College of Business
LEHIGH UNIVERSITY

ilLUminate Blog Transcript: Thomas Rees on Building Wealth

Recorded August 19, 2026. Listen to it here.

ANNOUNCER: 00:01	[music] This podcast is brought to you by ilLUminate, the Lehigh Business blog. To learn more, please visit us at business.lehigh.edu/news.
STEPHANIE VETO: 00:13	Welcome to ilLUminate, the podcast for Lehigh University's College of Business. I'm your host, Stephanie Veto. Thomas Rees is with us to talk about personal finance basics and some easy tips to start building wealth. Tom is a senior professor of practice in the accounting department, and he has more than 35 years of diverse accounting experience, holding senior management positions in public accounting and consulting with the federal government and with private and public companies. Hi, Tom. Welcome to the podcast.
TOM REES: 00:43	Hi, Stephanie. Good morning. How are you?
VETO: 00:45	Good. Can you talk a little about how you became interested in accounting and finance?
REES: 00:51	Yeah, sure. I guess, as a kid, it was something I always was interested in. Growing up, my passion was to be a baseball player. I found out pretty quickly I didn't have the talent for that. Spent a lot of time playing Monopoly. And although I wasn't too good at first, I got better over time. And I guess that maybe that helped me develop an interest in personal finance and financial matters. And so eventually, I studied accounting in college, became a CPA, and spent almost 40 years in a career doing a variety of accounting things. But my passion has always been personal finance. And I had to do that. I had a family, raised three kids, got them all through college. And so I think I picked up a few things along the way.
VETO: 01:36	And today's topic is about building wealth. And we're going to give some personal finance tips and tricks for young adults, but also anyone who needs a little bit of a reminder. And I really think this is an important topic for every stage of life. So I was really excited to talk to you about this. Let's jump right into it. Where are we going to start?
REES: 02:01	Well, I guess, from my perspective, I have three, I guess, fundamental rules, if you want to call it that, for building wealth and kind of getting your feet on the ground and having some financial stability. Those three rules are: one, avoid debt; two, spend less than you make, less than you bring in; and three, invest when you can and start as early as you can, because it's a real power of starting early and letting that compound and grow. It's amazing.
VETO: 02:32	And can you talk a little bit more about that first rule, avoiding debt?
REES: 02:37	Sure. I would say debt is probably the biggest constraint to building wealth, all right? Most debt is harmful. You can't really ever get ahead and start building wealth if you're paying somebody else as opposed to investing in yourself. So generally, debt is not good, right? I'd say there's potentially two exceptions to that. One is if you're buying a home and you apply for a mortgage and get a loan on a home. They always say that owning a property is a good way to build wealth. And I think that's right. There's risk involved.

REES: 03:15

But if you're going to stay in that property for five years, typically you're paying the loan off, and you're also building equity. The prices of homes typically go up, not always, but most of the time. And so after five years, you're going to be a little bit ahead of it. And if you're paying rent at the end of five years, you really don't have anything to show for it. So if you can make that happen, it's a good thing.

REES: 03:39

Second is education, right? Now, I would avoid taking out debt to go to school if possible. But if that's not an option and you know what you want to do and you have a good career plan, whether it's college or a trade school or something else, a post-secondary education, it may be worthwhile. The key, I think, is your field of study. And whether your degree or the credential that you earn is going to enable you to get a position, a career that offsets the cost of education. So taking out a $50,000 loan to become an engineer when you get a starting salary of close to 100,000 probably is a good decision. Taking out 50,000 for a loan for a major that's not really valued that much in the marketplace, maybe not, right? So pick a school that you can afford to go to and take it from there. One other thought here. I'd say if you're a young person and you have the option to live with your parents for a while after you get your first full-time job, you begin your career, do that. It can be very beneficial. As long as it's a good living situation, it's a great way to get started and to kind of build a little investment fund that you can have. Build some wealth to get started and get your feet on the ground. But otherwise, I'd say most other debt should be avoided if at all possible.

