

Forbes

6 POWERFUL WAYS TO INCREASE NET WORTH



By: Catherine Brock - March 11, 2025

Roughly 450,000 people monthly search the internet to find out Elon Musk's net worth. Internet searchers also want to know how rich Taylor Swift, Donald Trump, Simon Biles and Snoop Dogg are.

Unfortunately, researching rich people from afar reveals no practical advice about increasing your own net worth. It may do the opposite: Wealthy celebs wear expensive clothes and accessories, purchases that deplete wealth.

If you crave a richer lifestyle, you can create one—without selling tech companies like Musk or becoming a pop star like Swift. You may not reach Musk's \$330 billion net worth, but you can build a comfortable, fulfilling life. Let's explore how to increase net worth with six powerful, expert-informed strategies. All expert recommendations were derived from interviews.

Know The Math

Your first step is knowing the math of wealth. Net worth is the value difference between your assets and liabilities. Assets are the things you own, like your house, car, bank accounts and 401(k). Liabilities are your debts, including credit cards, car loans and mortgages.

You can pursue higher net worth in two ways. Reduce your debts or increase assets. Do both and you will see results faster.

Repay Debt Strategically

Any debt reduction mathematically increases your net worth, but some repayments can be counterproductive long term. The trick is knowing which debts cost more than you could realistically earn by investing.

An easy guideline is whether the debt carries a single- or double-digit interest rate. Single-digit rates can be manageable. Double-digit rates can be toxic. Pay off the accounts with double-digit rates, starting with the highest-rate account.

Bucket

Alex Michalka, vice president at Wealthfront, endorses

a bucketing strategy to increase your assets while managing risk. Bucketing involves categorizing your wealth by when you need it:

1. **Short-term assets** cover immediate and unexpected bills. Hold these funds in cash in a high-yield savings account.
2. **Medium-term assets** can fund goals you want to achieve in one to five years. "For medium-term savings, consider taking advantage of U.S. Treasuries to lock in competitive rates," says Michalka.
3. **Long-term assets** pay for things like retirement or your newborn's college education. You can take more investment risks here because you won't need the money for five years or more.

Taking risks is part of the wealth process. As Ron Tallou, founder and owner of Tallou Financial Services says, "Savings accounts don't accumulate long-term wealth." Tal Binder, CEO at tax consultant Gelt, agrees. "Buy assets and invest, as there is a risk for not taking a risk," Binder explains.

Take Risks

Knowing which risks to take can be an obstacle, particularly if you don't have experience investing. Deana Healy, vice president at Ameriprise Financial Services, recommends starting with new or higher 401(k) contributions. 401(k) investing can be lower risk than unrestricted investing in a brokerage account because:

1. 401(k) investing options are limited and vetted.
2. You earn tax deductions for traditional 401(k) contributions.
3. You may earn free employer matching contributions, depending on your plan.
4. Early withdrawal penalties encourage long-term investing.

There are other asset-building options if you have no 401(k) or are uncomfortable with stocks. Laura Barrera, realtor at Douglas Elliman, offers these ideas:

1. **Invest in rental properties**, ideally those with no or low HOA fees. You can buy property out-

right or, for a lower budget, invest in REITs. REITs are stock-like securities that invest in real estate.

2. **Buy U.S. Treasury bonds** while interest rates remain elevated.
3. **Buy a trade business** from a retiring owner if you have entrepreneurial aspirations. Trades like plumbing have enduring demand and cannot be replaced by AI.

Borrow

Chris Kampitsis, financial advisor at Barnum Financial Group, recommends debt as a more advanced wealth-building strategy. Yes, it sounds counterintuitive given that liabilities reduce your net worth. But debt can allow you to buy more assets than you could otherwise afford. This is why people buy stocks on margin or get mortgages to buy property.

There is risk, however. If the asset you buy loses value, the debt works against you. Kampitsis advises consulting with a trusted financial planner to devise a strategy that makes sense.

Budget In Reverse

Filip Telibasa, owner and planner at Benzina Wealth, motivates his clients to save and invest with reverse budgeting. To budget in reverse, begin by setting an inspiring financial goal such as retiring at 40, traveling the world or buying a second home. Then, create a plan that makes the goal possible.

On days when you feel like breaking your budget with a splurge purchase, remember the goal. Imagine it like it was happening today. That should keep you on the right financial path.

A Richer Lifestyle

Learn how to increase your net worth with simple, practical money moves and create a life you love. Pay off high-rate debt, invest according to your timeline and take calculated investment and leverage risks. And stay on course by focusing on the endgame. Ten years from now, your future self will thank you.

Ron Tallou is the founder and owner of Tallou Financial Services. Ron holds a Life/Accident & Health Insurance License, and Series 6 and 63 registrations as a representative of CoreCap Investments. Ron also holds a series 65 registration with CoreCap Advisors. Ron believes the financial service field gives him the tools to make others' dreams come true by focusing on wealth preservation and wealth accumulation.

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