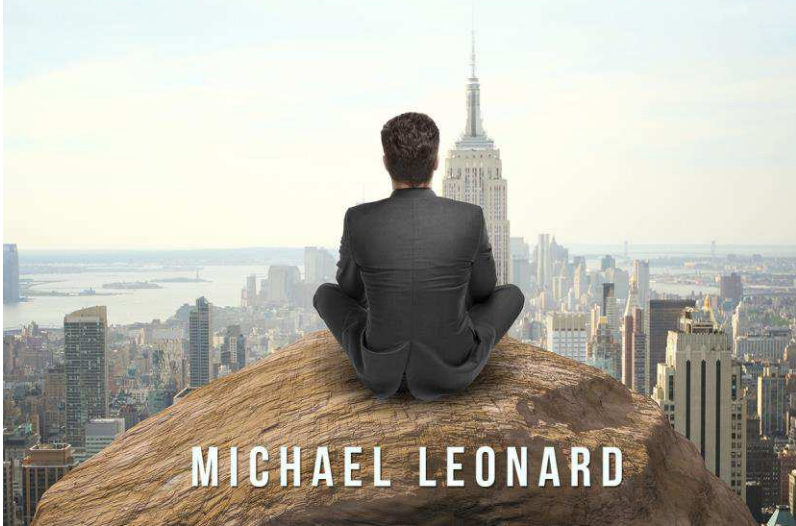


ADVICE FOR MY YOUNGER SELF

Successful Habits for Health & Wealth



MICHAEL LEONARD

Buy the book on
Amazon

<http://www.supermillennial.com/book>

Advice for My Younger Self

Successful Habits for Health
and Wealth

By Michael Leonard

Copyright 2017 by Michael Leonard

All rights reserved in all media. No part of this book may be used or reproduced without written permission, except in the case of brief quotations embodied in critical articles and reviews.

ISBN: 1535346221
ISBN 13: 9781535346221

Twitter: <https://twitter.com/supamillennial>

Facebook: <https://www.facebook.com/supamillennial>

Instagram: <https://www.instagram.com/supamillennial/>

E-mail: <mailto:michael@supermillennial.com>

<http://www.supermillennial.com/book>

Roth IRA

“Compound interest is the eighth wonder of the world. He who understands it, earns it...he who doesn't...pays it.”

—*Albert Einstein*

Would you believe that by investing \$5,500 each year over forty years (starting at twenty-five, retiring at 65), you would end up with *\$1,424,810*? The best part is that only \$220,000, or 15 percent, is your contribution to the investment. The other \$1,204,810 is earned from compound interest! This is possible with a Roth IRA. The accompanying graph shows the difference if you had invested in a taxable brokerage account instead. Think you need a Roth IRA yet?



Source: <http://www.calculator.net/roth-ira-calculator.html>

Once you have your emergency fund and 401(k) set up, the last major investment account is a *Roth IRA*. You might be asking these questions:

- What is an IRA?
- Do I invest in it through my employer?
- How do I sign up for an IRA?
- How is it different from a 401(k)?
- Why didn't they teach me this in school?

<http://www.supermillennial.com/book>

There are two kinds of IRAs: *traditional* and *Roth IRAs*. The difference between the two is the tax implications. Traditional IRAs are similar to 401(k)s in that they're *tax deferred*, meaning you don't pay tax initially. If you are already involved in a 401(k), choose a Roth IRA instead of a traditional IRA (if eligible). This will be the best way to take advantage of compound interest and taxes. IRAs are not usually offered through employers and will need to be set up on your own (read on to learn how to open one).

Roth IRAs use your *post tax* money to contribute, meaning you invest after taxes have already been taken out of your earned income. The advantage is that when you cash out (after age fifty-nine and a half), there are *no tax implications!* You can watch the money grow over time and shuffle investments, and you won't be taxed again in the future.

For example, *if you invest \$100,000 over thirty years and your investment grows to \$500,000, you won't be taxed on your gains because the money was already taxed in the past.* This is the *exact opposite* of your 401(k), which will be taxed in the future when you withdraw money. As with a 401(k), there are rules; the most important ones follow.