VETO: 04:59

Can we dig a little deeper into credit card debt? Because I feel like this is something that can easily happen and slip through many people's fingers when it comes to that little plastic square. Or now the phone, boop. [laughter]

REES: 05:15

Yeah. Oh, yeah. They make it very easy to use your card or to spend money. And one of the things, I guess, just to be aware of is there's always that marketing pressure, you see it everywhere, to spend your money. Credit card debt, they have some benefits, and I'll talk about those. And if you have the discipline to use a credit card and pay off the balance every month, you're going to be ahead of the game. And it's a good tool. It's valuable. Credit cards, as opposed to debit cards or other means of purchases, give you protection. If there's a charge that's unauthorized or fraudulent, you can charge it back, and you have rights in that. With a debit card, you don't. So there's definitely a benefit there. And the other benefit about a credit card is that it helps you to build credit, right? A good credit standing. And so we'll talk a little bit more about that later. But the evil of credit cards-- and I used to work for a credit card company, so I know firsthand. Their best customers are customers who use their card and carry a balance each month. Because when you carry that balance over and don't pay it off, they're charging you 20, 24 percent interest, right? And maybe fees on top of that. And you can't get ahead. The best you can do probably is invest your money, on kind of low risk in a high-yield savings account making 3% to 4%. But if you're paying 20, 21 percent or more, you can see it's really hard to get out of that hole. And once you get started, you can build up debt, and getting out of it is a challenge. It can be a challenge. So that's kind of the evil of credit cards. Similar, I think the practice of buy-now, pay-later, that kind of debt has grown a lot. And again, advertisers charge you a lot. And maybe if you pay it off each month or are consistent with the terms, the interest rates aren't that high. But if you start doing three or four of these, it can get out of hand. And before you know it, you're kind of mortgaging your future for something you have today.

REES: 07:14 And that's the whole thing with debt. You don't really want to put yourself in a position where you're going to have to pay for it in the future when you can't afford it today. I think that's a drawback.

VETO: 07:23 Let's talk about living beneath your means. This one is something I think that-- I mean, there's so many things [inaudible] a lot of us struggle with this. And this one is so true. My mother used to say, "Stephanie--" What did she say? She's like, you have champagne taste on a beer budget." [laughter]

REES: 07:41 Yeah, sure. Don't we all.

VETO: 07:43 I'm like, "Come on." But it's true. It's important to not live above your means. So what are your tips with that?

REES: 07:50 Yeah. Well, I think it's simple. It's kind of common sense, but it's not easy. There's a lot of pressure, again, from marketers saying, "Hey, you need this. You really should have this." Maybe even your peers. When you're a young adult and maybe you're starting out a career, you have a lot of friends. Maybe some of them get married, and gosh, weddings are very expensive. My daughter, she was a bridesmaid a couple of times this past year. And between the engagement party, the shower, and the bridal trip, it gets very expensive, right? So it's tough. But just to put this simply, if you make $500 a week, you got to live like you make $450, all right? Invest the difference and start paying yourself first. That's kind of the term that financial professionals like to use. Now, that doesn't mean you don't reward yourself periodically. You need to. You don't want to-- if you just treat yourself too poorly, that's not going to work either, right? You have to be comfortable. But you want to live beneath your means.

REES: 08:47 I read an article recently in the Wall Street Journal. A couple of ways to do this. One - I like this suggestion - is never save your credit card information when making an online purchase. And I think so-- if you save it, it just makes it too easy to make the next purchase, right? It also increases the risk of somebody else getting your card. So my habit is not to do that. I don't save my credit card information out there. And if you have to enter it every time you make a purchase, you're more apt to think about it and maybe not complete the sale. Second suggestion was if you're going to make an online purchase, and it's not something that you have to immediately buy, wait 24 hours before you complete the sale, right? This will give you time to think through it. It might be something you don't really need, and you can avoid that. One other, I guess, practical tip I'd like to just share from my own experience is maybe shopping around a little bit for your auto insurance, right? Auto insurance premiums have gone up a lot. And I had this experience with an insurance company I was with for a number of years. And at the time, I had, I think, four different cars I was insuring: my wife, myself, and two of my children. And it came out to be about $5,000. And it just kind of increased a little bit each year. And before I realized, it had got to that amount. And I decided to check around and called around, and I found a competitor, same coverage, just as good credibility, and was only 3,500. So, quickly, I could save $1,500 a year. And I say that, it's probably worth looking into. That might be an easy way just to cut your costs. Something you can do periodically.

