

16 Rich Habits by Tom Corley

Your autopilot mode can make you wealthy or poor.

Intelligence, talent and charm are great, but more often than not these aren't what separate the wealthiest among us from the poorest.

Instead, the differences are in our daily habits. Do you realize that these subconscious, second-nature activities make up 40 percent of our waking hours? That means that two out of every five minutes, all day and every day, we operate on autopilot. It's true: Habits are neural pathways stored in the basal ganglia, a golf ball-size mass of tissue right in the center of our brains, in the limbic system.

This neural fast lane is meant to save the brain energy: When a habit is formed and stored in this region, the parts of the brain involved in deeper decision-making cease to fully participate in the activity. However, we all know there are good habits and bad habits.

I spent years studying the difference between the habits of our country's rich and poor, questioning hundreds of individuals. On the rich side, these were people with annual gross income north of \$160,000 and net liquid assets of \$3.2 million or more. I defined the lesser-off as those with gross income of \$35,000 or less and no more than \$5,000 in liquid assets. When I was done, I analyzed the results of my research and boiled down the responses to create a picture of what allows the wealthy to prosper where others do not. My ensuing book became a sort of instruction manual for how to become wealthy.

The gulf between Rich Habits and Poverty Habits is staggering. If you're well off already, chances are you already adhere to most of these Rich Habits. Integrating the ones you've neglected will push you further. But be assured: If you're doing fine now without minding these principles, it'll catch up to you.

Some of the differences between rich and poor are obvious, while others are a little more surprising. Here are the most important Rich Habits you can take up to reach and maintain your wealth potential.

1. Live within your means.

Wealthy people avoid overspending by paying their future selves first. They save 20 percent of their net income and live on the remaining 80 percent.

Among those who are struggling financially, almost all are living above their means. They spend more than they earn, and their debt is overwhelming them. If you want to end your financial struggles, you need to make a habit of saving and budgeting what you spend. Here are some sensible ways to budget your monthly net pay:

- ▲ Spend no more than 25 percent on housing, no matter if you own or rent.
- ▲ Spend no more than 15 percent on food.
- ▲ Limit entertainment—bars, movies, miniature golf, whatever—to no more than 10 percent of your spending. Vacations should account for no more than 5 percent of your annual net pay.
- ▲ Spend no more than 5 percent on auto loans, and never lease. Ninety-four percent of the wealthy buy instead of leasing. These folks keep their cars until the wheels fall off, taking great care along the way so that they save money in the long run.
- ▲ Stay away from accumulating credit card debt. If you are doing this, it's a clear sign that you need to cut back somewhere.
- ▲ Think of savings and investments as two completely different things. You should never lose money on

your savings. Try to stash six months of living expenses in an emergency fund in case you lose your job or your business goes belly-up.

▲ Contribute as much as you can afford to a retirement plan. If you work for a company that matches your contributions up to a certain percentage, great. Always take that free money when you can get it.

2. Don't gamble.

Talk about a sucker bet: Every week, 77 percent of those who struggle financially play the lottery. Hardly anyone who is wealthy plays the numbers. Wealthy people do not rely on random good luck for their wealth. They create their own good luck. If you still want to bet after knowing the risk, use money from your entertainment budget.

3. Read every day.

Reading information that will increase your knowledge about your business or career will make you more valuable to colleagues, customers or clients. Among wealthy people, 88 percent read 30 minutes or more every day. Just as important, they make good use of their reading time:

- ▲ 63 percent listen to audiobooks during their commute.
- ▲ 79 percent read educational career-related material.
- ▲ 55 percent read for personal development.
- ▲ 58 percent read biographies of successful people.
- ▲ 94 percent read current events.
- ▲ 51 percent read about history.
- ▲ 11 percent—only 11 percent—read purely for entertainment purposes.

The reason successful people read is to improve themselves. This separates them from the competition. By increasing their knowledge, they are able to see more opportunities, which translate into more money. Comparatively speaking, only one in 50 of those struggling financially engages in this daily self-improvement reading, and as a result the poor don't grow professionally and are among the first to be fired or downsized.

4. Forget the boob tube and spend less time surfing the Internet.

How much of your valuable time do you lose parked in front of a screen? Two-thirds of wealthy people watch less than an hour of TV a day and almost that many—63 percent—spend less than an hour a day on the Internet unless it is job-related.

Instead, these successful people use their free time engaged in personal development, networking, volunteering, working side jobs or side businesses, or pursuing some goal that will lead to rewards down the road. But 77 percent of those struggling financially spend an hour or more a day watching TV, and 74 percent spend an hour or more a day using the Internet recreationally.

5. Control your emotions.

Not every thought needs to come out of your mouth. Not every emotion needs to be expressed. When you say whatever is on your mind, you risk hurting others. Loose lips are a habit for 69 percent of those who struggle financially. Conversely, 94 percent of wealthy people filter their emotions. They understand that letting emotions control them can destroy relationships at work and at home. Wait to say what's on your mind until you're calm and have had time to look at the situation objectively.

Fear is perhaps the most important negative emotion to control. Any change, even positive changes such as marriage or a promotion, can prompt feelings of fear. Wealthy people have conditioned their minds to overcome these thoughts, while those who struggle financially give in to fear and allow it to hold them back.

