Trends in Family Wealth and Financial Security

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*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)
Race, Education, and Wealth
(Emmons and Noeth, 2015)

Median Net Worth by Race: Bachelor's Degree or Above

- White
- Asian
- Hispanic
- Black

Percentage Change in Median Net Worth 1992-2013

- White: 86.36%
- Asian: 89.62%
- Hispanic: -10.86%
- Black: -44.70%

- White: -44.70%
- Asian: -27.40%
- Hispanic: -30.75%
- Black: -55.56%
New Economic Divide

Percentage of Population

1989
- Strugglers: 85.4%
- Thrivers: 14.6%

2013
- Thrivers: 23.6%
- Strugglers: 76.4%

Percentage of Total Wealth Owned

1989
- Thrivers: 44.5%
- Strugglers: 55.5%

2013
- Strugglers: 32.7%
- Thrivers: 67.3%

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

- Programs targeted toward the earliest years
- Preschool programs
- Schooling
- Job training

OUR KIDS
The American Dream in Crisis
ROBERT D. PUTNAM
author of Bowling Alone
Early Investments Matter, con’t

Probability of Reaching Top Quintile from Bottom Quintile

Raj Chetty et al., Equality of Opportunity Project, Harvard
What To Do: A Two-Generation Approach

For parents and adults: rainy day/emergency savings reserves

For babies and children: child development accounts