VETO: 10:21 And I have to say, I love the tip about waiting 24 hours before you buy something. I'll even do that, where I'll get my online retail therapy or I'll go on Amazon. I'm like, "Oh, yes, I need this," and "I need that," and I put it all in my shopping cart. And then I'm like, "Oh, just wait." And even a few hours later, or the next day, I'm like, "I don't even want this," and you delete, delete, delete. That's my little trick, where I get my little fix by just adding it to the cart and then, boom, gone. And everyone laughs at me. We have a shared account in my family. And they're like, "You don't even need this skirt or these shoes," or "What is this cleaning thing?" I'm like, "I don't know."

REES: 10:59 No, I get it. My wife is a champion at that. I wish she would practice it because I get these packages-- we get these packages in the mail from Amazon all the time, and then a lot of them end up going back. So anyhow, maybe avoid it on the front end.

VETO: 11:14 Yes. And what's rule three?

REES: 11:17 So rule three is to start investing as early in life as you can, okay? And a big part of that is if your company offers some type of savings plan like a 401(k) or a 403(b), anything like that, a retirement plan, you want to take advantage of that. Most companies have such a plan. And if you make a contribution of, say, 3%, they'll match it, right? In fact, the most common one is that they'll match the first 3%, and then for the next 2 or 3 percent, they'll match 50% of it. So if you end up contributing 5% of your salary, you end up getting 9% put away, right? And that's going to grow. Deferred, it's going to be invested every month. You can pick the investments. It could be low risk or higher risk. But if you can invest in something like the broad stock market, like an S&P 500 index, chances are it's going to go up over time, right? And if you start young, the power of compounding is amazing. So if you invest $5,000 in a year, and you increase it every year as your salary goes up, the amount you invest goes up. Even if you keep it at 5%. If you can raise it a little bit more, even better. But after 10 years, you're going to have about $80,000. After 20 years, you'll have $275,000. And after 30 years, you'll have over 700,000. And of that amount, you'll only have contributed about 300,000 of your own money, right? The rest will have grown from compounding and through the interest that's paid. So it's a very powerful tool. We call that dollar-cost averaging, right? You put the money in, and every month or every two weeks, the company invests those funds into a stock. And over time, the stock market does go up. Sometimes you're going to have ups and downs, but if you can do that, you're going to end up actually getting more shares at a lower price. And so that's a real benefit of dollar-cost averaging.

REES: 13:24 Another advantage of the 401(k) plan is you're deferring taxes, right? You don't have to pay tax on the money that you invest today. You will have to pay it, unfortunately-- right? They're going to get you sooner or later, one way or another. But you don't have to pay that maybe until you withdraw from the funds. And I think the reason a lot of people hesitate about investing in a 401(k), particularly if you're younger, is you can't-- well, you can withdraw funds before you're age 59 and a half. But if you do, there's a penalty, right? There's a 10% penalty for what you withdraw, and plus you have to pay taxes on the withdrawal. But even considering that, if you put the minimum in and you get the employer match, you're going to be ahead of the game, right? Even if you pay a penalty. So ideally, you don't have to withdraw it, but--

