



7 Timeless Principles of Building Wealth

A Quick Guide for Young Adults (and Those Guiding Them)



WELCOME TO YOUR WEALTH-BUILDING STARTER GUIDE

Whether you're a young adult starting out or a parent/grandparent sharing wisdom, these seven principles provide a foundation for financial success.

Drawn from timeless and proven strategies, they will help you grow wealth steadily and establish a legacy.



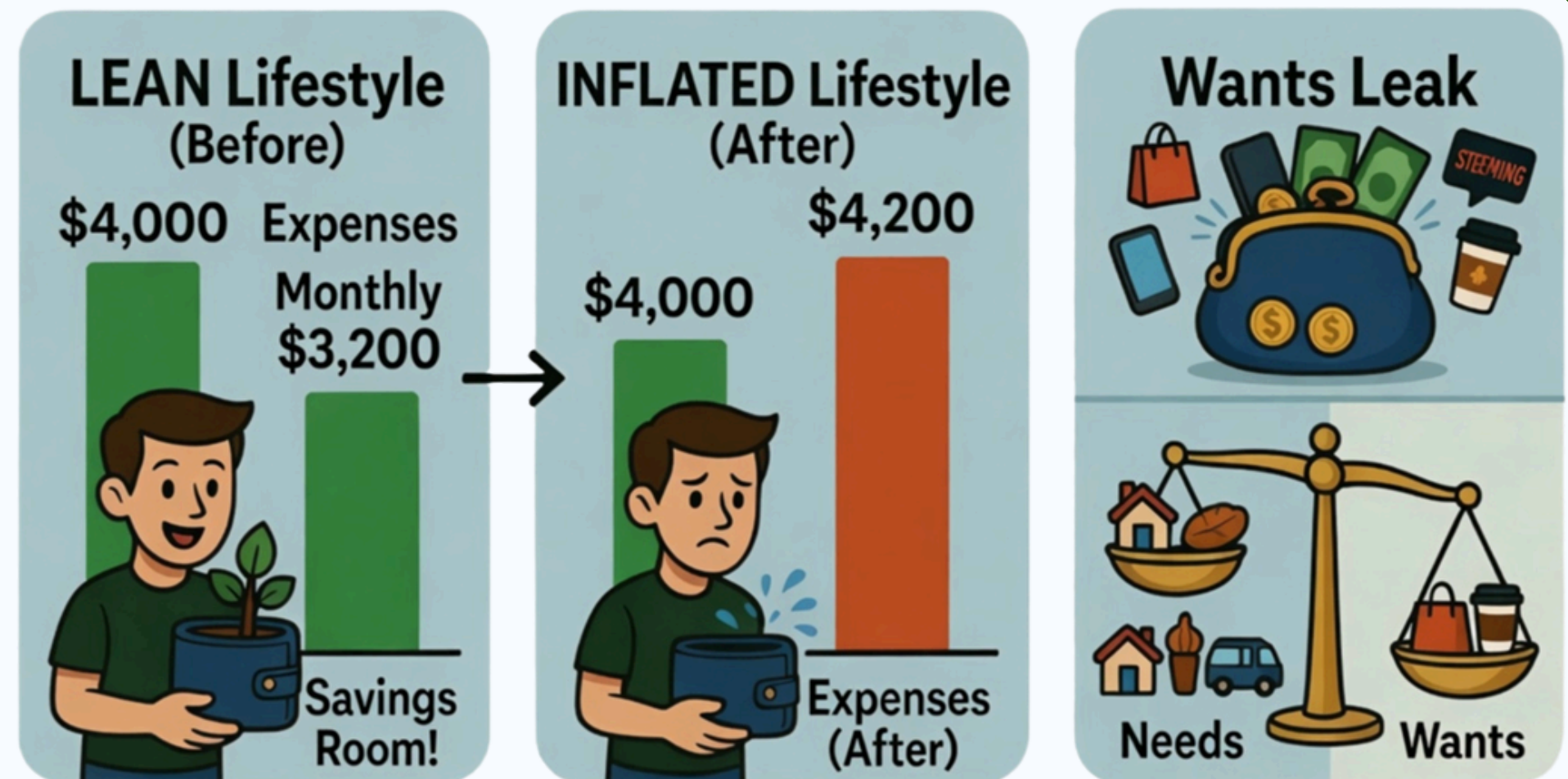
PRINCIPLE 1 – LIVE BELOW YOUR MEANS

- Track and cut unnecessary spending so your lifestyle doesn't eat all of your income.
- Distinguish real needs and wants; avoid “lifestyle inflation” as your paycheck grows.
- Make room for savings and investments by spending less than you earn.

