10 Money Habits of the Wealthy

Kris de Jong · 26 February 2025

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Want to get rich? These 10 Money Habits of the Wealthy, updated for 2025, are so easy you'll automagically accumulate wealth on autopilot!

Yes, you can become a millionaire on an average income. Follow these 10 simple habits of the rich and you will become wealthy.

Money Habits of the Rich...

1. Get Rid of Bad Debt

This is the first step in wealth creation. You must understand the difference between good debt and bad debt. Good debt might be...

- A mortgage on your own home or investment property.
- Student loans for valuable education (i.e. the type of education that will lead to a high-income career).
- Business loans that help you earn more.

Just about everything else is **bad debt**. Do everything you can to avoid bad debt.

Examples of bad debt are credit card debt and buy-now-pay-later purchases. You need to clear these before you can start building wealth.

2. Be Moneywise About Your Spending

Always look for ways to spend less. Before buying anything, ask yourself...

- Do I really need this?
- Will it make me happy long-term?
- Is there a cheaper option?

It's okay to spend money on things that truly matter to you. The key to happiness is to...

- ***Stop all impulse buying!***
- Only buy things you really need.
- Don't overspend to get the 'best' model full of features you don't actually need.
- Outside of things you really need, only buy stuff that brings long-term joy or value to your life.

3. Pay Cash for Big Purchases

Never buy anything on hire purchase or with a personal loan. Want something expensive? Save up for it until you can afford it instead of using credit. This includes electronics and, yes, even cars.

Waiting until you have saved up for it is called delayed gratification, and it's a hallmark of successful people. Forty years of Stanford research found that people with this quality are **more likely to succeed**.

Waiting is hard, but you'll...

- Save money on interest (lots of money).
- Often get better deals when paying in full.
- Feel prouder of your purchase.

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4. Ditch the Credit Card

In 2025, there are many wise ways to pay without credit cards...

- Debit cards
- Digital wallets (like Apple Pay or Google Pay)
- Payment apps (like Venmo or CashApp)

You use **debit cards** just like a credit card, except you are spending your own money, not going into debt and paying interest.

IMPORTANT: When you use **digital wallets** or **payment apps**, tie them to your debit card, not credit card. This lets you spend only what you have, which means you're not going into debt and paying interest.

One tip: If you must have a credit card, only use it if you can pay the full balance every month.

5. Buy a Used Car & Be Smart About Transport

One of the best ways to throw money away is to buy a brand new car. A new car loses value fast - up to 30% in the first year!
Many millionaires never buy a new car because they know how much it depreciates as soon as they drive it off the yard.
Consider these options instead...

- Buy a used car (2-3 years old is often best)
- Use public transport where possible
- Try car-sharing services
- Look into electric vehicles for long-term savings

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6. Save Automatically

Set up an automatic transfer of at least 10% of your income into a savings account or investment fund. It's called "**pay yourself first**", and it's one of the fundamental habits of the rich.

Doing this forces you to live on less than you earn. It's a basic part of [wealth creation].

In 2025, you can use...

- High-yield savings accounts
- Index funds
- Investment apps
- Retirement accounts

IMPORTANT: If you currently have a mortgage on your own home, pay that off first. You must do everything you can to pay it off as quickly as possible. See habit 10.

7. Pay Less Tax

Tax is probably your biggest expense. You would be shocked at how much tax you actually pay. Hint: It's more than just PAYE...

- Income tax (PAYE)
- Goods & Services tax (GST)
- Excise on petrol. And you are charged GST on the fuel excise, which amounts to a tax on a tax.
  - For petrol retailing at $2.75 per litre, over $1.20 per litre was collected by the government as fuel excise, duties and taxes (as of mid-2024).
  - Every time you fill up, 44% of that cost is tax. *(Ref: AA)*
- Road User Charges (RUC) paid by users of diesel vehicles, electric vehicles, and plug-in hybrid electric vehicles (PHEVs).
- Excise on alcohol. And you are charged GST on the alcohol excise, i.e. a tax on a tax. For every bottle of table wine you buy, about $2.50 is excise.
  - In total, that $10 bottle of wine you buy from the supermarket? About $3.80 is tax.
  - That 12-pack of Heineken you buy on special at $24? About $9.30 is tax.

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- Excise on tobacco. And you are charged GST on the alcohol excise, i.e. a tax on a tax. Tobacco excise duties and GST currently account for around 70% of the retail price of most cigarettes and loose tobacco.
  - NOTE: Wealthy people do not smoke. It's expensive, you'll die early, and your quality of life towards the end will suffer. It's a mug's game; don't go it.
- Accident Compensation Corporation (ACC) levies, which are deducted from your wages.

