00:00:09:13 - 00:00:39:04

Speaker 1

Welcome. My name is Andrew Baron and this is. Well… It Depends! The podcast where I address financial decisions that can't be answered by a simple yes or no. In this episode, I asked the question Should I keep saving if I'm a millionaire? But before we begin a short disclaimer, this is being recorded on July 9th, 2024.

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Speaker 1

The contents of this podcast are strictly for informational purposes only, and nothing said should be taken as investment, tax or legal advice. It's important to consult with a professional before making any financial decisions, as the strategies discussed may not be suitable for you specifically.

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Speaker 1

Getting into it. Should I keep saving if I'm a millionaire? Well, it depends.

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Speaker 1

Being a millionaire is a significant financial milestone, but does it mean you can stop saving entirely? Well, it depends on several factors. First, let's consider your lifestyle. Are you living modestly or do you have high expenses? If you're someone who enjoys a luxury and has significant expenses, it's crucial to keep saving, to maintain your lifestyle without dipping into your principal amount.

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Speaker 1

On the other hand, if you're living well below your means, you might have significantly more flexibility.

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Speaker 1

Next, let's talk about your financial goals. Just because you have over $1,000,000 doesn't mean you're set for life. Do you have aspirations for future wealth accumulation? Or are you looking at maintaining your current status? Perhaps you want to leave a legacy for your family or donate to charitable causes.

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Speaker 1

These goals require a disciplined approach to saving and investing.

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Speaker 1

Another critical factor is your investment strategy. Is your money working for you? Are you invested in stocks, bonds, real estate and other assets that can generate passive income?

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Speaker 1

A well-diversified portfolio could help you grow your wealth and provide a cushion for unexpected expenses. Even as a millionaire, it's wise to keep a portion of your income or gains set aside for continued investment.

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Speaker 1

We also need to consider the concept of inflation as well as your age. $1,000,000 today won't have the same purchasing power in 20 or 30 years.

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Speaker 1

If you're younger, you have a longer time horizon to live off of these assets, which means inflation can significantly erode the value of your money over time. Continuing to save and invest can protect your wealth against this erosion. On the other hand, if you're in your nineties, your time horizon is significantly shorter and inflation may not impact you as severely.

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Speaker 1

It's still wise to maintain a buffer in case any unexpected expenses arise.

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Speaker 1

Health and longevity are also significant considerations as medical technology advances and people are living longer. Longevity comes with more resources and additional health care costs. Continuing to save can provide a safety net for these extended years of life.

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Speaker 1

And let's not forget about taxes, depending on where you live and how your income is structured.

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Speaker 1

You may face tax liabilities. It's essential to have a strategy in place to maintain and minimize taxes. And saving can be part of the strategy.

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Speaker 1

Lastly, there's the peace of mind factor. Financial security isn't simply about numbers. It's about feeling confident that you can handle whatever comes your way. Continuing to save can provide a psychological buffer, reducing stress and allowing your wealth to grow without worrying in the future.

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Speaker 1

To recap, even if you've reached the million dollar mark, it's essential to consider your expenses goals, investments, age and other factors when deciding if you should continue saving. Financial security is about managing your wealth wisely to ensure long term stability and your happiness. So to answer the question, should I keep saving if I'm a millionaire? Well… it Depends!

Speaker 1: Andrew Baron, CFP®, EA