IRA Rules

- As of 2017, the limit for annual contributions is \$5,500 per year, or \$6,500 if you're fifty years or older.
- With a minimum investment (usually \$1,000), you can open an IRA with any traditional brokerage account, such as E-Trade, Fidelity, TD Ameritrade, and Vanguard. All of these will be able to offer you a variety of ways to invest in stocks, bonds, exchange-traded funds (ETFs), and mutual funds.
- As of 2017, you must earn less than \$118,000 (\$184,000 if filing jointly) in annual income to contribute.
- *Roth IRAs give you more flexibility than a 401(k).* If you need to withdraw from the fund, direct contributions can be taken out tax-free (before age fifty-nine and a half).

Only earnings would be taxed. You can't do this with a 401(k) because you haven't been taxed yet. Plus, there are exceptions for first-time homebuyers, higher education expenses, and a few other situations. However, you should try to avoid touching this money because you will lose the compound growth over time.

I use Vanguard (www.vanguard.com) for my Roth IRA and brokerage accounts. Vanguard manages over \$3 *trillion* in investments and has the *lowest fees for investors*. This means you keep more of your returns instead of paying for administrative and maintenance fees. You will have full access to Vanguard mutual funds and ETFs with zero transaction fees if you buy Vanguard funds. In comparison, most brokerages charge \$6.99 to \$9.99 per trade, so these fees can add up over the years.

As with my 401(k), my Roth IRA is made up of *low-cost index funds* instead of individual stocks. When I set up my Roth IRA, I also set up a "lazy" portfolio. What's a lazy portfolio? It's a portfolio made up of a few stock and bond funds that you continually invest in over time. These investments require little maintenance, and this is considered a passive investing strategy. It's usually a great option for long-term investors who are not looking to use the money for the next ten years.

So, what percentage of your portfolio should be stocks or bonds? It depends on your age and risk tolerance, but the *general rule* is as follows: 100 – your age. For a thirty year olds portfolio, this would mean having 70 percent stocks and 30 percent bonds. For a fifty year old, it would be 50 percent stocks and 50 percent bonds. Pretty simple! The following example shows how you could set it up in under fifteen minutes.

Lazy Portfolio Example

Imagine being a twenty-five-year-old who has \$1,000 to open a Roth IRA.

- Open a Roth IRA by visiting Vanguard's website (www.vanguard.com).

- Determine your portfolio percentages by subtracting your age from 100: $100 - 25 \text{ years old} = 75 \text{ percent}$ contributed toward stocks and the other 25 percent invested in bonds.
- Invest in two funds:
 - Vanguard Total Index Fund (ticker symbol: VTI)—consists of 3,660 stocks.
 - Buy ~\$750 of this fund.
 - Vanguard Total Bond Market (ticker symbol: BND)—consists of 8,087 bonds.
 - Buy ~\$250 of this fund.

Congrats—in less than fifteen minutes, you have set up a diversified portfolio with proper asset allocation. You would then continue to invest every month or quarter in the same two funds. With your lazy investment strategy, you won't have to worry about researching specific companies or about day-to-day market performance. Start small by investing \$50 or \$100 per month, and build your way up until you can reach the maximum \$5,500 annual contribution limit.

Although picking stocks can be fun, it can also be terrifying. Wait until your portfolio is built up with index funds before buying individual stocks. Don't try to be Leonardo DiCaprio in *The Wolf of Wall Street*. *If you don't understand the difference between technical and financial analysis and don't have an hour a week for each stock you've invested in, don't waste your time.* Side note: *The Wolf of Wall Street* was an incredible movie—you should have gotten the Oscar, Leo!

Key Takeaway

Roth IRA contributions use your *post tax* money. This means you will be taxed up front but not again in the future. If you invest 100K and grow it to 500K, you *won't* be taxed on the 400K profit, unlike a traditional brokerage account. Retirement accounts let you maximize the advantages of compound interest over the

course of your life. A Roth IRA paired with a 401(k) makes you smarter and more prepared for your future.

