Are You On Track to Becoming a Multi-Millionaire? (2026 Edition)

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SUMMARY

The video discusses crucial milestones on the path to financial independence, emphasizing the importance of celebrating small wins along the journey to becoming a multi-millionaire. Financial advisors Brian and Bo outline seven key checkpoints, from achieving a $0 net worth to reaching financial independence, highlighting the significance of each stage in building wealth.

- *Milestone 1:** Achieving a $0 net worth is a significant accomplishment, especially for younger generations burdened with debt.*
- *Milestone 2:** Reaching the first $100,000 in assets demonstrates mastery of deferred gratification and sets the stage for future wealth accumulation.*
- *Milestone 3:** When investment returns exceed personal savings, it indicates that money is working harder than the individual.*
- *Milestone 4:** Crossing into the "two comma club" with a total net worth of $1 million, often aided by real estate appreciation.*
- *Milestone 5:** Becoming a liquid millionaire, where investments can provide accessible funds for retirement.*
- *Milestone 6:** Achieving a point where investment returns can surpass personal income, indicating strong financial growth.*
- *Milestone 7:** Reaching financial independence, where one's portfolio can sustain their desired lifestyle, requiring careful planning and stress testing of financial strategies.*

Are you on track to become a multi-millionaire? Let's find out. Brent, I am so excited today because we are going to share the crucial checkpoints on the way to financial independence so that you can know exactly what to aim for and what to celebrate. If you didn't know, I'm Brian, he's Bo, and we're financial advisors showing you the milestones to hit on the way to becoming a multi-millionaire. And with that, let's jump right in. >> >> So, Brent, over the years, we've come up with a lot of like milestone markers that we want to share in order to help you guys stay on track with your financial wealth because we know that building towards financial independence is a marathon, not a sprint. But, a lot of times, we don't want to just wait for that one finish line. We like to have small little markers, small little wins along our path to get there.

>> Yeah, I mean, like you said, our people are achievers. And what I like about this is is that there's no time frame. This is going to hit certain people at different times. There's no right or wrong answer. But, what I do like is it on this journey, as you said, a marathon, I think you can get overwhelmed if you're trying to figure out how do I reach this successful point? It is so so important if you can add milestones so you kind of know right where you are or what you should be aspiring to next. And these milestones are going to help out.

>> And these milestones don't happen in a specific order. For you, they might happen in the order that we're going to share them, but for others, it may happen a different order, and that is okay. So, let's start, Brian, sort of what I think for most people, which is at the very beginning. And this one, it seems interesting, but it is a milestone that's worth celebrating. That's actually reaching a $0 net worth. >> Well, think about it. A lot of us come out with a lot of weight on top of us, whether it's student loan debt, or maybe you made some bad consumption decisions when you first got that that credit card opportunity. So, to reach zero is a big milestone to actually celebrate.

>> was actually a study from Credit Karma that found that as many as 31% One out of three Americans have a net worth of zero or less. And if you're in the younger generation, it might actually be a little bit higher. Gen Z, 41% of Gen Z's have a negative net worth. And millennials, 38%. Almost 40% of millennials, just getting to zero is an accomplishment in and of itself. >> So, why is it specific that younger people have a higher zero net worth? We want to get into actually what are the specifics. First of all, you just don't have a lot of assets yet.

>> Yeah, they're likely early on in their career. They don't have a lot of margin for investing. There's not a lot of money left over to actually be able to save. And but and in addition, they're young. They actually have not had a lot of time for what little they have invested to actually begin working for them just yet. >> I feel like our job when people because yes, you don't have you haven't had a lot of time for your assets to grow. You haven't had a lot of time to even start saving and building these assets. But I don't want you to get down because you need to recognize you are literally a billionaire of time. And for all those that are ahead of you, when you look at people in their 30s and 40s go, "Man, I wish I had what they had." I promise you they're looking at you and saying, "I wish I had the time that they had." And let us give you some illustration on this. If you thought start thinking about what you would have to save monthly to reach a million dollars. Look at what a a person who is 45 years of age, they would have to save and invest $1,800, greater than $1,800 a month to be a millionaire by the time they reach retirement at 65. For the 30-year-old, they would have to save $340 a month to reach millionaire status. But if you were in your 20s and you have just $95 a month, less than $100 a month will make you a millionaire. The earlier you start, the easier it is, the more powerful your dollars can be. But obviously, starting out at these smaller sums, you stay negative net worth for a while. It takes a number of $95 a month to likely get you into positive territory, because a lot of young folks coming out right now have a lot of debt.

