The DAILY PLAN-IT™

Quiet accumulation leads to wealthy philanthropists

Great wealth on a modest salary. It might seem like an oxymoron, but the tales of people leaving millions to charity on a grocery clerk's wages are common enough that we're not shocked by them anymore.

Sylvia Bloom's story is an example. In May 2018, *The New York Times* reported that Bloom left a $6.24 million donation to the social service group, Henry Street Settlement. This was the largest single gift from an individual to the group in its 125-year history. A legal secretary, Bloom worked for the same firm for 67 years, retiring at age 96 shortly before her death in 2016. Frugal ways and investing for the long haul led Bloom to amass more than $9 million during her life.

Similarly, Vermont-based janitor and gas station attendant Ronald Read was worth more than $8 million when he died in 2014, *CNBC* reported. He left $4.8 million to Brattleboro Memorial Hospital and $1.2 million to the Brooks Memorial Library.

Bloom and Read started investing when they were young, which, of course, is the best strategy. But if your clients have designs on leaving money to their alma mater or the Humane Society, there's no time like the present to start building that nest egg.

Slow and steady

Perhaps the best advice you can give your clients is to leave the invested money alone. That's true whether they invest in bonds, Treasury bills, stocks or real estate. Instead of the instant gratification they might feel from a short-term gain, they should be looking 10, 15, even 25 years down the road.

In Bloom's case, she saw what her bosses were investing in and did the same, month after month, year after year.

Setting up an automatic deduction from their paycheck is an easy way for your clients to put aside money. Most of us don't miss the money we never see, and if it's not in our bank account, we obviously can't spend it.

Pinch pennies

According to a *CNBC* story, Omaha, Nebraska, billionaire Warren Buffett still lives in the house he purchased in 1958 for $32,000. He drives a Cadillac that's six or seven years old. And he's donating the bulk of his estimated $46 billion to charity.

Your clients will likely never approach Buffett's wealth, but he has lessons to teach. If your clients really want to save, they need to live frugally. That doesn't mean forgoing pleasure or comforts, and it doesn't mean being cheap or eating Ramen noodles five nights a week.

It means learning to know what's a necessity and what's a desire. Transportation is a necessity, but transportation in a Corvette is a desire. That beat-up, old Ford F-150 and the Corvette will both get your clients where they're going, but at very different costs.

It takes discipline to accumulate great or even modest wealth - more discipline than most of us have. As their advisor, your job is to keep them on task, so that their ultimate goal is always in mind.

We hope this information is useful to you and helps your client and their families. If you have a specific case or question, please don't hesitate to call our office.