

ADOBE STOCK



STEALTH WEALTH

Why some high earners keep their money under wraps

KATE ASHFORD | NerdWallet

Have you ever known someone who lived an average life doing average things — but then you discovered that they had two additional homes or collected expensive, rare art?

If so, you may have gotten a glimpse of “stealth wealth.” That’s when someone has significant net worth but intentionally avoids splashing out on luxury items.

“It’s not people trying to look poor,” says Julian Morris, a certified financial planner (CFP) with Concierge Wealth Management in Boston. “It’s people opting out of showing everything. For example, maybe they aren’t posting their luxury vacation on social media.”

WHAT IS STEALTH WEALTH?

Stealth wealth generally refers to very wealthy people who purposely conceal their riches by living well below their means.

That said, financial planners note that for some clients, it’s more about choosing to spend conservatively than taking a cloak-and-dagger approach to their financial situation.

“I think it all goes back to the concept of the ‘Millionaire Next Door,’” says Michael Espinosa, a CFP with True-North Wealth in Salt Lake City. “Many of our clients live a relatively modest lifestyle but have millions of dollars.”

At the same time, in spots with high cost of living and high-profile jobs — think California and New York — some of the wealthiest people might keep a low profile to protect their privacy.

“You see a lot of that in San Francisco,” says Sarah Maitre, a CFP and

founder of Camriel Advisors in Mount Shasta, California. “There are a lot of folks there with astronomical amounts of wealth who you would have no idea could spend the amount of money that they’re able to.”

WHAT DOES STEALTH WEALTH LOOK LIKE?

Stealth wealth looks a lot like the average person living an unassuming life — but with a large nest egg that either few people know about or that isn’t advertised. They might drive a run-of-the-mill car and wear unremarkable shoes. For them, blanket luxury isn’t the point.

“People that have the most money don’t talk about it,” Morris says. “There are plenty of partners at law firms making seven figures who live in 2,000-square-foot houses.”

But the stealth wealth lifestyle might include subtle splurges that only the keen-eyed will notice. Maybe they’re wearing a watch that costs \$5,000 or drinking scotch that runs four figures per bottle.

It’s about “aligning your spending with what you value,” says Gabrielle Wallace, a financial coach based in both New York City and Kansas City, Missouri, who works with female entrepreneurs. “It’s more about time and experiences, and less about proving your success to the outside world.”

THE ADVANTAGES OF STEALTH WEALTH

A stealth wealth lifestyle tends to come with less stress and more flexibility, because there’s so much wiggle room in your budget. As it turns out, living aggressively below your means matches financial planning advice to keep costs low even as your income rises.

“It’s kind of a funny catch-22,” Wallace says. “You become more wealthy if you’re not spending money trying to look wealthy.”

There’s also a sense of privacy, plus fewer assumptions from friends and family, depending on how open you are about your situation. For instance, you don’t have to wonder if people are hanging out with you because of your bank balance.

“It helps with boundaries,” says Joon Um, a CFP with Secure Tax & Accounting in Beverly Hills, California. “If people don’t know, there’s usually less expectation around money.”

THE DOWNSIDES OF KEEPING MONEY QUIET

On the flip side, there can be a sense of loneliness if you can’t share big parts of your life with other people. And you may end up hiding your wealth so well that you don’t fully take advantage of it.

“It can go a bit too far,” Um says. “Some people end up underspending or not really enjoying what they’ve built.”

If you’re especially discreet about your finances, people may misread your situation, sometimes offering advice or help you don’t need. Or they may overlook you for potential business deals because they don’t grasp how established you are.

“You may miss out on some opportunities if you’re not loud about your success,” Wallace says. “It’s a really careful balance, because you want people to understand what you’ve built professionally, but not necessarily just see your wealth.”

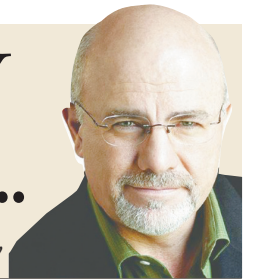
Still, Wallace says her clients have found the best opportunities come from personal connections forged offline.

“Social media and flashy wealth are just the tip of the iceberg,” she says. “And most truly successful, wealthy people do not feel the need to show it off.”

Kate Ashford, WMS, writes for NerdWallet. Email: kashford@nerdwallet.com. Twitter: @kateashford.

MONEY TALKS ...

By Dave Ramsey



An underlying lack of character and respect

Dear Dave,

I just got married a week ago, and my husband and I are already having problems.

While we were single, we practiced doing budgets together, and we agreed to follow your plan and get out of debt.

The other day, we sat down to our first budget meeting as a married couple, and he told me he doesn’t consider the balances on his two credit cards to be debt.

He said he plans to keep them for emergencies, but he’s still using them for everyday things. He’s 33, and I’m 31.

I really want this marriage to work and be happy, but I’m feeling betrayed right now. Do you have any advice?

— Natalie

Dear Natalie,

What bothers me about this issue isn’t some guy’s stupid (and wrong) statement that carrying balances on credit cards isn’t debt. It is debt. Period. What bothers me is, your husband is basically saying he doesn’t care about your opinions or being truthful with you. I’m really afraid that level of disrespect and dishonesty is going to invade every part of your relationship.

There’s an underlying lack of character here, along with an underlying lack of respect for his new wife. Instead of loving you, treasuring you and wanting to serve you, he’s all about what he wants to do and how he wants to look at things.

He’s acting like he’s 14 years old. And I’ve got a feeling you thought you were getting a man as a husband — not a selfish little boy.

I think the core issue here is that you two have a really weak relationship.

I’m not saying this to hurt your feelings, Natalie, but if he’s acting this way and treating you like this now, just imagine how things are going to look in a couple years.

Honestly? You shouldn’t accept his lack of honesty or the disrespectful way he’s treating you.

I think you need to put your foot down now and declare a relationship crisis. Find a good pastor or counselor, and both of you — together — need to attend the sessions. Be open and honest about your feelings. See if you can get to the bottom of all this and fix things before they get worse.

God bless you both. I’m praying this works out well.

— Dave

Dave Ramsey is a nine-time national bestselling author, personal finance expert and host of “The Ramsey Show.” He has appeared on Good Morning America, CBS This Morning, Today, Fox News, CNN, Fox Business and many more. Since 1992, Dave has helped people take control of their money, build wealth and enhance their lives. He also serves as CEO for Ramsey Solutions.