

# Unexpected Lessons from 18 Years in Wealth Management

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There are many myths about money and achieving wealth. For starters, it's often assumed that the wealthy were either born with the proverbial "silver spoon" in their mouths or conversely grew up in dire poverty and through remarkable perseverance and hard work made their fortune.

Another myth is that the wealthy brilliantly identified a single investment – be it a stock, a Broadway show or real estate – that "took off" and transformed their net worth and their life.

After working with wealthy clients for over 18 years, I find that the aforementioned situations, while they exist, are not typical. The formula for wealth may be less thrilling than the above examples, but what is exciting is that the steps to wealth are accessible to all of us. Building wealth may not be easy, but neither is it complicated. Here are four lessons I've learned from working with financially successful clients.

## Spend Less Than You Make

While this point seems obvious, in an age when we receive a new credit card offer each week (or day) in the mail, spending more than we make is not only easy, it's actually encouraged!

When I first started working with high net-worth clients, I thought I'd regularly see spending on high-ticket items and experiences and while that does occur, most clients pay close attention to their spending and are frugal during their earning years and in retirement when they are living off their portfolio interest. Spending less than you make means you have money to save for a rainy day and invest for your future. Many of our clients adjust their home thermostat, buy used cars (keeping them for a decade or more) and frequent the library to access books and videos. These small habits reflect the larger commitment to frugality with all their money decisions.

## Work as a Team

Think of a couple where one partner saves and invests with a 7% return, while the other partner spends using credit cards that charge 22% interest – it's like pouring water in a bucket full of holes! We work with many families where one partner is the stay-at-home spouse and does not earn income, yet they also do

not overspend. The fact that they are at home helps their partner focus on their career and earn more. As an African proverb states: *If you want to go fast, go alone, if you want to go far, go together.*

Working as a team – whether it's with a partner, a family member, a coach, a friend or a financial advisor – developing financial goals and values together helps you hold one another accountable, fostering responsible financial decision-making and preventing, or correcting, mistakes and overspending.

## Small Gains Add Up

People often seek the "big win" or the "major transformation" to change their trajectory. While it's exciting to envision vast improvement, financially, physically or in your career, it's not only hard to achieve it's even harder to maintain. I've worked with many clients who achieved small gains year after year and found themselves with more wealth than they dreamed was possible. Regarding the incremental power of compound interest, Benjamin Franklin succinctly explained *"Money makes money. And the money that money makes, makes money."* Many of our clients achieve wealth even though they would not be considered "high earners" during their working lives. Instead of searching for the "big win" they understand that when their money is making them money, the magic of compounding will help them achieve financial success.

## Course Correct When Needed

We all experience challenging times in our lives when we're prevented from making progress. If the challenges are big enough, they can throw us off course for months or years at a time. Instead of lamenting the lack of progress, allow yourself to focus on the pressing priorities at hand with an eye towards course correcting when things improve. Stay attuned to your original course and get back to it when you can. The direction you move in is more important than your pace. Over the years, clients have shared, in confidence, extremely personal aspects of their lives including illness, death, divorce, addiction, fraud, and family turmoil. We are all thrown off course at one time or another, and from what I've repeatedly seen, financially successful people get through the challenge and get back on course, even if not completely at first, bit by bit as their circumstances permit.

## Have a Vision for Your Future

We are all balancing current needs and wants with future needs and wants. Human beings are not exceptionally good at delaying gratification, and therefore need extra motivation to do so. Time and again clients have shared stories from years ago when they had less and saving was harder; however they stayed committed because they shared a dream and had the confidence they could achieve it.

Contrary to many myths, wealth is more often a product of lifestyle choices that include hard work, planning, and discipline rather than a single life-altering event or choice. Building good money habits today allows you to live the life you want in the future. Just ask our clients, they'll tell you it's true and they are the living proof of it.

## About the Author



**Beth Punzi** is a CERTIFIED FINANCIAL PLANNER™ and Financial Advisor with The Finan Group at Morgan Stanley. A wealth management professional for over 18 years, Beth is dedicated to helping families achieve their financial goals. Beth is originally from Brooklyn, NY and has lived with her family in Little Silver, NJ since 1996. The Finan Group was named one of Forbes' Best-In-State Wealth Management Teams in 2022 and 2023.

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*2022,2023 GIVEN Forbes Best-In-State Wealth Advisors Source: Forbes.com (2022,2023). Data compiled by Shook research LLC based 12-month time concluding in June of year prior to the issuance of the award.*

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