Example

If your pay rises from \$3,000 to \$4,000/month, don't automatically upgrade your apartment. Keep expenses close to the old level and redirect the extra cash to savings/investments.

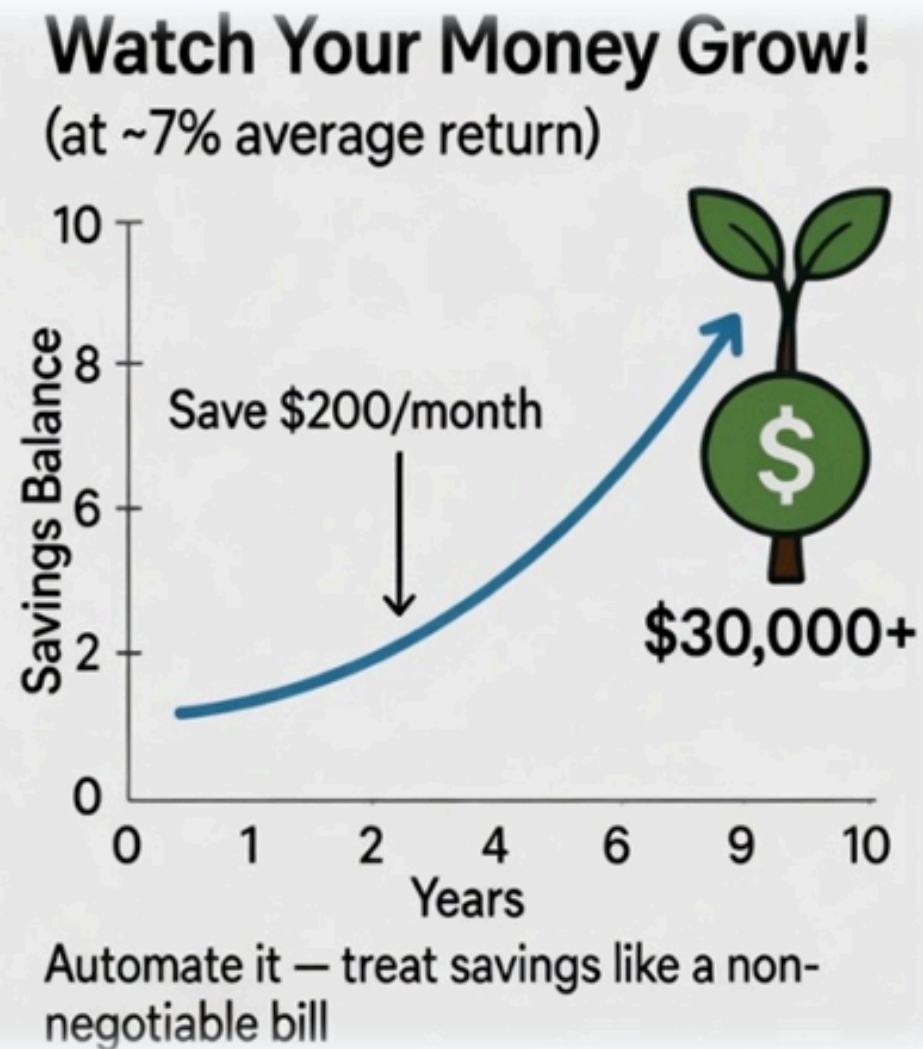
Action Step: Build a simple budget (use YNAB, PocketGuard, or a spreadsheet) that allocates: 50–60% needs, 20–30% wants, 10–20%+ savings/investments. Review monthly and question every recurring charge: "Do I really need this?"