Maybe you just gradu ated college and you had to take on student loan debt. Or maybe you went to go buy your very first automobile, and you didn't have cash to be able to pay for it in cash. You had to borrow money. So, it's not uncommon for folks starting out, especially those in the younger generations, to start with a negative net worth. They're just trying to crawl up to get to a dead zero starting place.

>> Well, and and look, I want everybody to even though you might be starting out with debt, and you haven't had a lot of time to build assets, I still want you to stay motivated, because this is the reality. >> Give it some time. You are fresh. You're still trying to figure out, you know, how's the career working out? You're trying to figure out what you believe and understand about money. We're hopefully going to help you out with that. But it is one of those things you need to focus on what you can control.

And in the beginning, you what you can control is your consumption. What type of car do you drive? How much debt How do you use credit cards? These things are important, and you definitely can shape your future. >> And there are rules in place that will help you with that. When it comes to buying a car, we want you to follow 23/8. When it comes to taking on college debt, we want you to follow the first-year financing rule. And if you can do those things, you're going to put guardrails around the financial decisions that you're making. And then, as you begin to do that, we want you to track it. We want you to be doing an annual net worth statement. If you're not doing that, you're missing out, even if you're starting out in the negative, cuz you will not believe how much ground you can cover in 1 2 3 4 5 years. And as you start to see it slowly start moving, whether you're going from really negative to slightly less negative or from less negative to zero or from zero to positive, tracking it every year might be that motivation you need to stay on the path.

>> It's also going to be a fun thing to celebrate in the future. I started tracking my net worth annually when I was 31 years of age. Bo, I think you started it in your 20s. >> It is definitely something, even if it's negative, it's a very healthy habit. >> Start now. >> And then once you do that, then you'll get excited because when you hit your second milestone, your first $100,000, you will be able to look back and see how much ground you covered that allowed you to get there.

>> So, look, we like milestone number two, that first $100,000. When we talk about the first $100,000, we're talking about what does it look like when you you add up both your emergency reserves, your Roth IRA, your 401k. These are all your financial assets. Guys, it is amazing when your army of dollar bills starts doing some of this work for you. >> Now, they say the first $100,000 is the hardest, and that may be true, but it's also likely the most important money you will build. And why is it the most important? Well, one, it shows that you have begun mastering the behavior of deferred gratification and building for the future. Most people do not accidentally stumble upon having $100,000 of liquid assets at their disposal. They made the active decision to defer some of their income for tomorrow. They allowed that money to be invested to grow, and it is a sign that you are making decisions that are going to make your future financial life better.

>> Now, look, I don't I don't want to make this something it's not. So, reaching 100,000 is not full critical mass, meaning you have not launched, your money is not making more than your day job yet. But I got to tell you, it is starting to work for you. And we actually have a great illustration to show you how powerful this first hundred thousand dollars is. Now, if we're being honest, if you were saving ten thousand dollars a year, that's about eight hundred thirty-three dollars a month, and you're making a reasonable eight percent a year rate of return on that, it is going to take you about seven and a half years, 7.6 years specifically, to get to that first hundred thousand dollars. But Bo, that's not where the magic That's where the hard work was.

But show them how the power of compounding growth Where is the magic? >> Yeah, if you continue contributing just that ten thousand dollars a year, do you recognize in that same amount of time that it took you to go from zero to a hundred thousand, you will go from five hundred thousand to a million dollars. What took you seven and a half years to build up a hundred thousand dollars by the end of the journey getting to a million, that same amount of time will create five times the wealth. The bigger your dollars get, the bigger the dollars get, and the faster the money grows.

