those. “It’s amazing when I work through the numbers that some people think manicures, landscapers and maids are a need,” Michael Chadwick, financial adviser at [Chadwick Financial Advisors](#) in Unionville, Connecticut, told [GO Banking Rates](#).

Plus, you might want to think about how much you’ve allocated for your needs, too. You need a place to live, but it doesn’t have to be the most luxurious apartment in your town. Neither do you have to spend a lot of money on food. It’s very [easy to overspend](#) without even realizing it.

## 4. Focusing only on expenses



College graduates | Christopher Furlong/Getty Images

While cutting back and tightening your budget is one part of the savings equation, what you bring in as income is another part. Ask yourself, are there ways to increase your paycheck, like [asking for a raise](#) or [changing companies](#) to get a higher starting salary? Maybe you can get a side job, or invest in yourself — whether that means getting a degree or certification, or simply [studying up on skills](#) that will help you earn more money.

This could also mean starting your own business — regardless of whether it's a side project to your day job, or if you're taking a full-time chance on your personal million-dollar idea. Some startup costs are to be expected, but if planned well, the business could soon bring in major profits as you work for yourself.



## 5. Following trends blindly



Remodeling plans of a kitchen | iStock.com/Feverpitched

Everyone wants in on a get-rich-quick scheme, but few of them pan out. With a rise in home renovation [shows on HGTV](#), DIY Network, and other outlets, it seems appealing to purchase a run-down property, fix it up, and sell it at a profit. And while that seems to [have worked well](#) for Chip and Joanna Gaines of *Fixer Upper*, it might not work well for you.

It's also great to seek wisdom from successful people, but keep in mind that what worked for one guru might not work in your situation. "For example, launching a company like Apple or Microsoft may not work today," Rampton explains in the Entrepreneur article. "So, following how [Steve] Jobs and [Bill] Gates became successful step-by-step isn't going to help your subscription-based cleaning service," he adds.

## 6. Failing to delegate well



Exhausted worker | iStock.com/g-stockstudio

When it comes to making and saving large amounts of money, the poem “No Man is an Island” by John Donne seems relevant. In business, just as in life, you’re not going to be at your peak unless you’re learning from and relying on other talented people. If you own your own business, Rampton says this means hiring other creative individuals who can help grow your company. If you’re in a regular 9 to 5 job, the same principles apply. You need to surround yourself with skilled co-workers who will push you, but also help you to reach your team’s goals. If you’re doing that, you’re likely to earn more money along the way.

## 7. Spending too much time with spenders



Smashed piggy bank | Thinkstock

It's easier to stick to your savings goals when you're surrounded by people who have similar financial goals. It's [less easy](#) when you're with the buddy who just bought a new Camaro, dines at restaurants five nights a week, and is thinking about vacationing in Tahiti this summer. Your money habits often reflect the five closest people to you.

Though putting yourself in a bubble is a bit extreme, be conscious of who you're spending time with and how their perspectives shape your thinking. Typically, you don't want to be spending too much time with people who aren't pushing you to achieve your goals — financial or otherwise. “Instead, the rich spend time with like-minded people who are driven, passionate and thinking about how amazing their future is going to be,” Rampton writes.



## 8. Spending your entire paycheck



Pulling money from a wallet | iStock.com/dolgachov

Budgeting is always a good first step, but if you're hoping to save \$1 million, you need to make sure that your budget allows you to save, not just allocate each paycheck until it's gone. Rampton points to individuals like billionaire investor Warren Buffett, who notoriously lives well below his means in a modest home with [average cars](#).

In addition, in most cases you don't want to rely on plastic to cover your bills. [Credit card debt](#) is one of the biggest enemies of accumulating wealth — so unless you can pay off the tab each month on time, don't bother swiping it at the register.

## 9. Entertaining a fear mindset



Nervous woman | iStock.com/SIphotography

According to [GO Banking Rates](#), fear is one of the largest obstacles you face when trying to save large amounts of money. Maybe you're scared of taking a risk or making yourself a target, or even of [failing in your goals](#). Whatever the case may be, you aren't as likely to be successful if you let those fears take up space in your mindset.

In most cases, you need to face those hesitations head-on. Ask for help if you need it, or take smaller risks that lead to big ones. Perhaps you struggle with the fear of not having things you want in the short-term. If that's the case, cut something out of your budget on an interim basis, like a month. If you find you can't live without it, cut out something else instead. Whatever you do, don't become paralyzed by making plans without any action.



## 10. Not trusting your gut



Diverging paths | iStock.com

Ultimately, the right mindset can be half the battle in accomplishing any goal — including financial ones. In order to save large amounts of money, you’ll need to trust your instincts about saving, spending, and how you spend your time. “Instead of second-guessing every move you make, trust your gut and go with your intuition instead of waiting for insights from those around you,” Rampton advises.

He also quotes renowned author and speaker [Dale Carnegie](#), who said, “Inaction breeds doubt and fear. Action breeds confidence and courage. If you want to conquer fear, do not sit home and think about it. Go out and get busy.”