



Center for
**HOUSEHOLD
FINANCIAL
STABILITY**[®]

Researching Family Balance Sheets to Strengthen
Families and the Economy | stlouisfed.org/hfs

Trends in Family Wealth and Financial Security

Catholic Charities USA Annual Gathering

September 11, 2015

Ray Boshara*

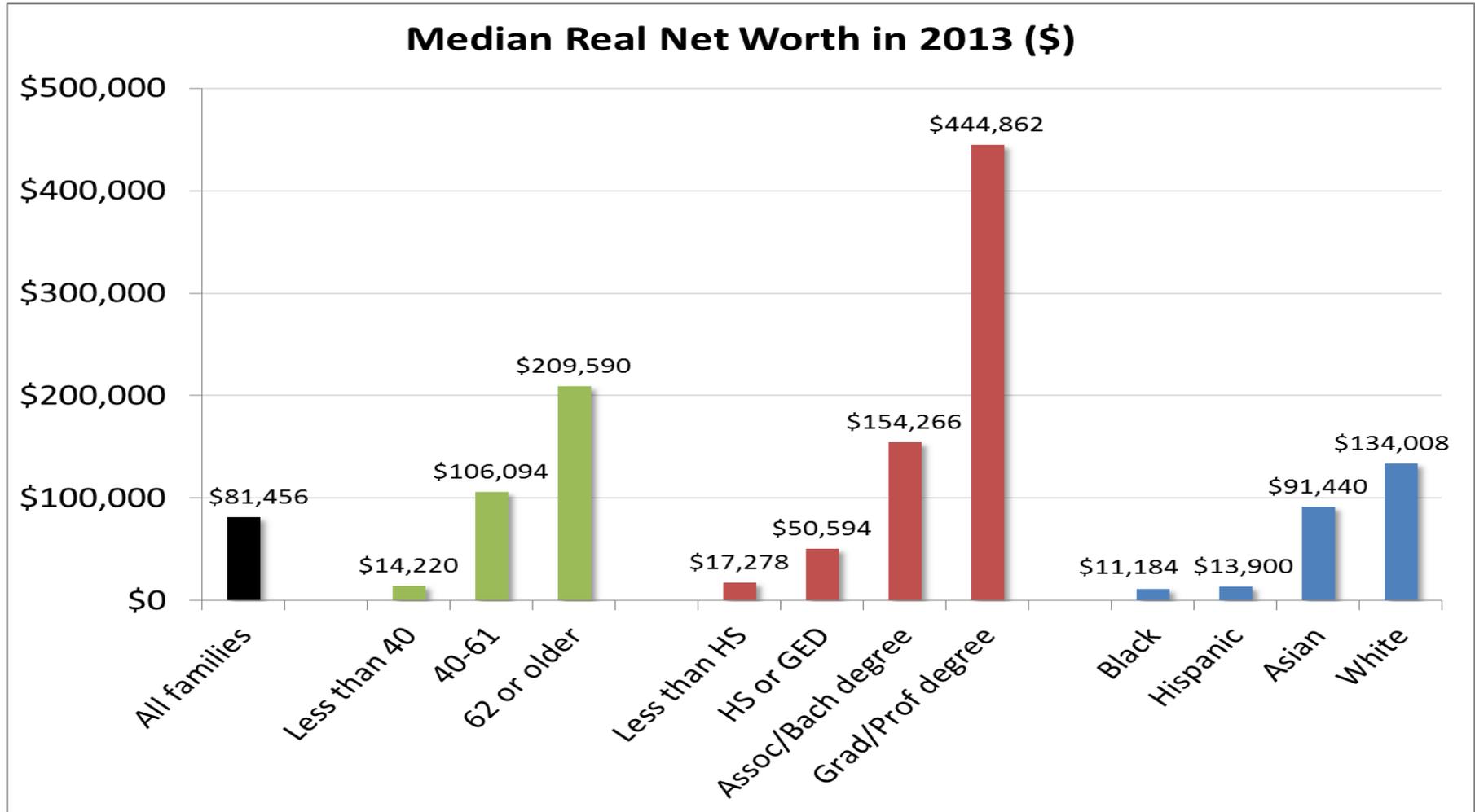
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Federal Reserve Bank of St. Louis | www.stlouisfed.org/hfs

**These are my own views, and not necessarily the views of the Federal Reserve Bank of St. Louis, Federal Reserve System, or the Board of Governors*