>> So, you know, everybody who's seen this out there on YouTube, you see the graphic we put up. But for our podcast listeners, Bo is describing going from five hundred thousand to a million dollars in the same amount of time, actually less, than what it took to build that first hundred thousand dollars. So, this is not fully critical mass, but man oh man is it a powerful milestone to celebrate. >> great is your behavior can impact how quickly this moves. So, let's talk about it. If your goal were to save a hundred thousand dollars, how long would it take you at different savings rates? We already said if you're doing eight hundred thirty-three dollars a month, it would take you about 7.6 years to build up to a hundred thousand dollars. If you can save a thousand dollars a month, that number drops to 6.4 years. If you can save fifteen hundred dollars a month, it'll only take you about four and a half years to build up to a hundred thousand. If you can save two thousand dollars a month, it will take you right at three and a half years to build up to that $100,000. That means that you could not only reach milestone one, but also milestone two in 3 and 1/2 years if you have the shovel that allows you to do that.

>> the quote we put on the slide is that wealth building can feel slow, but you do have control where you can actually speed this process up. And by the way, this is an echo of what we talked about and even under milestone one, we want you to be active and track your net worth. And there's no better way to do this than with our net worth tool. If you go to learn.moneyguy.com, you can see the exact net worth tool that Bo and I are using for ours. And what I love about this tool is that it's got a great dashboard that actually tracks some of these milestones so you can be the perfect CEO or field general for your army of dollars.

>> All right, Brian. So, we're tracking these milestones and the first two, getting to zero and then getting to $100,000, require that you do a lot of work. But the more work that you do, you now create an environment where now your money starts to do some work. And milestone number three is a pretty exciting one. It's where your money, your investments, are actually saving harder than you save. >> Well, you you guys know, when you start out, I remember, you know, starting out, I was excited when I got to $100 a month. And then I can remember as as my wife and I got some promotions, we got to 500 and then it was a go out and and celebrate by going out to eat when we got to saving and investing $1,000 a month. And and what's really cool about that is you're thinking about how hard you're saving, but there will be a point, just like when we were talking about that first $100,000, where your money, because of the hard work of saving, that you're going to see a return on that investment that starts to exceed what your savings rate is. And you're like, "Whoa, this is This is what I'm talking about. My money is actually is starting to do more than what I had to do just through discipline."

>> Yeah, think about this math. If you have a portfolio worth $93,750 and you earn an 8% rate of return on that, your rate of return would generate $7,500 per year. That's the max contribution for a Roth IRA. So, if you're putting money in your Roth and you have 93,000, it's like your money made an extra Roth contribution for you. If you have $306,250 saved and invested and you make 8%, well, now your portfolio made $24,500 in a year. That may be more than you're putting in your 401k. That would actually max out a 401k. And what you'll see is as your portfolio grows, and as the dollars get bigger and bigger, you'll start to recognize your portfolio will get to the point where it likely has the capacity and the ability to actually save more dollars per year, to actually add more to itself than you can save by exercising deferred gratification.

>> What I What I like is when you start reaching these milestones, it's not like you stop doing the good behavior.

You're actually getting two Roth IRA contributions that year. Your money's saving this much, you're still contributing your $7,500. Your Your account gets to $306,000. You put in $24,500 into your 401k, your account puts in $24,500. I can't tell you how many clients when I have review meetings, when we've been clients for a number of years, I show them the partnership of what the assets are growing while they're contributing.

It truly is a partnership of letting your money work just as hard as your discipline. >> And And if you want to see this in real time, if you want to play with some numbers, go to moneyguy.com/resources and play with our compound interest calculator. You can put in your numbers, your information, and you can see just how quickly the numbers begin to stack. You can see just how powerful your army of dollar bills become. And if you're doing these things and you're You're playing with the compound interest calculator and you're saving for the future and you're tracking your net worth. If you do it long enough, you're likely going to hit milestone number four. Milestone number four, it's a big one. It's when you finally cross into the two comma club. It's where you get to say that I have a $1 million total net worth.

