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## The key to saving money is like watching paint dry

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It is magic—you just save, invest wisely and unemotionally, and you have wealth at the end. Really.

One of hardest beliefs to relay to those who want to be financially secure are the basic tenets of saving “enough” and being patient for a long time. During this long process, the investing must be in a careful and unemotional disciplined manner.

It works every time—but it is like watching the proverbial paint dry.

What doesn't work? Almost anything but this.

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Not saving enough (for most families, at least 15-20% of income from a young age) is a certain way to fail. Not being patient for many years as your accounts swing up and down in price is a recipe for failure as well.

Investing by buying what is “hot” and selling when scared is a sure thing for a bad outcome. Even just watching your portfolio too closely usually ends up with mistakes being made. Not being diversified is a mistake, as you end up concentrated in the asset classes that have finished doing well, and underinvested in those with a brighter future.

I'm not saying it is easy. It isn't. It's hard. Few investors do it well. Some investment advisors fail when they succumb to the fear of losing clients who seek “performance.”

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Not everyone has the same need for growth, and there are different varieties of portfolios for different goals. Yet, it is the very rare family that does not need or want to keep up their purchasing power after taxes and inflation. This means at least three to five percent growths on average per year.

I'm asked how much I monitor my personal investments. On a religious basis, I look once a year. Not that I do anything after looking, as I make modifications in the portfolio from time to time only when I think an asset class has either become overvalued or undervalued. Otherwise, I know it is a mistake to care too deeply about any short to intermediate changes.

Looking once a year, I notice a trend upwards. Not every year, and sometimes it takes a few years. But there is more money there averaged out over time.

Some of the money is due to my savings and additions. But, portfolio growth occurs as well, and as the base of savings increases, you begin to see the growth overtake the yearly additions. Magic.