There are more but you get the idea. The government has many ways to dip its hands into your pockets!

Accountants have calculated that if you are earning $60,000 a year as an employee, you are paying over half of it back in taxes!

You can get a lot of legal tax deductions by having a **home-based business**. Even a **side hustle**.

8. Pay For Good Financial Advice

Find advisors who work directly for you, not for banks or investment companies.

If they're paid by someone else, or get juicy commissions for what they promote, they're not incentivised to look after your best interests.

It's important to make sure you're the one paying for an advisor's services.

If an advisor appears to be independent but they don't charge you a fee, beware! You're still actually paying, only indirectly. The investment provider (fund, finance company, etc) will be paying the advisor a commission, which is paid for out of your investment.

And the advisor is therefore conflicted because they are incentivised to push an investment that might not be the best one for you. Plenty of investors found this out when finance companies went belly up after the 2008 GFC.

A great starting point is to get independent Wealth Coaching advice.

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9. Keep Learning About Money

Make it a habit to read about money and investing on a regular basis...

- Follow trusted financial experts online
- Read money blogs and books
- Listen to personal finance podcasts
- Take free online money courses

The better your knowledge, the better your financial decisions.

10. Pay Off Your Mortgage FAST

If you have a mortgage, do all you can to pay it off as fast as you can...

- Make extra payments when possible.
- Consider fortnightly payments instead of monthly.
- Use windfalls (tax returns, bonuses) for the mortgage.
- When you get a salary increase, put all of the increase into your mortgage payments.
- Make short-term lifestyle compromises for long-term gains.

Let's say you have a 30-year mortgage of $600,000 at 6% interest. You'll pay back the $600,000 you borrowed plus $695,029 interest over the term of your mortgage.

But if you increase your payments and pay it off over 15 years, you'll only pay $311,365 interest.

You save $383,664 by paying it off quicker. Over a $⅓ million added to your long-term wealth!

That's why it's important to bite the bullet and pay down your mortgage as fast as you can.

Even if it means having local holidays instead of jetting off overseas. And yes, having scrambled eggs at home instead of smashed avocado on sourdough with an oat milk latte at a cafe.

Once you're mortgage-free, you can divert your mortgage payments into investments instead.

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BONUS HABIT...

11. Use Dollar Cost Averaging

Want to know how the wealthy build their investment portfolios? They don't try to time the market - they use dollar cost averaging instead. It's their secret wealth-building weapon.

Dollar cost averaging is a wealth-building strategy that dates back to 1949, when legendary investor Benjamin Graham first revealed it in his book, *The Intelligent Investor*.

The strategy is simple but powerful...

- Invest the same amount of money every month.
- Keep doing it whether the market is up or down.
- Increase the amount as your income grows.
- Automate it so you never miss an investment.
- Let time and consistency work their magic.

Here's why it works: When you invest the same amount each month, you automatically buy more shares when prices are low and fewer when they're high. Over time, this leads to a better average purchase price than trying to time the market.

Let's look at a real example. You invest $500 monthly in an index fund...

- Month 1: Share price = $5.00 → Gets 100 shares
- Month 2: Share price = $2.50 → Gets 200 shares
- Month 3: Share price = $4.00 → Gets 125 shares

The Wealth-Building Power? Once you've crushed your mortgage (see habit 10), rich people redirect those payments into a dollar cost averaging strategy.

Imagine turning your old $3,500 monthly mortgage payment into a wealth-building machine!

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The wealthy get rich steadily and systematically, letting strategies like dollar cost averaging work for them over time.

Want to really accelerate your wealth? Combine this with the other 10 money habits of the wealthy and you'll be well on your way to financial freedom.

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These are the money habits of the wealthy. Remember: It's not about getting rich quick; it's about being consistent. The money habits of the wealthy have a compound effect over time to help you build lasting wealth.

About Kris de Jong

Kris de Jong is an experienced and certified executive coach, life coach and wealth coach, focused on getting real results for his clients.

He is used to performing at the highest levels (represented NZ in athletics) with a science background (BSc in Biology and Psychology) and a stack of coaching certifications. He's also a leadership and business consultant for two New Zealand companies he has invested in.

Kris has managed large and diverse teams over the years, with significant experience in HR, recruitment, performance and people management. He uses an evidence-based approach in his coaching work - one of the reasons his clients get such great results.

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