>> Now, that is a big You got You got to think about what are we saying? Total net worth. So, this is inclusive of everything. This is Yes, it's your investment, but this might also be your real estate or your primary residence. And for a lot of people, especially if you bought a house pre-2021, you might very well have you know, experienced almost a 50 to 100% appreciation in your primary residence. That's going to give you a huge boost towards reaching millionaire status total net worth.

>> But, I think it's worth recognizing. So, when you look at your net worth, it's everything that you own minus everything that you owe. Well, if you look across the entire United States of America, only 9% of folks can do that math. Add up everything they own, subtract out everything they owe, and that difference be over a million dollars. Only 9% of folks cross into that category. So, if you are a millionaire, you're already in pretty prestigious, pretty elite company. But, Brian already alluded to this. A lot of folks, what has happened might be less so because of your behavior, less so because of your savings, and more so because of what has happened that's somewhat outside of your control. Because when we look at the median net worth of households in this country and how much of that is represented by financial assets versus non-financial assets, you can see that since 2020, since the pandemic, since we've seen the run-up in real estate prices, a lot of folks, the reason they're now crossing into millionaire status, the reason that they're now actually able to say I'm a millionaire is because their primary residence has gone up so much in value that it's created paper equity for them on their net worth.

>> is one of the things I remember when this research came out and it was talking about and it was bragging about how net worth of US households had gone up like I think it was greater than 30%. That at first the headline was so exciting, but then when I looked at this chart and you look at what the Federal Reserve was actually tracking, they have financial assets separated from net worth and you see unfortunately the financial assets line is flat. So from 1989 all the way through 2022 it's kind of flat. Meaning Americans are not necessarily creating the separation of their army of dollar bills and that's why I felt like it made sense if we laid out the pros and definitely the cons of what it means to cross into millionaire status or two-comma club as you said counting your home equity.

>> So what's the pro? Number one, you're a millionaire and we don't want to take that away from anyone. Even if the reason you're a millionaire is because your home equity has increased, you still made the decision to buy a home, you still did the hard work of being able to put down a down payment and cover the mortgage. So it is something worth celebrating. You are in fact a millionaire even if a lot of that is comprised of your home equity. And because you have a lot of equity in your home, technically you can access that equity. You could potentially take out a home equity line or do some sort of cash out refinance. It is wealth that is there that if you had to, you could access it. Or if you're someone who your retirement plan later on in life is that I'm going to sell my home and downsize and then I'll capitalize on that increase in value. That is a viable strategy. Those are all net positives to being a millionaire even if a lot of that's equity, but it's not all positives when it comes to this millionaire status.

>> Well, and that's what I I I don't mind, you know, breaking the the the seal off of the negatives here is because you should celebrate that you've crossed into to to millionaire net worth, but you live in this house. This is your shelter for your family, and you should know that when you cross into and you're trying to figure out if you're truly financially independent, unfortunately, you can't eat the house. It's not going to The only way you can actually use the equity in your house is you either have to borrow off of it, which is far from kind of building financial independence.

Taking on debt when you need it is is less than ideal. And you only other way is to sell the house, which is we just covered is your shelter. More than likely, you're going to have to replace that shelter. So, you either have to downsize or you just are losing the ability to really maximize how this is going to serve or feed you in retirement. And then another negative or another financial con that we see is that oftentimes this can give you a false sense of security. You're doing your annual net worth statement because you're marking your primary residence at what you estimate the market value to be or what Zillow says, it makes you feel like, "Oh, I'm doing really good. I'm building wealth. I'm bettering my financial circumstance." When in reality, it might not be because of your behavior at all. It might just be because of some perhaps accurate, perhaps inaccurate estimate of what your real estate is worth. We want you to be careful We want you to celebrate, but we don't want you to celebrate too much on this milestone because we think where you really want to celebrate and where you can really get excited about behavioral decisions that you're making is in milestone number five. That's when you actually cross into the the two comma club and become a liquid millionaire in net worth. This is a big distinction.