PRINCIPLE 2 – BUILD A FOUNDATION BY SAVING FIRST

Save at least 10% of every paycheck right away.
Treat it like a **non-negotiable** "bill" to yourself.
Use it to create a **safety net** for your future and family.

Saving 10% acts like training wheels for financial discipline, getting you into the habit without the shock of needing to cut back drastically.

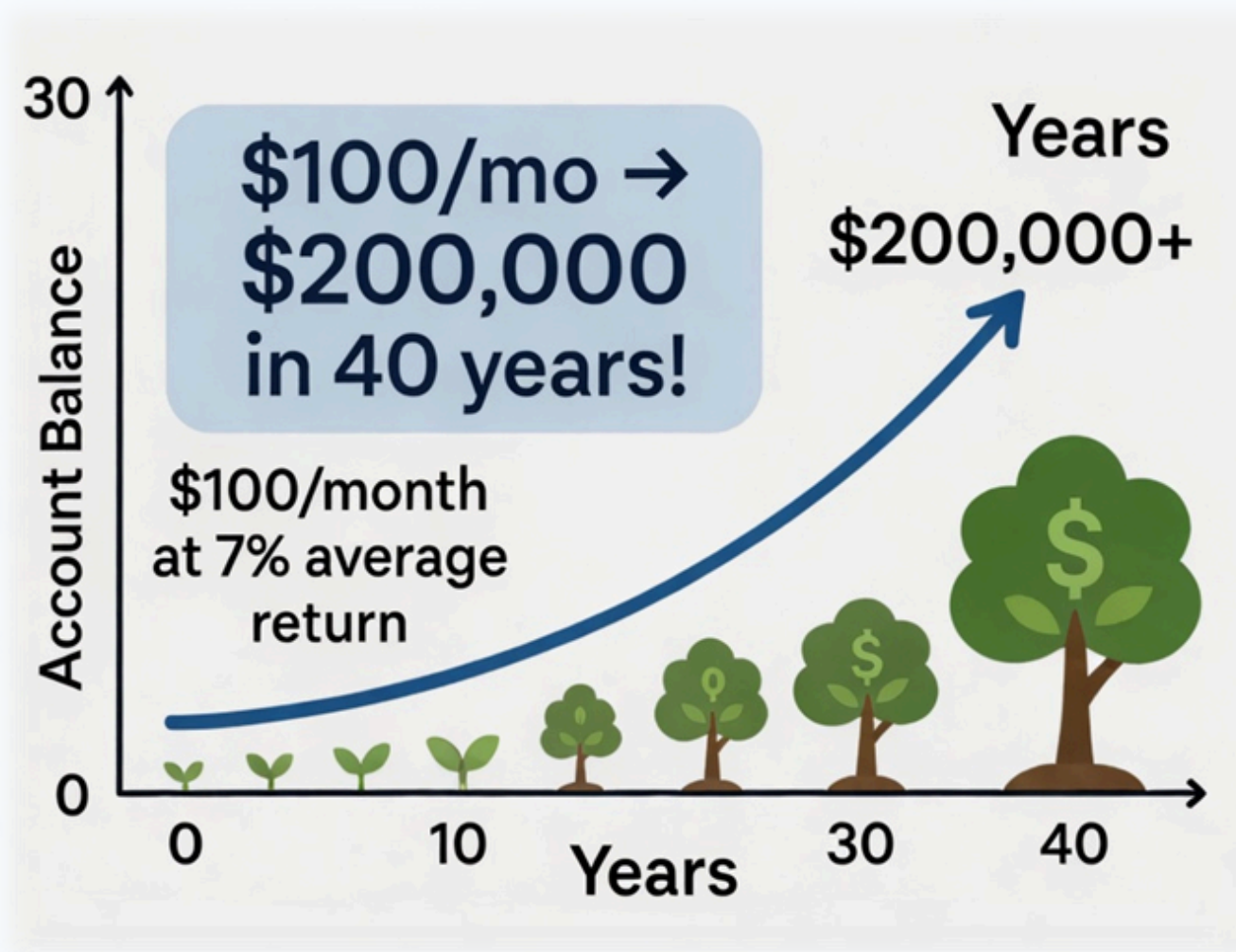


Example: If you earn \$2,000 per paycheck, save \$200 of it and let it compound over time! Avoid dipping in for impulse buys; think emergencies only.