How Age/Birth Year, Education, and Race/Ethnicity is Associated with Wealth

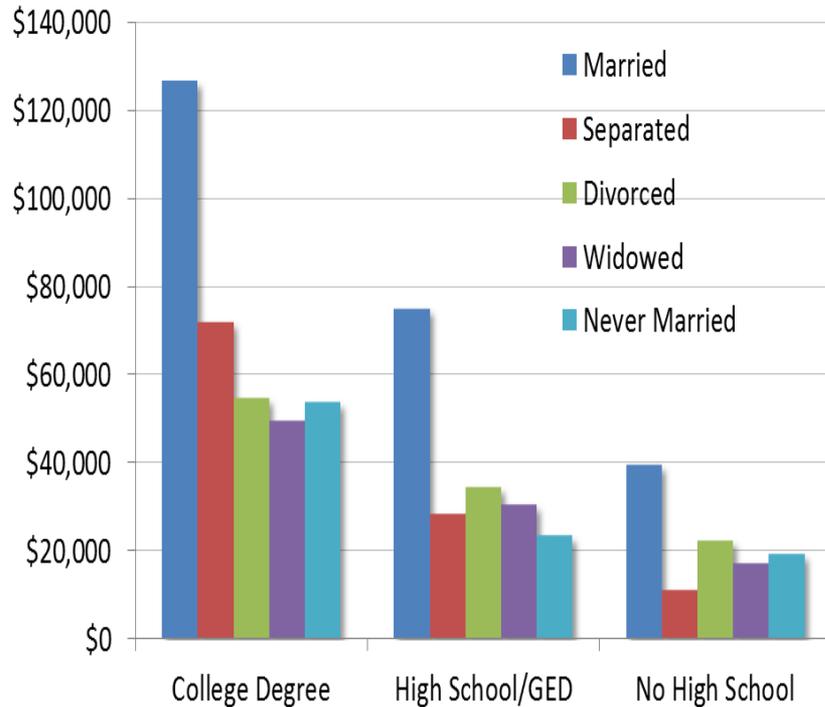
(Emmons and Noeth, 2015)



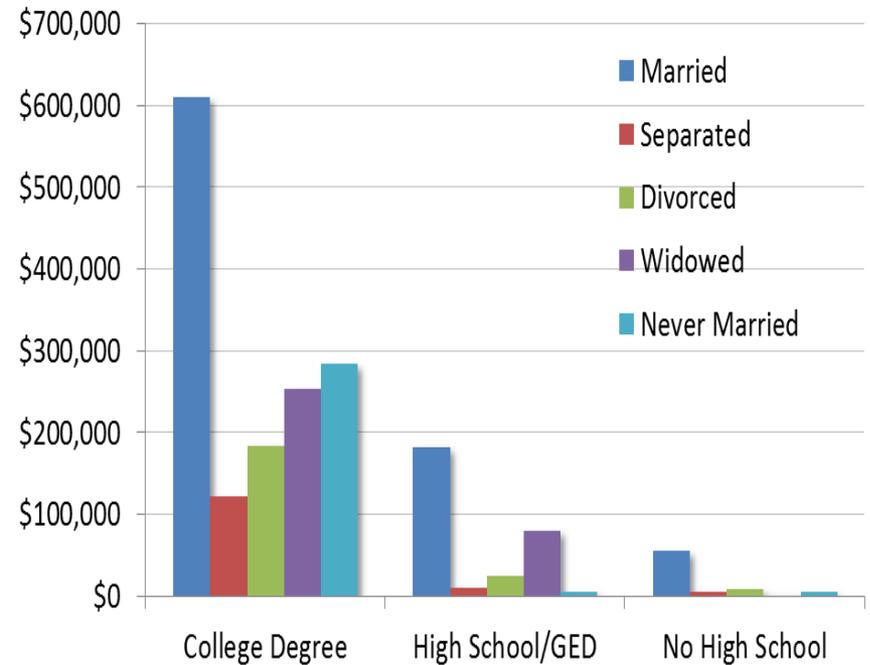
How Marital Status is Associated with Income and Wealth

(Noeth, 2015)