If you're still scared to invest, ask yourself, *how many people do you know who got rich from a savings account?*

Track Your Net Worth

“If you can’t measure it you can’t manage it.”

—Peter Drucker (“founder” of modern management theory)

Do you know how much you are worth? Do you track your net worth? Whenever I ask people this, I tend to get some strange looks. Some people have never thought to track their net worth, whereas others simply make excuses, such as these:

- “Why should I track my net worth? It seems time-consuming, and I doubt it will make a difference.”
- “But I don’t have that much money. What’s the point of tracking a few thousand dollars?”
- “I’m way too in debt to want to see exactly how much.”

Do you use any of these to justify neglecting to understand your net worth? It doesn’t matter if you have \$1,000 or \$1 million, tracking your net worth will be helpful. *The best part is that it takes ten minutes a month* and has the potential to change any financial situation in a positive direction. I *really* wish I would have started this earlier in life—it has been that helpful. Unfortunately, I didn’t start until late 2015, but within a few months I was amazed at how much it positively impacted my finances.

The following sections explain the top benefits of tracking.

Financial Progress

We all want to evolve and progress in different areas of life; it's human nature. It is even better when you grow your money and can look back to the prior month or year and see how far you have come. *Progress is impossible without change!*

Confidence Builder

If you save an extra \$1,000 in your emergency fund or watch your 401(k) increase due to a bigger contribution, it can be a huge motivator. It will make you feel proud of what you've been able to accomplish and encourage you to do it more. Do you think millionaires just got to be millionaires by luck? No! They made a conscious effort to earn, save, invest, and repeat.

Assets versus Liabilities

You need to track all of your finances, not just the good parts. Avoid focusing on just assets. Make sure you factor both assets and liabilities into the calculation.

Loans

Your net worth can be a factor if you plan on applying for a loan in the near future. Lenders feel more comfortable giving you a loan when you have a high credit score and money in the bank.

How should you track it?

Visit <http://www.supermillennial.com/trackyournetworth/> for my downloadable net worth tracker.

www.supermillennial.com							
Month	Jan	Feb	Mar	Apr	May	Jun	Jul
ASSETS							
Checking Account(s)	\$2,500	\$3,000					
Savings Account(s)	\$10,000	\$10,400					
401(k)	\$4,500	\$5,000					
IRAs	\$1,500	\$1,650					
Other Investments	\$500	\$500					
Primary Residence	\$250,000	\$250,000					
Other Real Estate							
Car	\$20,000	\$20,000					
Other							
Total Assets	\$289,000	\$290,550					
LIABILITIES							
Mortgage	\$150,000	\$149,800					
Student Loans	\$10,000	\$9,500					
Car Loan	\$10,000	\$8,500					
Credit Card 1 (Citi)	\$2,900	\$2,500					
Credit Card 2 (Visa)							
Other Debt							
Total Liabilities	\$183,100	\$182,200					
Net Worth	\$105,900	\$108,350					
Change		\$2,450					

Once you download the tracker, begin by filling in the assets:

- Checking/Savings Account
- 401(k)/IRA
- House Equity
- Car
- Other Assets

Then fill in the liabilities section:

- Mortgages
- Student Loans
- Car Loan
- Credit Cards
- Other Liabilities

The tracker will add the columns up to track your overall net worth. To make it a habit, schedule a calendar invite in your phone to update it on the fifth of each month. This allows you to keep all of your bills, balances, and 401(k) contributions updated. Once you make it a habit, you will be able to understand where you could be saving and areas where you can make improvements.

<http://www.supermillennial.com/book>

Another option is the tracker available at Personal Capital. Log on to www.personalcapital.com and add all of your accounts to gain a clear understanding of your financial situation. Make sure to add your 401(k), Roth IRA, brokerage accounts, checking savings accounts, and all credit cards and outstanding loans.

It doesn't matter if you use my tracker or Personal Capital; it's just important to get in the habit of tracking your progress. Make sure you include all accounts and a comments section so that you can notate when there are major changes, both positive and negative. These changes could include a 401(k) contribution increase, higher employer match, stock market fluctuations, tax refund, inheritance, or any other financial event.