Action Step: Set up auto-savings today into a **high-yield savings or investment account**. Track with apps like Mint or YNAB.

PRINCIPLE 3 – MAKE YOUR MONEY WORK FOR YOU

Invest your savings in ways that generate returns. Let **compound** interest multiply your wealth over time. Focus on **steady growth**, like how a small seed becomes a forest.

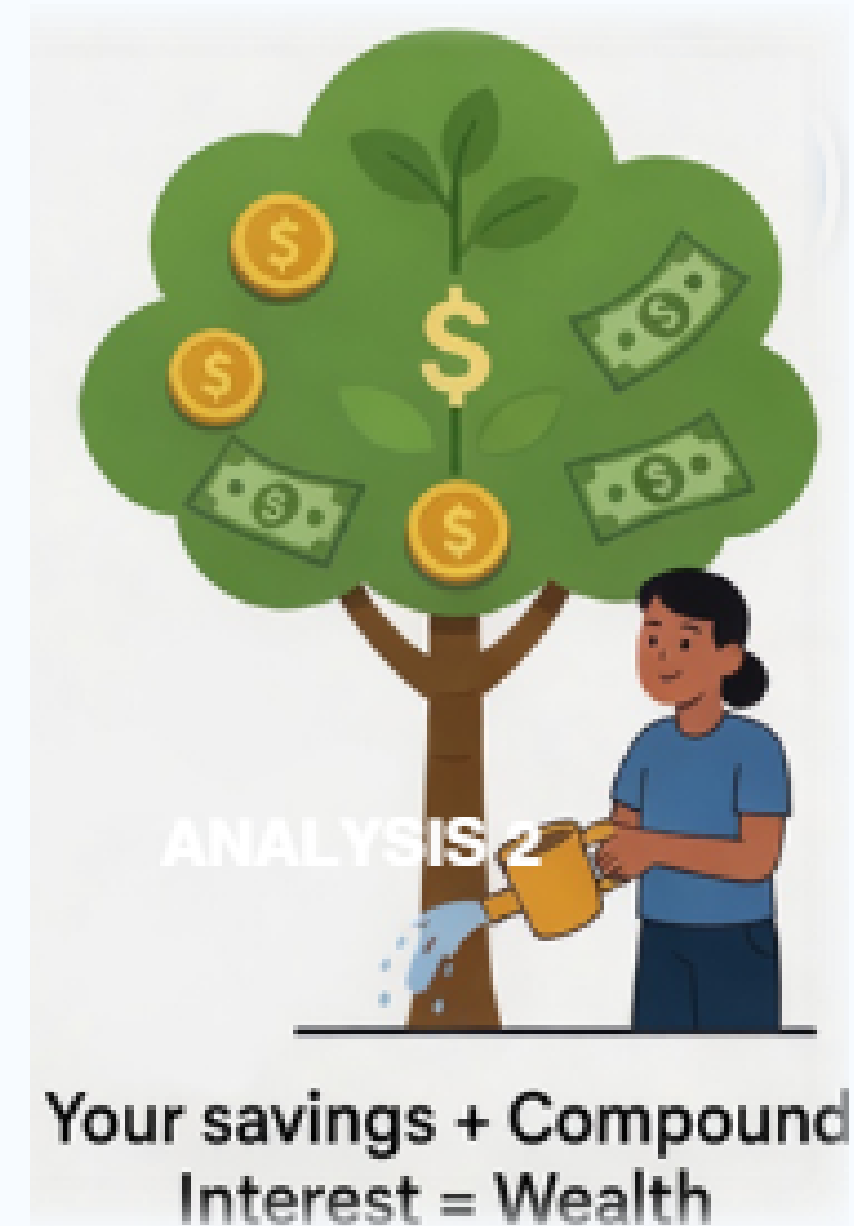


Invest in low-cost index funds or ETFs. Utilize tax advantages with retirement accounts (e.g., Roth IRA for tax-free growth). For beginners, start with diversified options via apps like Vanguard or Robinhood.

Example: \$100/month at 7% average return could grow to \$200,000 in 40 years.