2013 Median Family Income of Ages 50-59 by Legal Marital Status and Education

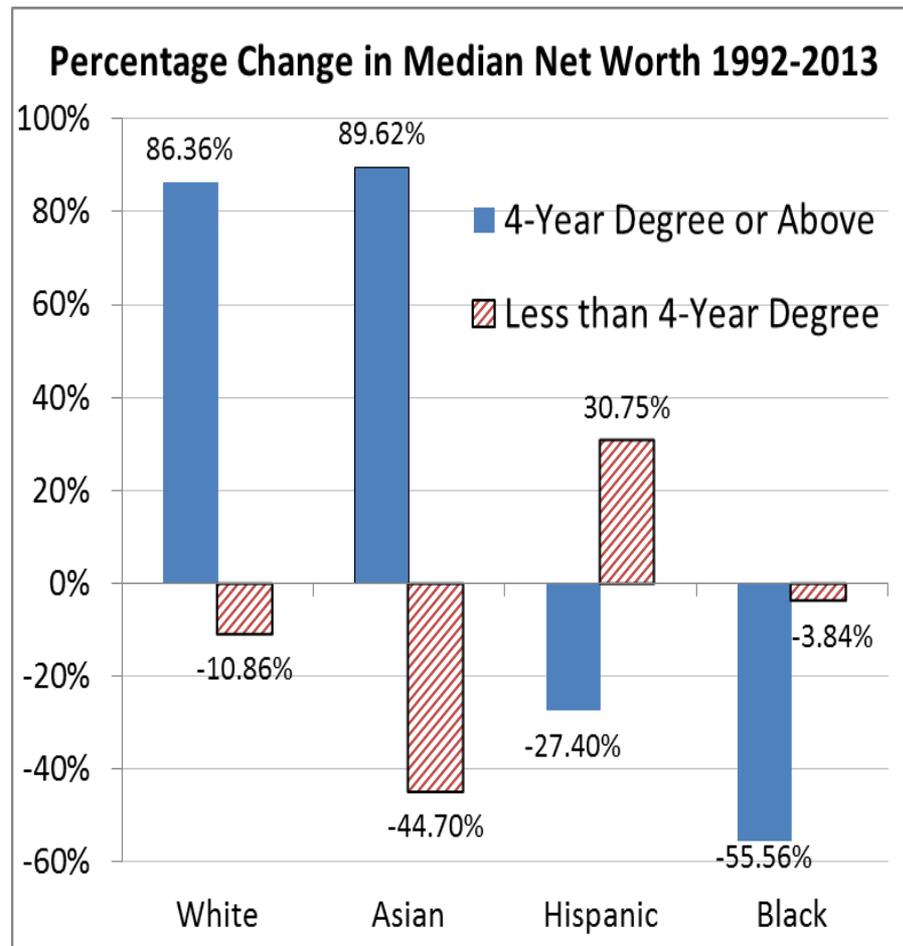
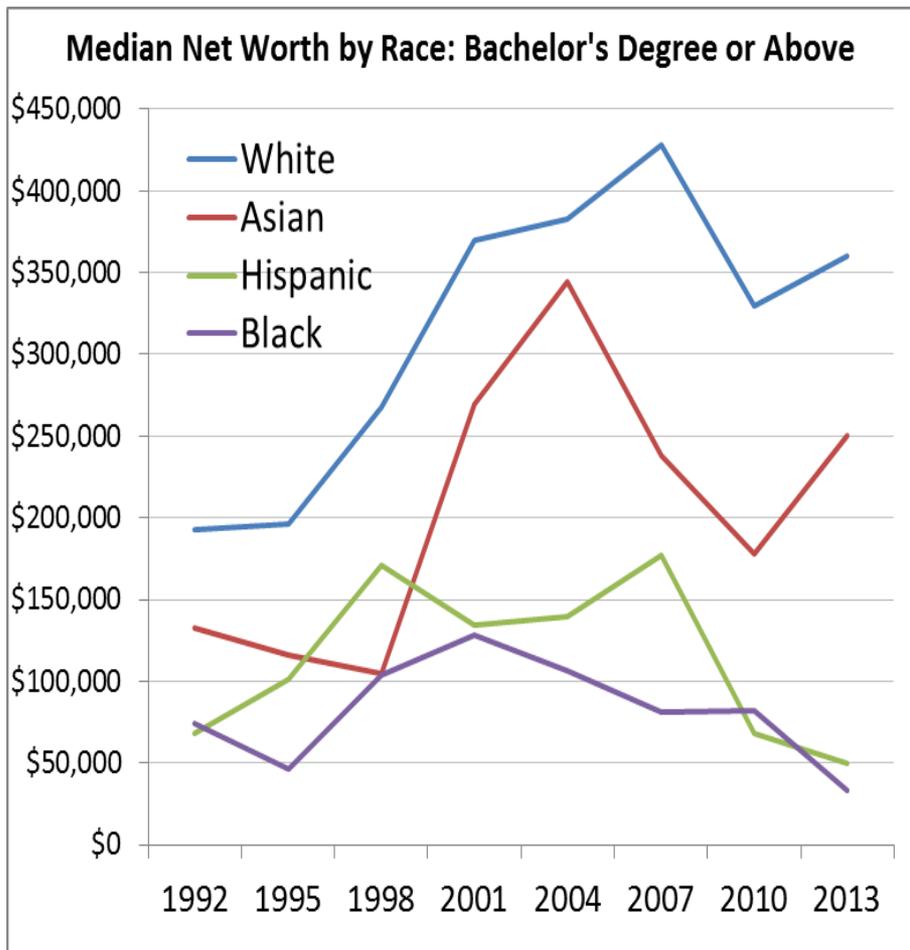