Key Takeaway

Net worth tracking will have a huge impact on your financial health. It will help you become more accountable for your saving and spending on a monthly basis. With a tracker tool, it is relatively easy to update on a monthly basis in less than ten minutes. It will also help you notice trends in saving and spending and help you reach your financial goals.

Side Hustle

“It doesn’t matter how many times you fail. You only have to be right once and then everyone can tell you that you are an overnight success.”

—Mark Cuban (*entrepreneur, self made billionaire*)

Most people’s goal is to find a good job at a reliable company that pays a decent salary and offers benefits. Unfortunately, a lot of us spend our twenties trying to outwork everyone and work way too much. This can be great for your current employment, but what if you suddenly lost your job, or the company went bankrupt? Would you have any backup income? If your answer is no, don’t worry—that is the situation for the overwhelming majority of Americans. The solution is to create another income stream, more commonly known today as a *side hustle*.

At age twenty-six, I decided I should start my side hustling by creating a website and making money through affiliate advertising. The idea itself is a good one, but it was a quick failure. It failed for two reasons: I did zero research into the niche, and it was a topic that I was not passionate about. My “failure” left me discouraged, and instead of trying again, I was back on the couch watching Netflix.

If you start with something you are passionate about, it will be easier and more motivating to work on even if you are tired after your job. Luckily, at twenty-eight, I started a blog, www.supermillennial.com, and have found much more success. The main reason is because I am passionate about helping others with personal finance. There are plenty of instances where people have turned their side hustle into their main hustle. This usually leads to more freedom, more money, more fulfillment, and a much earlier retirement.

Here are seven reasons to start a side hustle:

1. **Bring in more income.** Wouldn't it be great to have a third or fourth paycheck each month? Set a goal to use a percentage of your side-hustle money toward a bigger goal, such as paying down student loans or saving for a down payment on a house.
2. **Build relationships and meet new people.** As a blogger, I have been able to meet some great people in the industry and made some new contacts to add to my network. It is great to connect with others who share your passion.
3. **Save more money.** Most twenty something's are not making \$100,000 a year. If you are, it's more likely to happen after twenty-six or twenty-seven as your career experience increases and you climb the corporate ladder. Having a side hustle will allow you to save this money for your future and your long-term goals.
4. **Be more productive.** Americans watch too much TV—we all know that but still do it every day. Why? Because TV has never been better! I love TV and movies, so I understand. It can make it hard to work on other projects when a new Netflix season is released. But imagine if you replaced an hour or two a day of watching TV with working on your side hustle. You would be able to start a website, write a chapter of a book, or record podcasts. I'm not even suggesting replacing TV entirely. That is as unrealistic as starting a diet without sneaking in a cheat meal. This would lead to your eventual failure, and you'd be right back where you started. Start small with an hour a day to get the side-hustle movement going.
5. **Have more freedom.** If you are able to generate a few hundred or even thousands more per month, you will be able to have more options in your life. For example, you could take a quick vacation, pay down bills, donate to your favorite charity, or pay down debt to have fewer money related stresses.

6. **Have protection from the unknown.** Society may want you to think that a nine-to-five job is the “safe” route in life, but you should always be prepared. Companies go out of business all the time, sometimes with little notice. Be prepared by having a second income stream and emergency fund in case you find yourself in this situation.
7. **Get out of your comfort zone.** Once you have been at a job for some time, it can be easy to get into a comfortable routine. *But your comfort zone is where dreams go to die.* Challenge yourself to do more with your time, learn new skills, meet people, and get paid to hustle. Side hustles ensure you are trying new things, connecting with new people, and doing something outside your comfort zone.

Besides, how many people get rich enough to retire before fifty by working a nine-to-five job (excluding CEOs)? The answer, of course, is a very small percentage. Most people instead work a comfortable job and delay retirement until they are sixty-five years old. Why wait until you are sixty-five to really enjoy life? What if something happens to your health? I am personally trying to create seven or more income streams from side hustling to help me retire early and *live life on my own terms.*

Now that you understand the benefits of side hustling, the following sections discuss some popular ideas that can be used to channel your passion and share your voice with others.