Whether you fear change, making mistakes, taking risks or simply failure, conquering these emotions is about leaning in just a little until you build up confidence. It's amazing how much confidence helps.

6. Network and volunteer regularly.

You'll build valuable relationships that can result in more customers or clients, or help you land a better job if you spend time pressing the flesh and giving back in your community. Almost three-quarters of wealthy people network and volunteer a minimum of five hours a month. Among those struggling financially, only one in 10 does this.

One perk of volunteering is the company you'll keep. Very often the boards and committees of nonprofits are made up of wealthy, successful people. Developing personal relationships with these folks will often result in future business relationships.

7. Go above and beyond in work and business.

Unsuccessful people have "it's not in my job description" syndrome. Consequently, they are never given more responsibility, and their wages grow very little from year to year—if they keep their jobs at all. Wealthy individuals, on the other hand, make themselves invaluable to their employers or customers, writing articles related to their industry, speaking at industry events and networking. Successful people work hard to achieve the mutual goals of their employers or their businesses.

8. Set goals, not wishes.

You cannot control the outcome of a wish, but you can control the outcome of a goal.

Every year, 70 percent of the wealthy pursue at least one major goal. Only 3 percent of those struggling to make ends meet do this.

9. Avoid procrastination.

Successful people understand that procrastination impairs quality; creates dissatisfied employers, customers or clients; and damages other nonbusiness relationships. Here are five strategies that will help you avoid procrastination:

- ▲ Create daily "to-do" lists. These are your daily goals. You want to complete 70 percent or more of your "to-do" items every day.
- ▲ Have a "daily five." These activities represent the crucial things that will help you get closer to realizing some major purpose or goal.
- ▲ Set and communicate artificial deadlines. There's nothing wrong with finishing early.
- ▲ Have accountability partners. These are people you team with to pursue a big goal. Communicate with them at least every week, and make sure they hold your feet to the fire.
- ▲ Say a "do it now" affirmation. This is a self-nagging technique. Repeat the words "do it now" over and over again until you begin a task or project.

10. Talk less and listen more.

A 5-to-1 ratio is about right: You should listen to others five minutes for every one minute that you speak. Wealthy people are good communicators because they are good listeners. They understand that you can learn and educate yourself only by listening to what other people have to say. The more you learn about your relationships, the more you can help them.

11. Avoid toxic people.

We are only as successful as the people we spend the most time with. Of wealthy, successful people, 86 percent associate with other successful people. But 96 percent of those struggling financially stick with others struggling financially.

If you want to end your financial struggles, you need to evaluate each of your relationships and determine if they are a Rich Relationship (with someone who can help you up) or a Poverty Relationship (with someone holding you back). Start spending more and more time on your Rich Relationships and less on your Poverty Relationships. Rich Relationships can help you find a better job, refer new business to you or open doors of opportunity.

12. Don't give up.

Those who are successful in life have three things in common: focus, persistence and patience. They simply do not quit chasing their big goals. Those who struggle financially stop short.

13. Set aside the self-limiting beliefs holding you back.

If you're hurting financially, you've probably told yourself some of these untruths before: *Poor people can't become rich. Rich people have good luck and poor people have bad luck. I'm not smart. I can't do anything right. I fail at everything I try.*

Each one of these self-limiting beliefs alters your behavior in a negative way. Almost four out of five wealthy people attribute their success in life to their beliefs. Change your negative beliefs into positive affirmations by reading lessons from the greats of personal development, like Napoleon Hill, Dale Carnegie and Jim Rohn.

14. Get a mentor.

Among the wealthy, 93 percent who had a mentor attributed their success to that person. Mentors regularly and actively participate in your growth by teaching you what to do and what not to do. Finding such a teacher is one of the best and least painful ways to become rich.

If you know your goals, find someone who has already achieved them. You'll be amazed by how many people want to lend a helping hand.

15. Eliminate "bad luck" from your vocabulary.

Those struggling financially in life have a way of creating bad luck for themselves. It's a byproduct of their habits. Poverty Habits, repeated over and over are like snowflakes on a mountainside. In time, these snowflakes build up until the inevitable avalanche—a preventable medical problem, a lost job, a failed marriage, a broken business relationship or a bankruptcy.

Conversely, successful people create their own unique type of good luck. Their positive habits lead to opportunities such as promotions, bonuses, new business and good health.

16. Know your main purpose.

It's the last Rich Habit, but it might be the most important. Those people who pursue a dream or a main purpose in life are by far the wealthiest and happiest among us. Because they love what they do for a living, they are happy to devote more hours each day driving toward their purpose.

Odds are, if you are not making sufficient income at your job, it is because you are doing something you do not particularly like. When you can earn a sufficient income doing something you enjoy, you have found your main purpose.

Believe it or not, finding this purpose is easy. Here's the process:

1. Make a list of everything you can remember that made you happy.
2. Highlight those items on your list that involve a skill, and identify that skill.
3. Rank the top 10 highlighted items in the order of joy they bring to you. Whatever makes you happiest of all gets 10 big points.
4. Now rank the top 10 highlighted items in terms of their income potential. The most lucrative skill of all is worth 10 points.
5. Total the two ranked columns. The highest score represents a potential main purpose in your life. Presto!

As you can see, the differences between rich and poor are simple—sometimes intuitive—but not insignificant. Aim to take up all 16 of these habits, and you're almost guaranteed to become better off.