Patience is key; avoid day trading. [S 2](#)

Action Step: Open a brokerage account (a Roth IRA if possible) and invest in a low-cost market index fund or with a financial advisor. Review annually.

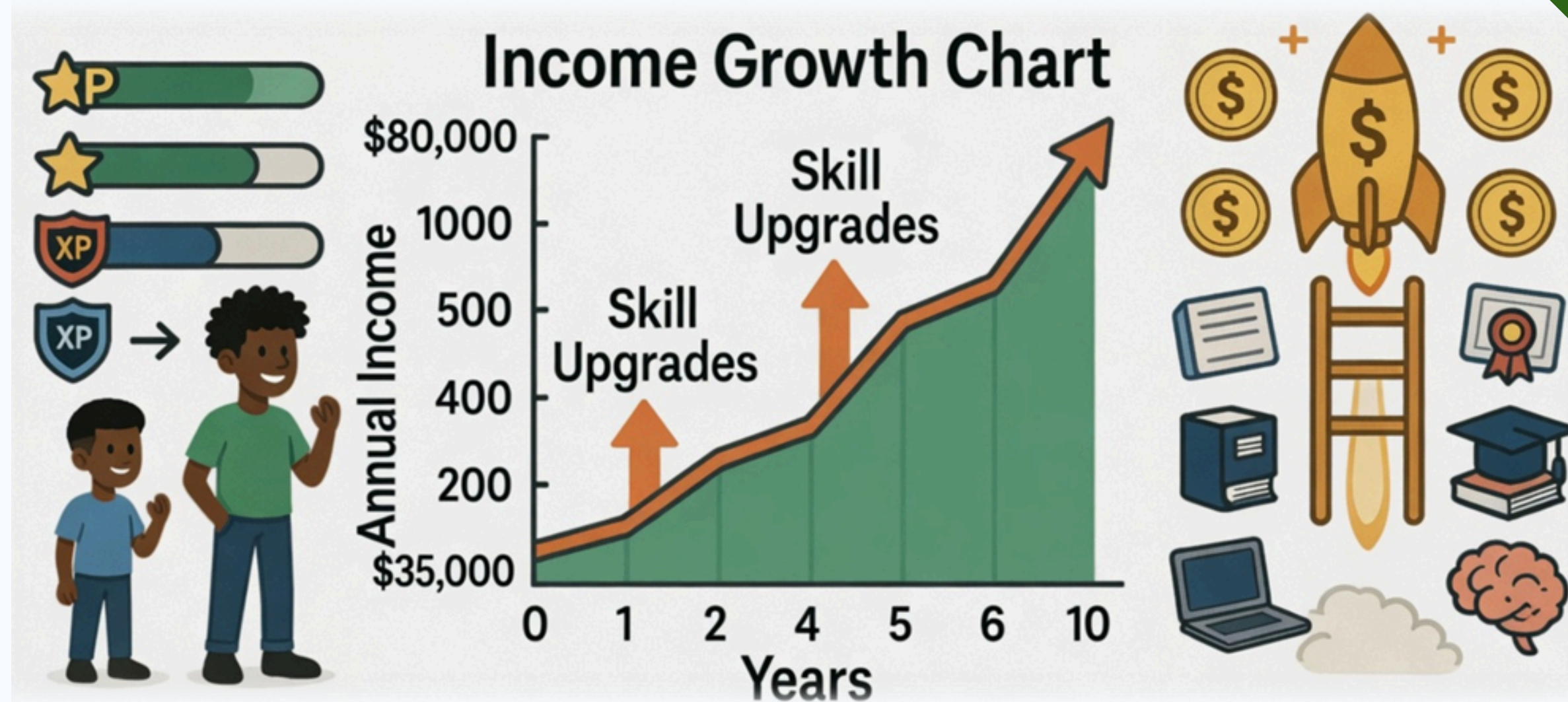


PRINCIPLE 4 – INVEST IN YOURSELF

- Continuously build skills, knowledge, and networks to boost your earning power.
- **Your biggest asset is you.** Upgrade it like you'd upgrade any investment.
- Higher income accelerates everything: more to save, invest, and compound.

