



## Do You Think Like a Millionaire?



Answer each question “True” or “False.”

1. Most millionaires are college graduates.
2. Most millionaires work fewer than 40 hours a week.
3. More than half of all millionaires never received money from a trust fund or estate.
4. More millionaires have American Express Gold Cards than Sears cards.
5. More millionaires drive Fords than Cadillacs.
6. Most millionaires work in glamorous jobs, such as sports, entertainment, or high tech.
7. Most millionaires work for big Fortune 500 companies.
8. Many poor people become millionaires by winning the lottery.
9. College graduates earn about 65 percent more than high school graduates earn.
10. If an average 18-year-old high school graduate spends as much as an average high school dropout until both are 67 years old, but the high school graduate invests the difference in his or her earnings at eight percent annual interest, the high school graduate would have \$5,500,000.
11. Day traders usually beat the stock market and many of them become millionaires.
12. If you want to be a millionaire, avoid the risky stock market.
13. At age 18, you decide not to smoke and save \$1.50 a day. You invest this \$1.50 a day at eight percent annual interest until you are 67. At age 67, your savings from not smoking are almost \$300,000.
14. If you save \$2000 a year from age 22 to age 65 at eight percent annual interest, your savings will be over \$700,000 at age 65.
15. Single people are more often millionaires than married people.





## Do You Think Like a Millionaire?

Directions: circle your choice for each question.



1. True or False
2. True or False
3. True or False
4. True or False
5. True or False
6. True or False
7. True or False
8. True or False

9. True or False
10. True or False
11. True or False
12. True or False
13. True or False
14. True or False
15. True or False

# Do You Think Like a Millionaire?

## Answer Key

- 1. True.** Four of five millionaires are college graduates. Eighteen percent have Master's degrees, eight percent law degrees, six percent medical degrees, and six percent Ph.D.s.
- 2. False.** About 2/3 of millionaires work 45-55 hours a week.
- 3. True.** Only 19 percent of millionaires received any income or wealth of any kind from a trust fund or an estate. Fewer than 10 percent of millionaires inherited 10 percent or more of their wealth.
- 4. False.** Only 28.6 percent of millionaires have American Express Gold Cards while 43 percent have Sears credit cards. Only 6.2 percent of millionaires have American Express Platinum Cards.
- 5. True.** Ford is preferred by 9.4 percent and Cadillac by 8.8 percent. Lincoln comes in third at 7.8 percent. Only 23 percent of millionaires drive a current-year (new) car.
- 6. False.** A majority of millionaires are in ordinary industries and jobs. They are proficient in targeting marketing opportunities.
- 7. False.** About three out of four millionaires are self employed and consider themselves to be entrepreneurs. Most of the others are professionals, such as doctors, accountants, and lawyers.
- 8. False.** Few people get rich the easy way. If you play the lottery, the chances of winning are about one in 12 million. The average person who plays the lottery every day would have to live about 33,000 years to win once. In contrast, you have a one in 1.9 million chance of being struck by lightning. A pregnant woman has one chance in 705,000 births to have quadruplets. How many sets of quadruplets do you know?
- 9. True.** In recent years, the average college graduate earned 66 percent more than the average high school graduate. People with professional degrees earned 150 percent more than high school graduates.
- 10. True.** Of course, a normal person would spend some of the difference, but it is a dramatic illustration of how valuable a high school diploma is. The difference in earnings between a high school graduate and a high school dropout is \$8000 at age 18. The illustration assumes the difference increases by 1.5 percent each year and that the difference is invested at eight percent interest each year.
- 11. False.** Recent studies show that 80 percent of day traders lose money.
- 12. False.** Long term (starting in 1926 and including the Great Depression), the Standard & Poor's 500 Stock Index has increased at about an 11 percent compound annual rate of return, exceeding the return on any other investment. Of course, there is risk. The stock market has down years, and there is no guarantee of an 11 percent return in the future, especially in the short run. In contrast, the long-term return on risk-free U.S. government securities during the same period ranged from five to six percent. Another way of looking at this is that \$1.00 invested in the S&P 500 on January 1, 1926, was worth \$1,828 on December 31, 1997. One dollar invested in long-term government bonds during the same period was worth \$39 on December 31, 1997. It probably paid to take the additional risk of buying stocks.
- 13. True.** Because of the power of compound interest, small savings can make a difference. It pays to resist temptation and live below your means.
- 14. True.** Because of the power of compound interest, the earlier you begin saving, the better. Regular saving will make you a millionaire, even if your salary is modest.
- 15. False.** Most millionaires are married and stay married. By contrast, divorce is a gateway to poverty. Financially speaking, divorce is something you want to avoid, particularly after you have children. It is important to choose a marriage partner carefully.