



G. Ingles Art and Finance  
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“[Proverbs 13:11](#): "Wealth gained hastily will dwindle, but whoever gathers little by little will increase it."

## Saving Towards \$100,000

**Question: I only make \$40,000 a year. How can I save \$100,000 and how long will it take?**

Saving \$100,000 on a \$40,000 annual income is a significant goal that requires a blend of discipline, time, and strategic investing. On a \$40k salary, your monthly take-home pay (after taxes) is likely between **\$2,600 and \$2,800**, depending on your state.

The timeline to hit \$100k depends entirely on your "savings rate"—the percentage of your income you keep rather than spend.

### 1. The Timeline: How Long Will It Take?

Below is a breakdown based on different levels of monthly savings, assuming you start from \$0 and use a **High-Yield Savings Account (HYSA)** or **Index Funds** to help the money grow.

Monthly Savings	% of \$40k Gross	Time (Cash Only)	Time (7% Annual Return)
<b>\$400</b>	12%	20.8 Years	<b>12.5 Years</b>
<b>\$600</b>	18%	13.9 Years	<b>9.5 Years</b>
<b>\$1,000</b>	30%	8.3 Years	<b>6.5 Years</b>

**Note:** A 7% return is the historical average for the stock market (like the S&P 500) after adjusting for inflation. If you just leave the money in a standard bank account with 0.01% interest, it will take much longer.

### 2. The "Gap" Strategy

To reach \$100k, you have to widen the gap between what you earn and what you spend.<sup>1</sup> On \$40k, the biggest hurdles are housing and transportation.<sup>1</sup>

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- **Slash Fixed Costs:** If you spend \$1,200 on rent, saving \$1,000 a month is nearly impossible. Consider a roommate or living in a lower-cost area to bring rent down to \$600–\$800.
  - **The "Used Car" Rule:** Avoid car payments. A \$400/month car loan is the "savings killer" for this income bracket.
  - **Tax Advantages:** Use a **Roth IRA**. Since your tax bracket is currently low, you won't pay taxes on the growth or the withdrawals later, making your \$100k worth much more in real-world value.
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### 3. Making the Math Faster

If 10+ years feels too long, you have two "levers" to pull:

1. **The Side Hustle:** Adding just \$500/month in extra income (freelancing, gig work) and saving all of it can shave **4–5 years** off your timeline.
  2. **Career Growth:** The most effective way to save \$100k isn't just cutting coupons; it's moving from \$40k to \$60k. If you reduce your current lifestyle while your salary increases, you could hit your goal in **under 4 years**.<sup>2</sup>
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### 4. Your Thoughts:

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