Blog



I started www.supermillennial.com in January of 2016 and can't believe how much I've learned and how many people I have connected with. My only regret is not starting it five years sooner. *There are some bloggers who make \$5,000 to*

<http://www.supermillennial.com/book>

\$100,000 per month from their blogs. It doesn't happen overnight, but by consistently engaging with other bloggers, creating great content for an audience, and setting up advertising, it is possible. How great would it feel to run a profitable website from your home instead of going to work? Or working remotely from somewhere like Thailand or Europe?

Don't think it's possible? Check out these hugely popular blogs that show you how to create revenue streams online—they also track their earnings through income reports and usually make between \$75 and \$100K+ per month:

- Making Sense of Cents
(www.makingsenseofcents.com)
- Smart Passive Income
(www.smartpassiveincome.com)

Freelance

Are you good with photography? Graphic design? Writing? Check out sites like www.upwork.com or www.fiverr.com to get some ideas of what others are doing. Get paid for doing what you love!

Publish a Book

Ten years ago, I never would have believed that I could be an author. I assumed it cost thousands of dollars to get a book edited, formatted, and published. But with services like Amazon Kindle Direct Publishing and CreateSpace, I was able to create this book for under \$400. This included all the editing, conversion into an eBook for Kindle, and creation of hard copies.

For the cover art, I used Fiverr (www.fiverr.com) and set up a landing page on my website. That is all it takes! Of course, you need to spend the time creating content, but if you write about something you are passionate about, it will be easier than you think.

My number one recommendation if you want to publish a book is to create a time line and post it by your desk or writing area. I

<http://www.supermillennial.com/book>

began writing this in 2015 but did not publish until 2017 because I did not have a specific deadline to create urgency.

Here is an example time line—make sure to add a completed date next to each task to create mini-deadlines:

- Rough Draft One
- Rough Draft Two
- Rough Draft Three
- Final Draft
- Editing Round One
- Editing Round Two
- Peer Review Edit
- Submit Cover Design to Fiverr
- Submit to Amazon for Publishing

Sell on Amazon (Amazon FBA)

Do you know what a private-label product is? If you have shopped on Amazon, there is a strong chance you have purchased a private-label product. Instead of a recognizable brand, you buy a product from China, add a logo, and ship to an Amazon warehouse. It's not as sketchy as it sounds—I promise.

Amazon then ships the products to customers (including Prime customers) and will handle returns and customer service. There are some higher up-front costs and risks involved in this side hustle, but some people make hundreds of thousands of dollars every month by using “Fulfillment by Amazon” or FBA.

- Check out Amazon FBA: Complete Guide on Amazon to learn more.

Start a Podcast

There are more people listening to podcasts now than ever before! People download them for commutes to work or long flights to stay entertained. You can have a passion for anything and make a podcast about it. Examples include sports, superheroes, movie news, finances, cooking, and fitness—realistically, any topic you are interested in. All you need is a microphone and laptop and to get started. Here are a few great podcasts that will inspire you to get started:

<http://www.supermillennial.com/book>

- The Tim Ferriss Show
- Smart Passive Income
- EO Fire

These are a just a few popular ideas for starting a side hustle—the list is endless. If you follow your passions, you will be able to find a few ideas to get started. *Put in the work now; the time will pass anyway! Remember, the average millionaire has seven streams of income. How many do you have?*

Key Takeaway

Don't settle for a job in your twenties because you need the money *and* not use your free time to pursue a side hustle you are passionate about. There are twenty-four hours in a day; eight to ten are spent at work, and another six to eight are spent sleeping. That means you have *six to eight hours each day* of additional time that you have to work on a side project.

You have to make the time, but if you are passionate, you will be more likely to stick with it. You will be able to make more money and potentially become an entrepreneur and get closer to financial freedom.

**Go crush your future,
live your life with passion!**



**Buy the book on
Amazon**

<http://www.supermillennial.com/book>