

## Hidden in Plain Sight: Montgomery County's Middle-Class Millionaires

**A**ccording to a 2016 report by Phoenix Marketing International, Maryland has the highest concentration of millionaire households in the nation – a distinction our state has enjoyed since 2011. The report defines a millionaire household as having \$1 million or more in investable assets, not counting real estate.

If we zoom in on Montgomery County, there are just over 1 million residents – many of whom are highly educated – occupying about 360,000 households. In a 2014 Equifax report, among counties with over 200,000 households, Montgomery County ranked fourth nationwide in terms of percentage growth of millionaire households.

With so much wealth concentrated here, a first-time visitor might expect to see lavish homes on every block and luxury cars in every driveway. But this just isn't the case. Much of Montgomery County's collective wealth is hidden away, quietly accumulating in the bank accounts, retirement plans and investment portfolios of middle-class millionaires.



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### **Who are the Middle-Class Millionaires?**

Many people associate the word millionaire with a certain income level. Millionaires are people who earn seven figures annually, right? Not necessarily. In many cases, far from it.

The truth is, when it comes to accumulating at least \$1 million in investable assets (the true definition of a millionaire), annual income is not the principal factor. It's how that income is saved and spent over time. Many of Montgomery

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County's middle-class millionaires earn \$100,000 or less per year. They're public servants – teachers, law enforcement officers, first responders – and mid-level managers in the private sector. They work hard for every paycheck, and they value every dollar.

Having met and served so many of these individuals, I've noticed other shared characteristics as well. Middle-class millionaires

tend to live in modest houses and prudently manage their budgets. They buy slightly used cars and drive them for 10 years, and they take advantage of employer-sponsored retirement plans. They put a premium on saving money and they live largely debt free.

By staying within their means and steadily building their nest eggs, the middle-class millionaires of Montgomery County have managed to reach that coveted \$1 million threshold. It's a notable achievement, considering the cost of living being relatively high in the county.

Unfortunately, what many of these middle-class millionaires lack is true financial security as they prepare themselves for retirement that could last 30 years or more. Managing their investments to maintain their current

standard of living and protection of long-term purchasing power are the major hurdles they face as retirement approaches.

#### The Next Big Challenge: Making \$1 Million Last a Lifetime

Even for individuals who've saved \$1 million, there are countless opportunities to miss and mistakes that can be made without expert guidance. Beyond current budgeting and cash flow issues, middle-class millionaires must wrestle with longer-term issues: paying for college, managing retirement income, minimizing tax liabilities, planning for healthcare contingencies, estate planning, etc. – all while carefully managing investment portfolios to maximize growth and mitigate risk.

These are big considerations. And they must be addressed comprehensively. In coordination with outside CPAs, attorneys and other professionals, a fiduciary financial advisor can fit the pieces together to create a picture of safety and stability, and turn lifelong dreams into achievable goals.

Middle-class millionaires understand what's really valuable in life – their families, their long-term solvency and the legacies they leave behind. They recognize the importance of working hard for the long-term reward. And they relish relationships of trust. In these respects, we're on the same page. And that's a great place to start sketching out a plan to make a million dollars last a lifetime. MM

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