And when we talk about liquid millionaire, now, of course, take into account your emergency reserves, but this is where that Roth IRA, your 401k, all of your investment assets, even your retirement accounts, when you add those up, now you're crossing into the seven-figure status or two-comma club with your investment assets. And guess what? You can eat off of these. These are true easier access to liquidity in retirement. >> why does this get exciting? Because as your assets grow, you begin now reaching the What's What's the point What kind of point is it that you reach when your assets get >> Boiling point. Boiling boiling point.

>> That's the one you reach. Cuz look, you realize if you have a thousand dollars saved up and you make 10% you make a hundred bucks. That's great and it's wonderful, but it's not life-changing. Ten thousand dollars saved

up you make 10% you make a thousand bucks. A hundred thousand dollars saved up and you make 10% you make ten thousand dollars. But once you get to a million dollars, once you get into that seven-figure realm and you make a 10% rate of return well now your portfolio has grown by a hundred thousand dollars. That is likely more than you save in a year. That may even be more than you make in a year. It is a substantial sum of money. The bigger the dollars get, the bigger the dollars get and the more impactful your rate of return becomes on your overall financial circumstances.

>> and I know the trolls cuz we've done this type of content before when when we talk about millionaire status, a lot of them are are quick to tell you, "Hey, man, inflation has been just something horrible. A million dollars is not what it used to be." Okay, there's some valid points there, but let me tell you just like we shared earlier on that first hundred thousand that take took eight years to get to the first, but then we could build from five hundred thousand to a million with the exact same time, but it's just fivefold. What do you think when we're on our journey to building two million dollars, to build five million dollars? Guys, your army of dollar bills gets really powerful. The compounding growth is doing magical stuff once you reach this boiling point.

>> And again And again, you get to have some you get to have some control over this in terms of how fast you do it. If you can invest a thousand dollars a month, and let's say that you earn 8% on average, it'll take you about 25 and a half years to make it to a million dollars. But if you can invest two thousand dollars a month, now you cut your time frame down to 18.4 years. If you can invest three thousand dollars a month, it'll only take you about 14 and a half years to get to a million. And if you can invest four thousand dollars a month, you could build up a million dollars in 12.3 years. does this work for most people? Well, most people they start by saving a hundred dollars a month, and it increases to two hundred, and then to five hundred, and then to a thousand. If you can start today, and you can save and be consistent, and you can get slightly better through time, what you end up doing is you end up stacking. So, you get to the first hundred thousand, that hundred turns into a million, and then you get a little bit better at saving, and the million turns into two million, and the two million turns into three million, and it becomes this unbelievably powerful snowball that as you continue to build it, and as it continues to gain momentum, now you reach this next milestone. Milestone number six, where not only is your money saving harder than you can, but now at this stage, your money can actually go out and work even harder than you do.

>> Well, like you guys know, we have shared it in content before is that a lot of the research shows that, you know, and we just showed it to you, too. It's going to take 20 plus year to reach that first millionaire status with with your investment assets specifically. So, I'm I'm beyond that age now. I'm in my 50s, and I'll tell you, one of the things we get to this certain age, and you're around other successful people, this is one of those milestones that I will tell you is a fun little thing that we that I've talked with friends and neighbors about is that you will open your quarterly report, and you'll look at your investment statements, and you'll be like, "Holy cow, my money has now reached a level. Now, this is not full financial independence cuz this is just a moment in time, a snapshot at this moment. But when you look at that quarterly statement and you say, "Wait a minute. My account went up how much?

Wait a minute. How much did I make? How much I went to work and I made the My portfolio made more money for me than I did going to work. That's an indicator. You're not at full financial independence cuz we're out to stress test this, we've got to figure it all out. But it is a pretty strong indicator that something's going right because in this moment in time, maybe it was outsized performance or good things that were going on in the market, it did more than you can with your back, your brain, and even your hands. That is powerful and that's very motivating.

