

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



How the Rich Got That Way

By: www.ProfitableInvestingTips.com

The point of investing is to put your money to good use, protect yourself against a rainy day, and to get rich. We hear on the news about Elon Musk, Jeff Bezos, Warren Buffett, Bill Gates, the Walton family and the rest. But, unless you are going to fall into the honey pot by being born rich, will invent something very profitable, or be absolutely lucky you are not going to end up in the top ten richest in the world. But, how about ending up in the top tenth of a percent of earners in the USA? A new book, *Capitalists in the 21st Century* gives us clues about how the rich got that way.

140,000 Americans Earn More Than \$1.58 Million a Year

The study from which this information comes from took information from the IRS with identifying data removed. This “de-identified” data contained information about types of work or businesses and if the person owns a business or works for a salary. It tells us about taxable income and not inherited wealth or accumulated assets not subject to taxation. The bottom line is that these folks tend to own businesses instead of being paid a salary. They also tend to own regional businesses that are somewhat protected against competition. Two examples are “beverage distributor” and “auto dealer.”

Equity Versus Wages As a Path to Wealth

The IRS data for the top 0.1% of earners shows us that three-fourths of this group earn their money from a business that they own and a fourth earn the majority of their income from the wages they are paid. In addition, the businesses represented in this list of top earners are not fancy or sexy. But they are reliably profitable. Examples include business equipment contractors, gas stations, and auto repair shops. These businesses are in contrast to stores that sell cosmetics, clothing, or toys which last on average three to four years which is better than record stores which last on average two and a half years.

Businesses Protected From Competition

While auto dealerships representing different makes and models of vehicles compete with each other dealerships within the same brands do not. Thus, a GM, Toyota, Ford, or Tesla dealership does not compete with others in their brand. This is unlike the record, cosmetic, and toy stores that commonly go out of business after a couple of years. Beverage distributors are protected by laws that prohibit beverage makers from distributing their own products and both they and auto dealerships are protected by laws against “unfair” competition.

Getting Rich by Investing

The information from the IRS covers people who pay taxes on income and not people who have invested wisely and have not paid taxes on capital gains because they have not sold yet. Nevertheless, a number of the

lessons learned from how the rich got that way from the IRS information also apply to investing in stocks, bonds, real estate, commodities and the rest. Think of stocks with margins of safety as being like businesses that have legal or contractual protection from competition. Think of intrinsic value analysis like choosing businesses that are boring but tend to make money and endure.

Every investor wishes that they had bought Microsoft the day it went public or bought Bitcoin when it was a dollar. Investors who use fundamental analysis to pick investments with the best chances of success outperform those who jump into popular stocks at the top of a bull market only to lose everything in a crash. Dull and boring but generally successful approaches to investing include starting early, using [dollar cost averaging](#), and choosing investments with strong [intrinsic value](#).

For more insights and useful information about investments and investing, visit www.ProfitableInvestingTips.com.

FREE training materials.

Free Weekly Investing Webinars

Don't miss these free training events!

<http://www.profitableinvestingtips.com/free-webinar>

Forex Conspiracy Report

Read every word of this report!

<http://www.forexconspiracyreport.com>

Get 12 Free Japanese Candlestick Videos

Includes training for all 12 major candlestick signals.

<http://www.candlestickforums.com>

Disclaimer: Trading and investing involves significant financial risk and is not suitable for everyone. No content on this document should be considered as financial, trading, or investing advice. All information is intended for educational purposes only.