	another benefit of 401(k)s is they have hardship options, where you can withdraw and avoid that penalty. So anyhow, it's a good way-- a good approach to take.
REES: 14:23	One other tip on investing. You're going to hear lots of opinions from people about, "Hey, this is a great stock. It's not going to miss." Whether you're watching it on the news, you'll hear a friend. I would avoid that, right? Try to stick with a broad market mix like the S&P 500. And again, I'll just point out, these are professional stock pickers, and only 18% of them beat the market. That was just a recent news. And that happens every year. Very few of the professionals who pick stocks actually come out ahead of just getting an index fund that covers a broad section of the stock market.
VETO: 15:05	Yeah, you hear a lot about influencers and how they became independently wealthy and retired at 30 and this and that. And I'm like, "Oh, that sounds like fun." And it's just gambling with your retirement. And I'll have to say that's one thing that I'm obsessed with. I think, even as a young professional, when I first started-- I've been working in the industry for 20 years now. I always put into retirement because I want to retire someday.
REES: 15:35	And how have your results been?
VETO: 15:38	Good. Yeah. And I actually have a financial advisor-- even though I make peanuts. But it's, again, my desire to retire is that strong someday that-- she'll send me updates, like, "This year was really good--" and they know in advance. You know this. And they're like year might-- you'll see a little dip in, but that's normal. And it makes me feel good. I'm like, "Just tell me there's money."
REES: 16:08	Well, you make a great point because over a period of like 20 years is really a strong possibility you're going to come out ahead. You're going to be much better off, right? And it's going to grow, and you're going to be ahead of the game. We've had really good returns in the stock market over the last few years. Can't expect that to continue forever, but again, the upward trend is there.
VETO: 16:30	Can we talk a little about credit scores and why they're important?
REES: 16:37	Sure. We talked about this with a credit card. It's a good way to build credit, to get that credit score up there, right? And having some debt from that perspective is good, right? But it affects more than just your credit card, right? The interest rate you get on a loan is going to be affected by that, whether it's a mortgage or credit card or whatever. If you can get a-- if you have a good credit score, you may be able to qualify for a credit card that actually pays you, right? I have one of these Citi Double Cash cards, and every time I purchase something, I get 2% of that purchase.
REES: 17:12	So it doesn't sound like much, but it's better than paying them. And then I get that back to invest, right? But it's more than just your loans, your interest rate on credit cards, loans, mortgages, your insurance premiums. Companies look at that, right? Or the insurance companies look at that. They want to make sure that you're a good credit risk. That's going to affect how much they're going to charge you for insurance. If you're a high credit risk, chances are you're going to be a high driving risk. And so they'll increase your rates, right? Rent applications. If you're applying, I just went through this with my son.

REES: 17:43	He was getting his own apartment, and they needed a second source to help. So they pulled a credit report on both of us, right? And they looked at my credit score, and that helps. Sometimes with a utility, if you're going to start paying electric bill, they might look for a deposit. And again, it might be based on your credit score. And even employers will sometimes check on your credit score. There's a lot of things that go into it. I won't get into a lot of depth here, but the biggest factor is paying your bills on time, right?
REES: 18:14	Making sure you don't get late, get in the habit when they come, just get in the habit of paying it before they're due. Using a certain amount, not having too much debt, your debt relative to your income is a factor. And if you're just starting out, you're probably not going to you're not going to have a loan credit history, so you're not going to get that big a loan, right? They might start you out with a credit card limit of 2,000 or 5,000 dollars. They're not going to give you 25,000. After 10 years or so, then you can get that, right? So those are other factors.
REES: 18:47	One other thing on the credit card, if you're uncertain about where you stand, you can get a free credit report. And you don't have to pay for that, right? There are three credit reporting agencies. TransUnion is one of them. And every year, you can go to any one of those three agencies and ask for a free report. And by federal law, they have to provide that to you. You can see what the creditors are seeing when they look at an application for you. So it's a good thing to do. Pull a credit report.
VETO: 19:23	And just to word to the wise, when you do that, or if you sign up for like an Experian or something to view your credit report, they send you updates off like, "Your credit score went down. Your credit score went up." You're going to be like every week. I'm like, "Oh."
REES: 19:38	Yeah.
VETO: 19:38	Like one point.
REES: 19:39	Yeah, it's not too good. It's just like the stock market. It's going to fluctuate from time to time. So I wouldn't worry too much about it.
VETO: 19:46	I don't need this. I would really, really like to talk about having an emergency fund. I find that that's one of the hardest things to keep and have because it's your money that you just have set off to the side, and it's so tempting to dip into. What are your recommendations on having an emergency fund and why it's so important to have?
REES: 20:08	Yeah, it really is important to have one because life happens, right? Maybe a medical emergency, a car accident-- if you own a home, something breaks down, and it's a big expense that you're not prepared for, right, if you don't have that emergency fund, you're going to have to borrow funds, right? Maybe borrow on a credit card and not have the ability to pay it off. So it's not easy to do, but keeping three to six months of your living expenses is kind of the general rule of thumb to put that away, build that up, and you want to put in something that you can get your hands on if you need to, like a high-yield savings account. And then you're prepared, right? If something happens - and it will - you're better prepared to deal with it, right? And you don't have to go into debt. I think that's the thing because, again, once you get behind, you get in that debt, they make it difficult to get out. So I think that's important.

