8 Millionaire Money Tips for the Rest of Us

The advice financial advisors give their wealthiest clients applies to everyone.

Keep a close eye on your finances and forget about lending money to friends.

By Geoff Williams Jan. 29, 2016, at 10:04 a.m.

If you're barely getting by, it may seem crazy to try to emulate a millionaire. After all, millionaires have a ton of money, and you don't. And while some millionaires used their wisdom and wit to get where they are, there are presumably plenty out there who were born wealthy and had numerous advantages growing up.

But advice for the rich is often universal, and there's a lot we can learn from the wealthiest of the wealthy. With that in mind, we tapped some financial advisors who represent millionaires and asked them to share advice they give their clients that also applies to the rest of us.

1. Make your money work for you. Don't work for your money. In other words, invest in stocks, says Matt Papazian, a financial advisor at Cardan Capital, based in Denver.

Why it matters. Papazian says the wealthiest people generally own their own businesses. "This allows them to generate income or grow assets even when they are not sitting in the office," he says.

And if you don't have the resources to start your own business? Invest in one. "The best way to replicate the ownership of a business is by owning securities in businesses that are already in existence. These companies can be selling iPhones, computers, candy bars, detergent, cars – globally, 24 hours a day, seven days a week, and 365 days a year. It's the next best thing," Papazian says.

2. Keep an emergency fund. Michael Rose, managing partner with Rose Capital Advisors in Miami Beach, Florida, stresses this to his clients, many of whom are wealthy athletes and entertainers.

Why it matters. Even the wildly rich need to keep money saved for emergencies, Rose says. They simply need more money put aside than the rest of us. Rose says this is especially important for entertainers and athletes, who may make a lot of money but are self-employed.

"It's a boom-and-bust industry," Rose says, adding that without a lot of money put aside, athletes and entertainers are often one injury or unproduced movie away from bust.

3. Plan for a health emergency. This tip comes from John Voltaggio, senior wealth advisor at Northern Trust in New York City.

Why it matters. If you have a spouse and kids, they're likely depending on you to stay in good health. "What happens in the event of a medical emergency, incapacity or even death? Does the client have appropriate medical, disability and/or life insurance in place, which, when combined with others assets, will provide for surviving family members?" Voltaggio asks.

Even if you don't have many assets and aren't concerned who will get your mansion and three cars because you live in an apartment and take the bus to work, as long as you have an income that supports your family, you should have life insurance.

4. Review your finances periodically. So says Anne O'Brien, an estate planning advisor with Caplin & Drysdale in the District of Columbia. She represents athletes, entertainers, political figures and wealthy business owners.

Why it matters. Because money is complicated, and the rules, especially with taxes, often change. "A year-end meeting of the client and advisors is essential," O'Brien says.

Of course, you may not have a team in place in the way O'Brien suggests. "At a minimum, the attorney, an accountant and a financial advisor," she recommends.

But even if you're huddling with your spouse and a money management software program, it's better than never looking at your money and hoping everything works out OK.

5. Don't lend people money. This is according to Jimmy Lee, CEO of the Wealth Consulting Group, a wealth management firm in Las Vegas.

Why it matters. It might sound cold, but Lee says he has seen too many wealthy people lose a lot money because they "fall victim to 'friends' who have their own financial interests in mind."

So think about how much fun you'll have if you don't have much – and still loan out money.

Lee tells his clients, "when people come to you for money, send them to me. I'm perfectly fine saying 'no,' and ruffling a few feathers if need be."

6. Teach your kids about money. This tip is from Michael Chadwick, a certified financial planner from Unionville, Connecticut.

Why it matters. It really doesn't matter how rich or poor you are. If you don't teach your kids how to handle money, they're going to have problems.

"Don't enable your kids to be financially illiterate or mentally weak. Make them face financial reality ... Don't bail them out or fight their battles for them," Chadwick advises. "Kids need to know life has winners and losers. Don't be afraid to hurt their feelings. They'll get over it and be stronger because of it."

7. The earlier you get into the habit of saving, the more money you'll have. So says Scott Laue, a Rockford, Illinois-based senior financial advisor at Savant Capital Management.

Why it matters. It's familiar advice but still important to remember. "Even average Joes and Josephines can reach millionaire status. You just need to follow certain guidelines," Laue says. "Compound interest has been called the eighth wonder of the world – the more you save, the more compound interest you earn."

8. Understand what drives you to spend your money. This is key, says Kathleen Grace, a wealth manager and managing director of United Capital Financial Advisers as well as author of the financial planning novel, "Prince Not So Charming."

Why it matters. Whether you're in the top 1 percent of income or the bottom 1 percent, we have reasons for the way we spend our money.

"Don't be an emotional spender," Grace warns, adding that it's important to understand why you tend to spend money. For instance, maybe fear drives you to spend more than you should, so you stock up on grocery items you don't need. Or maybe you spend recklessly simply because spending and buying makes you happy.

"If you understand what your biases are in making money decisions, you have greater insight and are better able to possibly prevent yourself from making financial decisions based upon emotion," she says.

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