2013 Median Family Net Worth Ages 50-59 by Legal Marital Status and Education

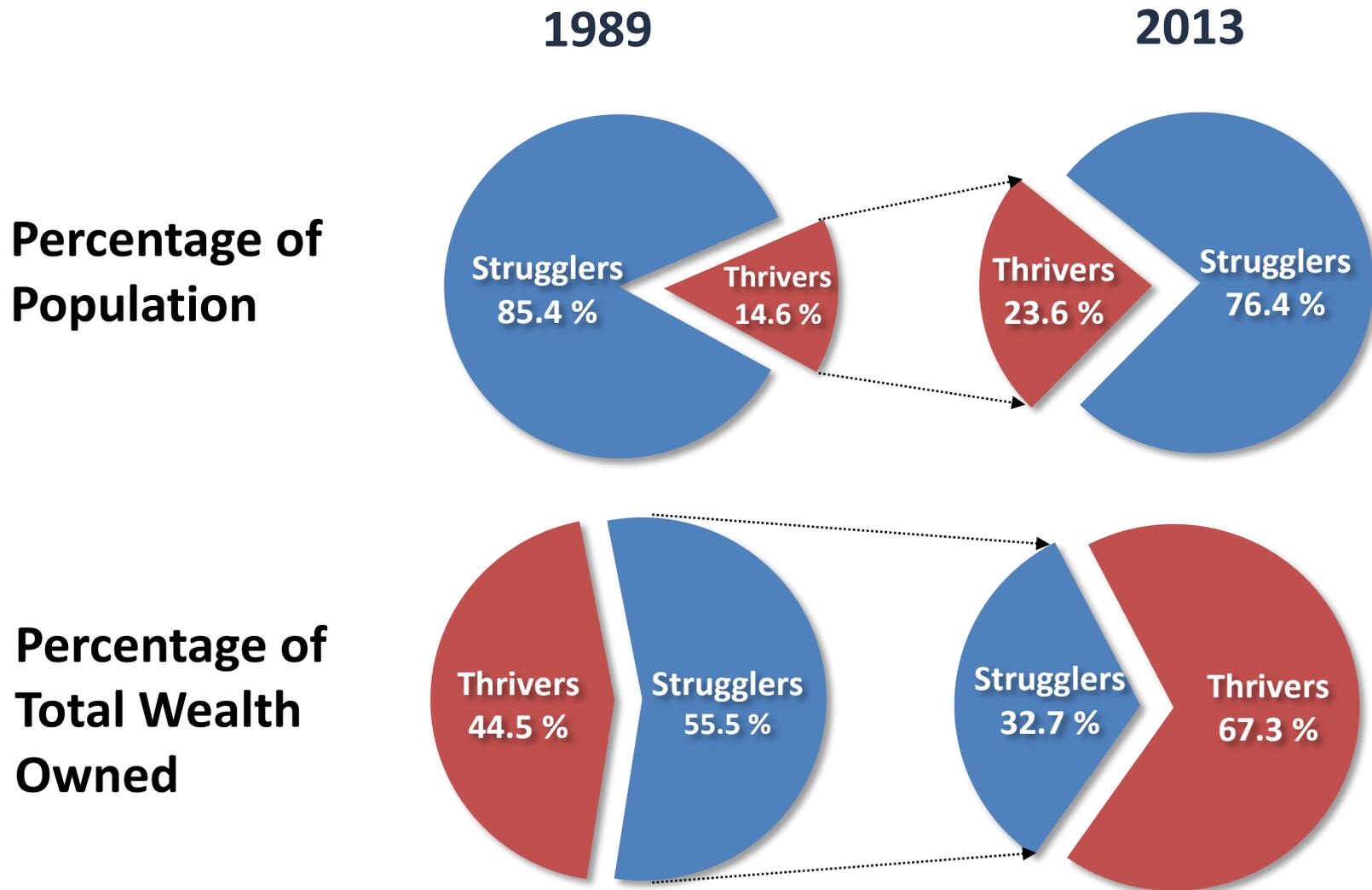


Race, Education, and Wealth

(Emmons and Noeth, 2015)



