

# Save a Million



## *A Wise Way to Wealth*

*by Harvey Armour*

### **Who wants to be a millionaire...without answering trivia questions?**

One way for you and your spouse to become millionaires is for each of you to put \$2,000 a year for 35 years into a tax-free account, such as a Roth IRA. Assuming your Roth IRA accounts earn a compound annual return of 10%, which is about the average yearly increase for the stock market over long periods of time, you can become millionaires by the end of the 35-year period.

Actually, you can become millionaires even sooner, since each of you can invest \$3,000 (or more) annually in a Roth IRA, provided that the amount of your wages equals or exceeds the amount of your contributions to the IRA, and your total income does not exceed a specified maximum that depends on your marital status. All of the earnings generated by the Roth IRA will be completely tax-free, provided that they are not withdrawn before you reach the age of 59 ½ and the account has been open at least five years.

However, if you and your spouse each begin to invest \$2,000 annually just five years later, your total savings in the account will be about 38% less! Not investing for the first 15 years will reduce your total savings in the account by almost 78%, and skipping the first 25 years will reduce the accumulated savings by approximately 94%.

*These figures illustrate the importance of starting to save early – and consistently – rather than waiting.*

In a publication entitled *A Guide to Your Money and Your Financial Future* by the U. S. Department of Labor, the following statements are made:

*“The real power of compounding comes with time. The earlier you start saving, the more your money can work for you.... For every 10 years you delay before starting to save for retirement, you will need to save three times as much each month to catch up. That’s why no matter how young you are, the sooner you begin saving for retirement, the better.”*

Although the emphasis in these statements is on saving for retirement, the same principle is true regarding saving for other long-term goals, such as helping your children pay for their college education.

### ***Where can you and your spouse find \$4,000 a year to invest?***

A. L. Williams, who founded an insurance company bearing his name, has stated: "People spend their whole lives looking for a better way, a 'get rich quick' scheme, only to find out after it's too late that if they had done the little things, the obvious things, the fundamentals, they would be in great shape."

There are many places for families to find unnecessary spending in their budgets. However, doing so generally requires them to make some tough decisions that will necessitate knowledge, wisdom, and self-discipline. Let's consider each of these three factors, but in reverse order.

***Self-discipline***, or self-control, is a fruit of the Holy Spirit according to Galatians 5:22-23.

Self-discipline is certainly needed in making tough decisions, but it is even more important in being able to follow through, or persevere, on those decisions. If you are a Christian and you are willing to submit to the Holy Spirit's guidance, you are capable of exercising the necessary self-discipline in personal or family money management.

***Wisdom*** is a gift that James 1:5 says God will give to those who ask Him for it. Wisdom involves being able to exercise good judgment in making decisions. If you sincerely want wisdom in making personal and family decisions, including those involving financial matters, claim the promise of James 1:5, and ask God for it.

***Knowledge*** can come from learning through personal experiences, but it may take many years to accumulate the necessary information regarding some matters, including various areas of personal or family money management. Therefore, it is often prudent to make the necessary efforts to obtain information from other sources.

During the year, Calvary Baptist Church offers several CEI (Christian Education Institute) courses on Sunday evenings that can provide additional knowledge to those who are interested in learning more about personal or family financial planning and ways to reduce or eliminate unnecessary spending. Although the primary purpose of these courses is not to teach participants how to become millionaires, those who learn the principles that are taught should be better prepared to find hundreds, or even thousands, of dollars each year that otherwise might be misspent. These dollars can be channeled into both increased contributions for Christian ministries and higher savings for the future needs of the individual and their family.

Regardless of whether or not you choose to attend a CEI course on personal and family financial planning, start as soon as possible to learn about how you and your family can achieve successful saving. And, ***remember to pray*** for the necessary wisdom and self-discipline that you and your family need in making decisions regarding saving and financial matters. Approach

God confidently in your prayer and know "that if we ask anything according to His will, He hears us..." (I John 5:14-15). Luke 11:9 reassures us further: "Ask and it will be given to you; seek and you will find; knock and the door will be opened to you."

*(This article and others by Harvey Armour can be found at [www.calvarybaptistchurch.org](http://www.calvarybaptistchurch.org).)*

© 2000 **Harvey Armour** has been a member of Calvary Baptist Church for close to 30 years, during which time he has taught and counseled in the area of personal and family financial matters.