Example: Spend \$500 and 3 months on a coding bootcamp, digital marketing cert, or trade skill → land a \$15K–\$30K+ higher-paying role or freelance gig.

Action Step: Set a "personal growth budget" (e.g., \$50–100/month for books, courses, or tools). Dedicate 5–10 hours/week to learning. Track progress: aim for one income-boosting milestone per year (raise, promotion, new side income stream).



This can mean college and/or graduate school, but it certainly doesn't have to. Young adults have huge advantages here: time, access to free/cheap learning (Coursera, YouTube, Khan Academy), and gig platforms. Investing in skills often yields the highest "return" early on.

PRINCIPLE 5 - SEEK WISE GUIDANCE TO PROTECT YOUR WEALTH



Young adults often face pitfalls like high-fee products or bad advice from social media. Stick to credentialed and experienced pros, preferably with CFP® or CFA® designations. Ask about their track record and experience. Avoid tiktok investors with secret, get-rich-quick formulas. Read writings from the greats like Benjamin Graham, Warren Buffett (Annual Berkshire letters), Joel Greenblatt, Peter Lynch, etc.

Consult experts before major investments or purchases. Build a **network** of trusted advisors. Knowledge from pros helps **safeguard** and grow your assets.

Example: Before buying crypto or stocks, talk to a fiduciary advisor to align with your goals (e.g., home down payment).

Action Step: Schedule a free consult with a financial advisor (like at BrightHaven!). Read books or join online communities for basics.

PRINCIPLE 6 – AVOID RISKY SCHEMES AND OVERREACH



- Steer clear of "**get-rich-quick**" **promises**, unproven or overly complex ideas.
- Don't force **unrealistic** returns and avoid investments that seem "too-good-to-be-true."
- Trust **proven** paths: greed or inexperience can wipe out gains.

Example: Skip the viral meme coin that's "going to make you a millionaire overnight." Instead, steadily invest in low-cost, time-tested mutual funds or ETFs that invest in a diversified basket of high-quality stocks and bonds. Build habits over hype for long-term security.

Action Step: Vet opportunities with a "red flag" checklist (e.g., "Too good to be true? Walk away.").

Scams target young adults via apps or influencers. These can be pyramid schemes or volatile meme stocks. Focus on sustainable 7-10% annual returns.

Principle 7 – Diversify to Protect and Grow Your Wealth

- **Spread** your investments across different types of assets.
- **Never** put all your money in one place, one stock, one crypto, or one trend.
- **Diversification** reduces risk while still allowing steady, long-term growth.