New Economic Divide



Source: Survey of Consumer Finances



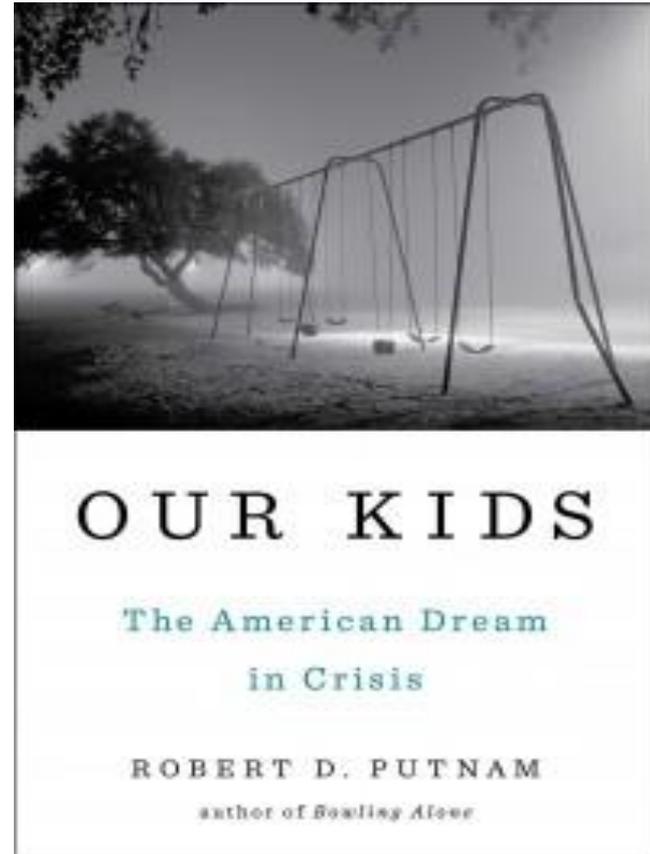
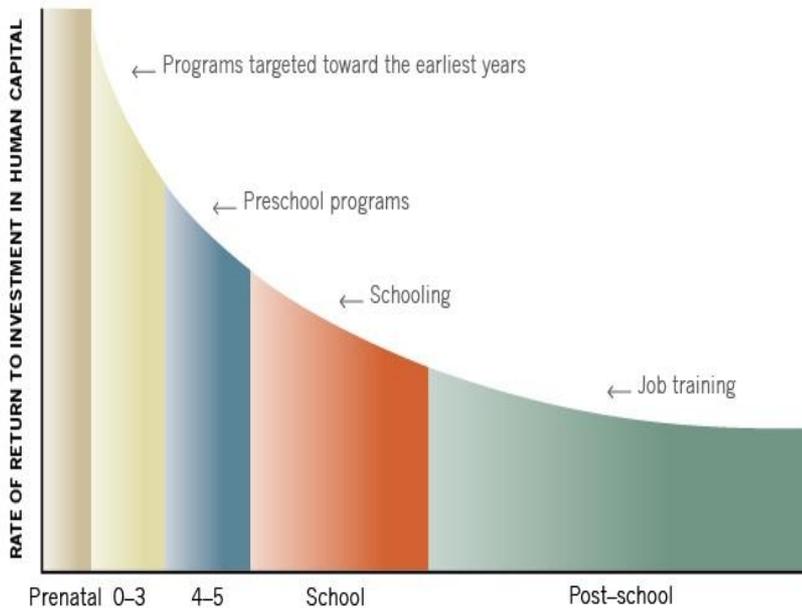
Related Trends

- The U.S. Financial Diaries project, JP Morgan Chase Institute, and Karen Dynan *et al.* finds increasing income and expense volatility, even among middle-income families.
- The Federal Reserve’s “SHED” survey reveals that an unexpected expense of just \$400 would prompt nearly half of all households to borrow funds, sell something, or simply not pay at all.
- CFSI reports that 57% of Americans are challenged to achieve “financial health.”
- Pew finds that 70% of households are “income-constrained, savings limited, and/or debt-challenged.”

