

SAVING IT FOR A RAINY DAY

OR DO YOU WANT TO GO CRAZY AND SPEND, SPEND, SPEND?

Over 40,000 SSIA account holders have recently received mega cheques. And over the next year, thousands more of us will receive our savings plus a top-up of 25% from the Government to spend as we wish.

So what's the plan? Because while financial institutions and the Government are encouraging us to re-invest, the temptation is to spend, spend and spend more.

In fact there's many ways to go – including either banking your SSIA, or blinging it...

BANK IT

How do wealthy people behave? The wealth of the country is in the hands of 20pc of the population according to Seamus Kane, managing director of SCK Wealth Management

And it seems truly wealthy people have certain characteristics which mark them out from the rest of us.

For starters, they bank up to 20pc of their earnings. So if you plan on building your empire on the back of your SSIA savings, you might want to consider the habits that Seamus has observed in wealthy people.

THEY SAVE REGULARLY

1 Wealth is not built by accident and contrary to popular belief, it is not inherited. Over 80pc of Irish wealthy people are first generation who have accumulated their wealth on a gradual basis. One of this generations key habits is a systematic disciplined savings plan. Seamus believes that the best way for anyone to develop this habit is to set up an automatic monthly savings plan where money comes off your pay check or out of your bank account before any other expenses or deductions.

THEY LIVE BELOW THEIR MEANS

2 What does a wealthy person look like? A typical wealthy person might not be the one that drives a new Mercedes, lives in the biggest house and wears nothing but labels, Seamus adds. Rather the wealthy individual is the person who has been living in the same bungalow for the past 20 years. They drive a nice car, but it is well taken care of and has low mileage.

THEY KNOW WHERE THEIR MONEY IS GOING

3 Most wealthy people not only live below their means but they are also very conscious of where they

spend their money. About two thirds of wealthy people know exactly where they are spending their money. If you want to become wealthy, you should develop a habit of tracking where you are spending your money on a monthly basis. Budgeting can be a very intimidating word but the fact remains, it is an essential habit for wealth accumulation.

THEY AVOID DEBT

4 Wealthy people make a very conscious effort to avoid, minimise and pay off debts. However, they are not afraid to borrow to increase their asset base. It's very easy in our society to access debt, every week post comes through your door offering lines of credit, credit cards and access to other forms of debt. 'No Money down', 'Don't pay till 2008', 'Interest Free' are all common ploys to get you to spend money you don't have. It's very enticing, but one of the habits you'll need to build wealth is to avoid spending money you don't have.

THEY MAXIMISE INCOME

5 The SCK Group have identified a correlation between wealth and income...the more money people make the more likely they are to build wealth faster. Yes, this makes intuitive sense, yet it's not always easy to just go out and increase your income. That being said, it is an important habit to building wealth – the trick is to find a way that suits you. Take time to train your mind to think outside the box about ways you might be able to increase your earning power. This might mean getting more education or starting a business or getting a part-time job. No one said building wealth did not take some effort.

THEY OWN APPRECIATING ASSETS

6 The majority of wealthy people own their own home. Owning your personal residence develops a 'productive wealth mindset'. Ownership gives you a better appreciation for the value of goods. And a lot of wealthy people typically consult professional wealth management experts to help them accumulate, manage and protect their wealth.