VETO: 21:09	And not to create fear around it, but it is something that-- like you said, it will happen. And it could be something like your fish tank leaked and you got water all over the place and you have to replace your floor, or your dog got injured or needs their teeth cleaned or what have you. You have that set aside so you don't have to take out credit. It's there for that reason. It could be something huge and life-altering, or it could be, again, something simple, like your bathroom leaked or-- that's not simple. That's very expensive.
REES: 21:42	Yeah, no question. [laughter] [inaudible] Dogs are [crosstalk]--
VETO: 21:46	Oh, gosh.
REES: 21:47	You get so attached to them, and you'd spend money just as you would if it was your child, right? So.
VETO: 21:51	We even had an instance I had an X-ray for an abundance of caution issue, and insurance is all out of pocket until you reach your deductible or whatever with health insurance. We had to pay so much money for one X-ray. I was like, "Oh my gosh, so unnecessary." But we had savings.
REES: 22:14	You can't necessarily control this, but I guess staying healthy is also a good way to avoid expenses, right? Because it is-- oh, gosh, we won't get into that, but going to a hospital or even any type of thing can be very expensive.
VETO: 22:28	Yes. And before we go, can you give us some action items?
REES: 22:33	Sure. So I think if you don't have one, build that emergency fund. That would be a great thing. Look for a high-yield savings account. If you have some cash hanging around, if you have a lot of cash in a checking account, if you don't need to keep that balance there, open up a high-yield savings account. Two options. Goldman Sachs has a Marcus account, and Synchrony Bank. They're two online options. You can open an account very quickly. You don't need to put-- I think the minimum balance is a dollar, so you can get into those pretty quickly. We talked about your credit score. It might not be a bad idea to pull one of those credit reports, see how you look. Maybe there's something out there that's not correct. You can try to correct that, and you see what other people are doing, and it gives you a base that, "Hey, I'm going to start to improve on that." I guess that maybe the biggest thing is if you have debt, look for the debt that has the highest interest rate and try to pay that one off as soon as you can. Do it in that order, the highest interest rate, then the next highest, and so forth, until you get out of it. And then finally, if your company offers a 401(k) or some type of option to invest some of your salary, take advantage of it. Make sure you are at least doing the match, the minimum match, putting that much in. If you can do a little bit more, all the better, right? The other thing that's nice about it, you don't miss it. It comes right out of your salary, so you never see that it's gone. But then six months or a year later, you look and, "Hey, I got this balance of a couple thousand dollars." Not a bad thing, right? So those are good surprises you kind of like to have.
VETO: 24:08	And we might all be 85 by the time we get to retire, but we will retire.
REES: 24:13	Yes, we will. That's definitely a goal, right? You work hard. You should be able to do that.

VETO: 24:20	Oh, Tom, thank you so much for being on the show today. It was great talking with you.
REES: 24:24	Oh, my pleasure. Thanks, Stephanie.
VETO: 24:26	That was Thomas Rees giving us advice on personal finances. This podcast is brought to you by ilLUminate, the Lehigh Business blog. To hear more podcasts featuring Lehigh Business Thought Leaders or to follow us on social media, please visit business.lehigh.edu/news. This is Stephanie Veto, host of the ilLUminate podcast. Thanks for listening.