

## From Piggy Bank to Millions

By Lorraine Conaway

Do you ever wonder why certain people are able to accumulate so much wealth? It appears as if everything comes so easy to them! On the other hand, no matter how hard you try to get ahead, you find yourself stuck in the same situation. You keep telling yourself that “someday” you are going to invest in real estate or “someday” you are going to travel more, or “someday” you are going to start saving for retirement. Albert Einstein once defined insanity as “doing the same thing over and over and expecting different results” (thinkexist.com). You are certainly not insane, but are there steps you can take to potentially improve your financial situation?

I have been in the financial world over twenty-two years and have spoken to hundreds of people who have accumulated an estate, but also to people who have not accumulated an estate. I noticed that a major difference between the two camps is that the ones with the estate have learned how to pay themselves first by supplementary savings through 401(k)s, life insurances with cash value, 403(b)s and other types of saving vehicles. They pay themselves BEFORE they spend a single penny, thus they accumulate assets. Another core difference is the implementation of diversification. Once the assets are accumulated, they tend to diversify the money into different types of assets such as real estate, multiple businesses, and alternative investments. Diversification does not ensure a profit or protect against losses in a declining market, but it can provide a degree of protection to an individual’s overall portfolio. Diversifying can potentially provide tax advantages as well.

Many of the people who have accumulated wealth also have a team to guide and coach them. This can include a tax advisor (not just a tax preparer), and a financial strategist who focuses on an individual’s financial goals as a whole. Other important members of a team might be legal advisors, coaches, mentors and professionals who can provide guidance. You have to realize you can’t do it all by yourself, and the good news is that you don’t need to!

I will never forget the day twenty years ago when I met a retired couple in Pasadena, “Mary and John”. They had a three million dollar estate, and yet never made more than thirty thousand dollars a year in income. Please keep in mind that John retired in the 80s. Out of curiosity, I asked them how they had accumulated their estate. John told me that when he was in 1<sup>st</sup> grade, he was told to save his pennies in a piggy bank! He took that simple advice to heart, and from that day on, he saved 15% of everything he made. As time passed and his savings grew, he was able to buy real estate and then eventually invested in a business as a silent partner, since he had a full time job. It is interesting how a simple behavior and discipline can potentially create financial freedom.

What habits do you need to change in order to get different results? What steps can you take that can potentially improve your financial situation? If you are interested in learning more about investments and how you can potentially achieve financial freedom, call us at 714-577-8758 or please e-mail us at [info@conawayandconaway.com](mailto:info@conawayandconaway.com).

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