>> Yeah, let's put some numbers to this. Let's assume that you have a salary or an income of $60,000 per year. Well, once your portfolio hits $750,000, if you can earn an 8% annualized rate of return, that rate of return was generate for you $60,000 a year in growth. If you make $90,000 a year, a portfolio of about 1.125 million dollars earning 8% would make $90,000 a year. If you make $120,000 a year, $10,000 a month, but you can build up a portfolio to a million and a half dollars, a million and a half dollars earning 8% annualized grows at a clip of about $120,000 per year. At this threshold, your dollars, your portfolio can actually work and generate more income, more return than you can on your own. Barney, you've already alluded this, it's not financial independence yet, but it is indeed moving in the right direction.

>> Well, think about it because this is just a snapshot in this moment in time. There's still inflation you have to take into account, the sequence of return risk, there's your specific needs in retirement, you know, are you going to be debt-free? Are the kids out of the house? There's a lots of things that go into it, but as I said earlier, still really strong indicator that you're moving in the right direction. >> And once you've done that, as you continue moving in that right direction, you do hit milestone number seven. And milestone number seven is exactly what we have been describing, financial independence, where now you have solved the money problem. You get to do what you want to do the way you want to do it on your own terms, and you've built a portfolio that can sustain and provide for you not only today, but also for the rest of your life.

>> of you who who consume personal finance content, you're going to want to do the napkin plan to see what that number might be for you. And something that a lot of people talk about when they're doing napkin planning is they do the safe withdrawal rate. You know, and the 4% rule is really popular. So, we figured why not? Now, look, there's some nuances. This is even potentially you could increase this beyond 4% depending on what age you decide that you're going to retire, but for just conversation's sake, if you need $50,000, you would need a portfolio of about $1.2 million.

If you want $100,000 in retirement, you would need a little right around $2.5 million. And for $150,000 in retirement, you would need $3.7 million. >> Now, again, you already said this. This is back of the napkin math. This is very rudimentary planning. When it actually comes time for you to reach financial independence, we want to make sure that you have a portfolio that is at a number that can provide for the specific life that you want to live, and it should factor in expenses that you have on a normal and ongoing basis, and then irregular expenses, and account for inflation and sequence of return, and social security, and different retirement income sources you might have in. And we want you to actually stress test that plan. Not just to make sure that I have a generalized plan that generally 4% would work, but no, I know specifically what my cash flows are going to look like from the time I retire. If I retire at 60, I want to answer the question from 60 to age 95, what are my base level living expenses? How am I going to pay for health insurance? How often am I going to replace my cars?

What do I want my travel budget to look like? How am I going to help my kids? And you have actually modeled that out and stress tested it to make sure that the pot of assets you've built up can actually sustain with a high probability success that lifestyle that you want to live.

When you've done that, and you've reached a high probability success, that's when we would argue that you are actually at milestone number seven, financial independence. >> I I love this type of content because guys, we've just taking you through seven key milestones where we we literally took you from just, you know, baby bird status to you leave the nest and now you're trying to figure out as do you own the nest? Do you get to be financially independent?

Where you at in your in your journey? And all these milestones are going to be building experience, they're going to be building wisdom, but I think you're going to probably get close to financial independence or maybe you're approaching in the next five years. And and part of wisdom is is looking at the situation going, man, I just don't know what I don't know. And you start going, holy cow, I have come so far, but I've never done this before. I've never managed a a multiple seven-figure portfolio.

What happens if this thing goes down 20 or 30%? Or do I have enough? Do am I structured right from a tax standpoint? Man, oh man, do I not like giving Uncle more than I should? All these things are going to be playing out in your head. Instead of you trying to figure out how you go about this all alone, it's that taking that simple portfolio that you tried to design and realizing you've reached through success complexity.

We'll leave the porch light on for we can help you this. We've literally help thousands of people build financial independence. We know where the blind spots. You do not have to figure this out all by yourself. We'll leave that porch light on for you. All you have to do is go to our website, consider becoming a client. Remember who started the abundance cycle and planted all the seeds of knowledge. I'm your host Brian, joined by Mr. Bo. Money Guy team out.