Rebuilding Family Wealth, Rebuilding the Economy: The U.S. Experience

Proper Canada
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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
The Great Recession Erased Two Decades of Growth in Income and Wealth

Real Median Net Worth and Income Since 1989

Source: Survey of Consumer Finances
Family Net Worth and Unemployment

**Household Net Worth and Unemployment**

*Thousands of 2009 $ (left axis) and percent (right axis)*

- Real net worth per household
- Unemployment rate (right axis)

The (St. Louis) Fed’s response...

Center for Household Financial Stability™

Researching Family Balance Sheets to Strengthen Families and the Economy | stlouisfed.org/hfs
How Age/Birth Year, Education, and Race/Ethnicity is Associated with Wealth

(Emmons and Noeth, 2015)
Income & Expense Volatility—A New Normal?

www.usfinancialdiaries.org  www.jpmorganchase.com
Place Matters

Probability of Reaching Top Quintile from Bottom Quintile

Raj Chetty et al., Equality of Opportunity Project, 2014
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

Rate of Return to Investment in Human Capital

- Prenatal 0-3
- 4-5
- School
- Post-school

OUR KIDS
The American Dream in Crisis
ROBERT D. PUTNAM
author of Bowling Alone
Does Financial Education Matter? Yes, but...

Institutions may matter more, and... “Bandwidth” may matter more.
Promising Policies: A Two-Generation Approach

For parents and adults:
rainy day/emergency savings reserves

For babies and children:
child development accounts
Is Larger-Scale, Systems Change Possible?

www.amazon.com

www.strongfinancialfuture.org

THE NEXT PROGRESSIVE ERA

A BLUEPRINT FOR BROAD PROSPERITY

PHILLIP LONGMAN AND RAY BOSHARA

FOREWORD BY STEVE COLL

WHAT IT'S WORTH

STRENGTHENING THE FINANCIAL FUTURE OF FAMILIES, COMMUNITIES AND THE NATION

Federal Reserve Bank of San Francisco & Corporation for Enterprise Development