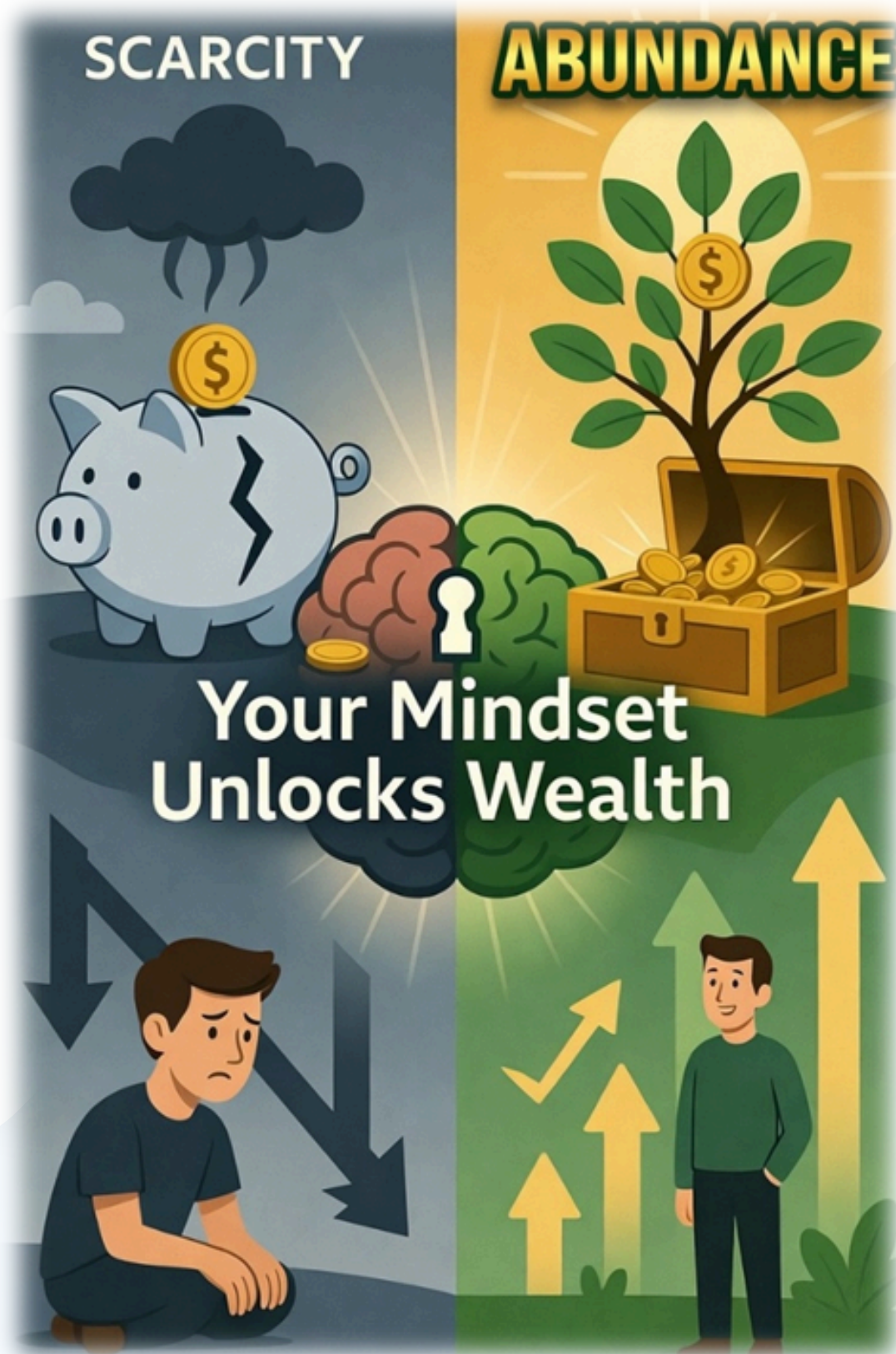
Example: Instead of dumping \$10,000 into one popular tech stock, split it across a low-cost total stock market index funds (U.S. + international), some bonds or a target-date fund, and a small slice in a real estate ETF. Historically, broad diversification has delivered solid 7-10% average annual returns with far less stomach-churning volatility.

Action Step: Start simple. Open or use a retirement/brokerage account and start investing in a diversified, low-cost index fund. Rebalance once a year. Avoid chasing single "winners." A risk assessment quiz can help you decide what allocation is the right fit for you.

Don't let one bad bet wipe out years of hard-earned savings. That means owning a variety of stocks, bonds, international funds, or real estate (directly or via REITs/ETFs) instead of going all-in on a single company, sector, or hype.

“Invest in seven ventures, yes, in eight; you do not know what disaster may come upon the land.”
-Ecclesiastes 11:2

BONUS PRINCIPLE - CULTIVATE AN ABUNDANCE MINDSET



- Believe you **deserve** and can achieve financial success.
- View money as a **tool** for freedom, security, experiences, and generosity, not something dirty or evil.
- Shift from a scarcity mindset (“I’ll never get ahead”) to an **abundance mindset** (“Smart habits create opportunity”).

If you subconsciously think “I’m not good with money,” you’ll sabotage budgets, skip investments, and feel guilty about raises.

Flip the script: “I’m building wealth so I can live on my terms, support people I love, and do work that matters.”

Example: Taylor (26) grew up hearing “we’re not rich people.” After reframing wealth as “freedom + options,” she negotiated a 20% raise and invested the difference.

Action Steps: Daily mindset reset: “I am capable of building wealth. Money helps me create a better life.”

Curate inputs: Follow a few creators who talk about money with calm confidence (not hype).

Win journal: Note small victories like sticking to budget, learning a skill, automating savings.

Reframe mistakes: “That impulse buy taught me X. Back on track.”



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