10 Tips to Building Wealth in Your 30s

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Saving should be a must-do on your list — treat it as non-negotiable.

Everyone knows that when it comes to wealth, it works best for you when time is on your side. So the sooner you decide to get the ball rolling, the better.

However, if you find that your finances are not growing as the years go by, don't lose hope. It's never too late to make a start. The **Jamaica Observer** spoke with Safiya Carroll, an investment professional, to get a few tips on how to make up for lost time and build wealth in your 30s.

1. Make saving a priority

No matter how difficult it may seem, it is imperative to make the commitment to put aside some money from every pay cheque, be it one-tenth, a few hundred, or a few thousand dollars. Don't spend it all!

According to Safiya, it is important to "understand your needs vs your wants. We often buy things that we don't really need. However, that money could be used to do something substantial for yourself. So if that purchase isn't something assisting you towards a goal right now, you have to determine if it makes sense to go ahead with it, especially if it's a big expense."

Saving should be a must-do on your list, just as important as paying your electricity bill. Treat it as non-negotiable.

2. Maintain a budget

It is tempting to play it by ear, making purchases using your debit or credit card and doing so without a trace. Especially when money spent sans actual physical cash somehow feels painless. However, you can't measure what you can't see. Having a budget helps you to see clearly what money is coming in and more importantly, how much is going out. Having a set amount of cash for particular activities, then putting your spending on paper, or on a simple spreadsheet, can give you insight on your spending habits and show what is draining your funds.

"A budget is important, as it allows you to see how much you have and what you may need to work towards to help you achieve certain goals. It can be something as simple as determining whether you need to seek additional income, such as doing a course to improve your skillset, or even seeking another job that pays more," she said.

3. Live within or below your means

This is particularly difficult, as the temptation is strong to live it up and spend, spend, spend. However, resist the urge to keep up with the Joneses, and instead try to live within or even below your means.

"There are so many pictures of people online, having amazing holidays and attending all kinds of events, but when it's time to invest they have no money," she said.

"Frugality can be your friend in many ways. If you are going out with friends to a restaurant, check the cost before time (you can call or do so online). This can give you an idea of what your budget should be like and help you to know what you will be able to afford. "Frugality doesn't have to suck the fun out of the experience. It just gives you the chance to enjoy the same things in a more fun and creative way."

4. Invest in a financial instrument (stocks)

Considered a risky move for some, investing is one way to build wealth. Depending on your aversion or openness to risk, this can pay off quite handsomely. However, you need a lump sum to invest, plus the discipline to wait a while and not be influenced by the ebb and flow of the market.

For Safiya, the stock market provides an opportunity that many young people aren't making use of. Understanding the stock market is also a great opportunity to make money, even if they start small. Lots of young people aren't capitalising on it enough. They are just doing enough to get by. Yes, they have a savings account, but a savings account is really not enough.

"Many recent initial public offerings were less than $10,000. So it's a minimum investment that you can plan towards. So many IPOs have come out that did well. People need to capitalise on it," she said.

5. Have an emergency fund

Anything can happen: sudden unemployment, a death, or illness. This can put a significant strain on your current budget or even totally wipe it out. This is why it is always wise to have an emergency fund. This is money separate from your savings that is left untouched unless there is an emergency. A sort of cushion to help in the difficult periods, without you having to break into investment accounts or other long-term savings.

"Some professionals recommend six months' salary in savings. With companies constantly evolving, you need to think of the future and have money put aside in case your company downsizes or you unfortunately lose your job," stated Safiya.

6. Think of the kids

This may seem presumptuous, but though you may not already be ahead, always try to get a head start where you can. Think of future large expenses and start planning for them now.

For instance Safiya suggests, “The concept of marriage is not something you need to think about only when you're in the process of being married. You can think about it before and start preparing financially.”

Recently married but no children? Nevertheless, start considering a college fund. If you're dating and don't yet have a home, open an account with a building society to start saving towards your own home. Yes, you may not have all that is needed to make these purchases now, but laying a good foundation will make them easier to achieve later.

7. Minimise and manage debt

One way to grow wealth is to simply manage your debt. Minimise or significantly monitor large purchases, credit card use and payments. Pay bills on time to avoid late payments which incur penalty fees, as they do add up and can easily get out of hand. The debt may then have an effect on your ability to make future large purchases, such as a home or a vehicle.

“Lots of people are taking on debt for depreciated assets. If you can, consider buying a pre-owned car, or get roommates to share costs, thus lessening your expenses,” she advised.

8. Invest in quality over quantity

At this stage one should also be willing to invest in quality items over those that might save a buck now, but will cost more in the long run when they wear out fast. Invest in quality items that will last.
“The internet is your friend!” says Safiya, “Online shopping has given people a great opportunity to capitalise on sales. Instead of shopping all the time, purchase at key times and at sales. So wait for sales in local stores, or source them online.”

9. Get a side hustle

Thirty today is the new 20. Most 30-year-olds are pretty young-looking and quite healthy. Why not find a way to add an additional stream of income to your main source – a “side hustle” or a job on the side? It could be that idea you have been playing around with in your head for months. Why not attempt it? Teach a math class for two hours on a Saturday or Friday afternoon, or explore your passion, and sell those cakes you are so good at. Do some marketing consulting on the side. Write and publish an ebook on an area of expertise. There are so many things a talented person in their 30s could do to add an additional few thousand dollars a month to their income. Though this may not seem like much, these funds could be funnelled into handling a particular expense, such as paying part of your electricity bill, petrol bill or even the weekly toll.

10. Financial literacy is key. Be in the know

Finally, Safiya urges us to keep informed. “Learn what you can, there is so much information available to us today, so seek it out. Get the information necessary to make better financial decisions. Ask your local financial advisors what would work best for you in your situation. Ask pertinent questions so that you can get the financial literacy necessary.”

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