

Money In Minutes

Wealth Habits Guide — 5 Things Rich People Never Buy

The purchases that quietly drain your net worth (and what to do instead)

Millionaires build wealth not by earning more, but by refusing to spend on things that lose value the moment you buy them.

5 Things Rich People Never Buy

1 **Brand New Cars** **LOSES 20-35% IN YEAR 1**

A new car loses 20% of its value the moment you drive off the lot and 35% within 3 years. The average new car payment is \$726/month — that's \$8,712/year going toward a depreciating asset.

→ **Do This Instead:** Buy a 2-3 year old Certified Pre-Owned (CPO) vehicle. You save 20-40% off sticker price, still get manufacturer warranty coverage, and let someone else absorb the steepest depreciation. A \$45K new car is \$27K-\$36K CPO — that's \$9K-\$18K saved instantly.

2 **Extended Warranties** **80% NEVER USED**

Retailers make 50-70% profit margins on extended warranties. Studies show 80% of extended warranties are never claimed, and when they are, the repair cost is often less than the warranty price.

→ **Do This Instead:** Self-insure. Put the warranty cost (\$50-\$300) into a "replacement fund" savings account. If you can't afford to replace an item without a warranty, you can't afford the item. Credit cards like Chase, AmEx, and Citi already extend manufacturer warranties by 1-2 years for free.

3 **Timeshares** **90% VALUE LOSS**

The average timeshare costs \$24,140 upfront plus \$1,120/year in maintenance fees forever. They lose 90% of their value on resale — many owners literally can't give them away. Maintenance fees increase 8% per year on average.

→ **Do This Instead:** Rent vacation homes on VRBO/Airbnb. You get variety, no maintenance fees, no long-term commitment, and you can travel wherever you want. At \$1,120/year in fees alone, you could fund a nice vacation rental each year with no \$24K sunk cost.

4 Lottery Tickets **-50% EXPECTED RETURN**

Americans spend \$100 billion on lottery tickets each year. For every \$1 spent, the expected return is just \$0.50 — a guaranteed 50% loss over time. Low-income households spend an average of \$412/year on lottery tickets.

→ **Do This Instead:** Put that money into an S&P 500 index fund. \$412/year invested at 10% average return = \$72,000+ over 30 years. The lottery is a tax on people who don't understand math. Index funds are the real wealth lottery — and the odds are in your favor.

5 Status Symbols **\$0 RETURN**

Designer clothes, luxury watches (worn), flashy jewelry, brand-name everything. The average American spends \$1,800/year on clothing alone. Most status purchases lose 60-90% of value immediately and generate zero income.

→ **Do This Instead:** Apply the Wealth Filter — only spend on things that: (1) appreciate in value, (2) generate income, or (3) reduce your taxes. A \$5,000 watch impresses strangers. \$5,000 in dividend stocks pays you \$150-\$250/year — forever.

What Rich People DO Buy

Assets That Appreciate

- **Index funds & ETFs** — S&P 500 has returned 10.5% annually since 1957
- **Real estate (rental properties)** — cash flow + appreciation + tax benefits
- **Their own business** — the #1 wealth creator for self-made millionaires

Education & Skills

- **Books & courses** — average CEO reads 52 books/year; average person reads 4
- **Certifications & training** — directly increases earning power
- **Coaching & mentorship** — shortcut decades of trial and error

Time (Outsourcing)

- **House cleaning** — \$150/month buys back 15+ hours
- **Lawn care / meal prep** — free up time for income-generating activities

- **Virtual assistants** — \$500-\$1,000/month to handle \$15/hr tasks while you focus on \$100+/hr work

Quick Action Checklist

- Review your last 3 months of spending — highlight every depreciating purchase
- Cancel any extended warranties you can still get refunds on
- Set up auto-invest: redirect "status symbol" spending to index funds
- Apply the Wealth Filter to your next 5 purchases (appreciate, income, or tax benefit?)
- Calculate your "car cost" — if paying over \$500/month, explore CPO alternatives
- Replace one monthly "want" with an investment contribution this week

The goal isn't to never spend money. It's to spend intentionally — on things that make your life better AND make you wealthier over time.

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