

# The Sydney Morning Herald

MONEY PLANNING & BUDGETING INTEREST RATES

## Who wants to be a millionaire?

By Emily Chantiri

May 1, 2019 – 12.00am

For as long as he can remember, Nicholas Muscat, 19, wanted to be rich.

Today, he is on target to make his first million before he turns 25.

His reason for financial freedom is to live life on his own terms.

“I knew in kindergarten I wanted to be rich,” Muscat says.



Nicholas Muscat, 19, says he is on target to make his first million before he turns 25.

“Although I didn’t really understand the concept fully, as I got older I came to accept that to do the things I wanted, I had to be financially free.

“I started saving my money. Then I realised I needed to make more. There is only so much you can save and cut back on.”

---

***“If I keep investing at the current rate and with similar returns, I’ll hit the million within five years”***

During his early teens, Muscat worked three jobs, including one involving online marketing reviews.

He kept his spending to a bare minimum and began a savings strategy.

Today, he runs his own highly successful marketing and education business.

Muscat utilises the benefits of compound interest through multiple investment methods to grow his wealth.

## Simple strategy

As well as investing in his high-growth business, he also puts a large portion of his cash into shares and Electronic Trading Funds (ETFs.)

“If I keep investing at the current rate and with similar returns, I’ll hit the million within five years,” he says.

His simple strategy for wealth creation is when his income increases, he puts more savings away.

Muscat shares some of his tips through his "[Aussiemoneyman](#)" blogs.

“Spend less than you earn, track your expenses and savings and invest your money if you want to reach your target quicker,” he says.

Business and lifestyle coach Jackson Millan, of [The Wealth Mentor](#), says people tend to overestimate what they can save in a year and underestimate what they save in 10.

“It’s a problem in today’s society, as most people are not willing to defer gratification long enough to achieve their goals,” he says.

“Define your goal and become clear about what you want and by when. This makes it easier to calculate.”

Compounding tabulators, such as [ASIC’s MoneySmart calculator](#), can be a valuable tool.

Millan’s keys to wealth creation is as follows:

**Understand your cash-flow** and ability to commit to savings or investments.

**Save first and spend what is left**, instead of saving what is left after spending.

**Set and forget.** Look for investments that are a little out of reach or harder to access than a linked bank account to keep temptation at bay. Also look into micro-investing platforms that are cheaper to invest, such as diversified index investments.

**Better to save something small than nothing.** Start small, even if only \$100 or \$200 a month. Set a reminder to review your contribution quarterly and increase it when you can.

## What is holding you back?

According to comparison site [finder.com.au](http://finder.com.au), Australians are the one of the world's worst savers, based on an analysis of statistics from the Organisation for Economic Cooperation and Development.

On average, Aussie households save just 2.1 per cent of their disposable income, down from 8.43 per cent in 2011. This equates to just \$1,528, on average, a year per household.

**How to become a millionaire if you save \$1,000 per month.** Finder calculates that starting with saving \$1,000 a month today, you could become a millionaire by 2061.

This assumes you are starting from scratch and you are able to contribute \$1,000 into a savings account, with a 3 per cent interest rate – one of the highest ongoing savings rates available.

If you can't wait that long, you would could reach the magic million in 27 years by lifting your savings to \$2000 a month, or 20 years at \$3000 a month.

---