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The Get-Rich-Slow Scheme

It's a lot easier to gain -- and keep -- wealth by building it at a measured pace. Here are some simple ways of doing so

Feeling in a big rush to get wealthy? That's understandable. As the gap between rich and poor increases, many Americans want to "keep up with the Joneses" in terms of material goods but also face pressures to get ahead in their careers, save for retirement, and set their children on the path toward success.

American society is more cutthroat than ever, and it takes not only great skill and smarts to get ahead, but often a willingness to cut corners, says David Callahan, a PhD and author of *The Cheating Culture*. "How do you get rich slow when you need $600,000 to buy an entry-level house in Westchester?" asks Callahan.

The truth is it's a lot easier to get rich -- and stay rich -- today by going it slow rather than latching onto a get-rich-quick scheme. Best-seller lists are clogged with books that explain in great detail how to *Start Late, Finish Rich*, or become *The Millionaire Next Door*. But much of the advice boils down to some pretty simple rules to live by. Here are five steps to slowly gaining the kind of financial security most people only dream of:

1. Live below your means
It's easier said than done when 75% of the U.S. economy is based on consumer spending and when both cultural norms and easy credit terms encourage people to buy what they want, observes Peter Cohan, an author and investor in Marlborough, Mass. But living below your means is the way to avoid unnecessary debt. Christopher Zook, chairman of CAZ Investments in Houston, recommends borrowing money only to purchase a home or fund your education.

Rule 1 also means saving a portion of your earnings. Here's an easy way to make that happen: Simply set up an automatic investing program with a mutual-fund company so that a cut of your paycheck -- let's say 10% -- is socked away each month. The key is to make it happen automatically, advises author David Bach, whose list of bestsellers includes *The Automatic Millionaire*.

2. Take calculated risks
To make serious money, you're going to have to take some risk. That could mean career risks -- such as starting your own business. But it might be safer -- and suit your temperament better -- to take investment risks.

Tom Taulli, co-founder of CurrentOfferings.com, says the investors he knows who are reaping the greatest rewards now are the ones who made some small investments in tiny startups and then forgot about them. "If one or two ideas hit pay dirt, that can have a huge impact on a rate of return," he says. "That's what venture-capital investing is all about."

3. Diversify your investments
By purchasing a mix of assets and holding them through market cycles, you can take enough risk to actually earn a decent return on your investments -- but won't get hurt too badly by a meltdown in a specific stock or asset class. *BusinessWeek*'s **Midyear Investment Guide** offers some suggestions for alternative investments.

4. Keep your nose clean
Too many people today try to get ahead in life by cutting corners -- cheating on an exam, cooking the books, or stealing an idea from a colleague, says Callahan. Despite some recent high-profile convictions of top executives caught with their hands in the corporate till, the risk of getting caught today is still pretty low (one reason Callahan thinks corporate malfeasance is so frequent).

"The real risk is losing your soul," he says. "People think they can catch up on their values later. But cheating can be a slippery slope, and you may regret it even if it doesn't lead to big trouble."

5. Keep your eyes on the prize

Isn't it happiness, not riches, we're all really after in the end? A growing body of academic research shows that an individual's level of happiness usually doesn't improve with a rise in income.

Robert Frank, a professor at the Johnson Graduate School of Management at Cornell, explained in a spring 2004 article in *Daedalus*, the journal of the American Academy of Arts & Sciences, that the reason people don't get happier when they get wealthier is that they spend money on things like bigger houses and more expensive cars that don't improve their quality of life.

Instead, he suggests, Americans should use their incomes to buy "inconspicuous goods -- such as freedom from a long commute or a stressful job." It's a goal worth keeping in mind as you accumulate wealth -- the slower the better.

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