Early Investments Matter

Returns on Human Capital Investments (James Heckman)

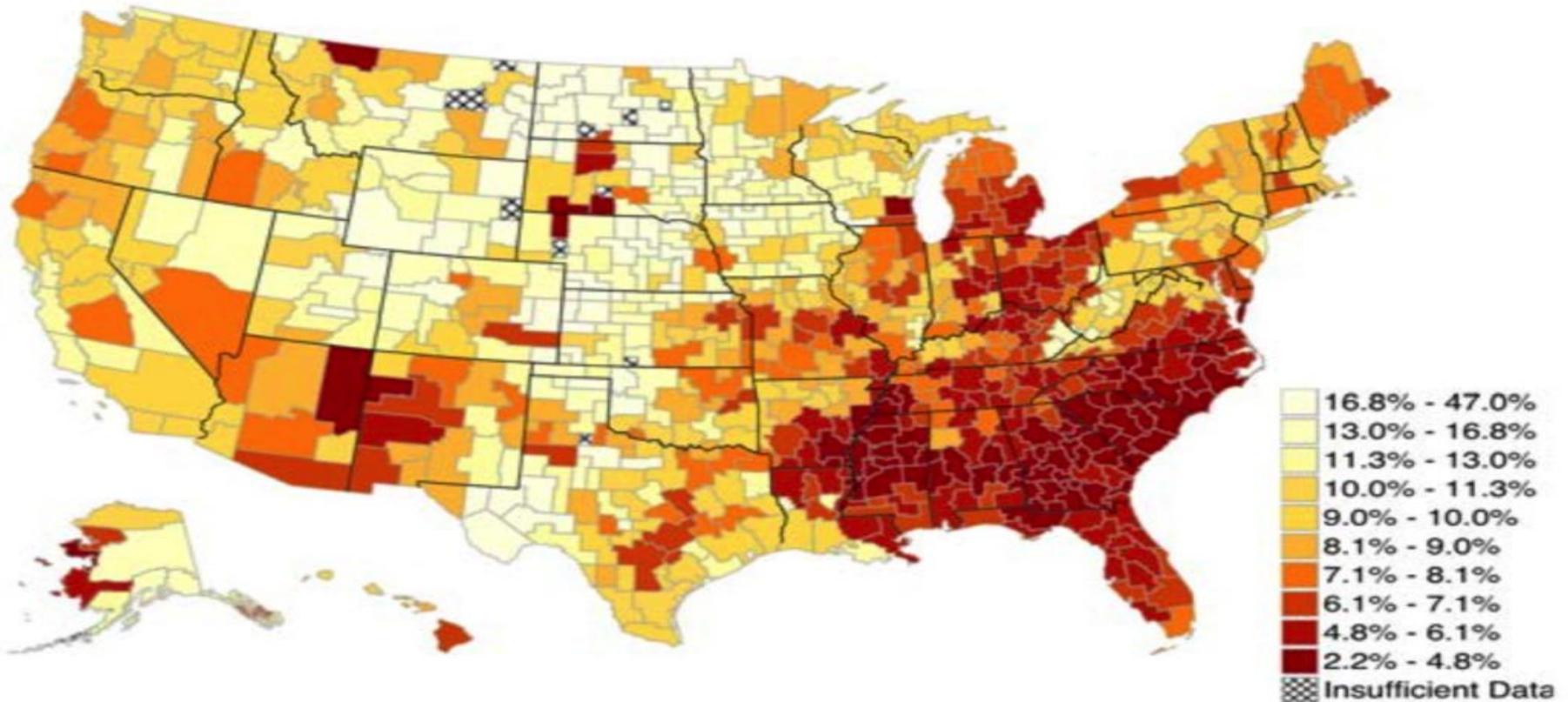
Returns to a Unit Dollar Invested



Early Investments Matter, con't

Probability of Reaching Top Quintile from Bottom Quintile

Raj Chetty et al., Equality of Opportunity Project, Harvard



Corr. with baseline $\bar{r}_{25} = 0.91$ (unweighted), 0.92 (pop-weighted)



What To Do: A Two-Generation Approach

*For parents and adults:
rainy day/emergency savings
reserves*



*For babies and children:
child development accounts*



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