THE RICH ARE DIFFERENT

How wealthy black Americans invest their money differently from rich white Americans

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It turns out wealth is not a great equalizer—at least not when it comes to investing your riches. A new study by Credit Suisse and

WRITTEN BY

Melvin Backman

@melvinbackman

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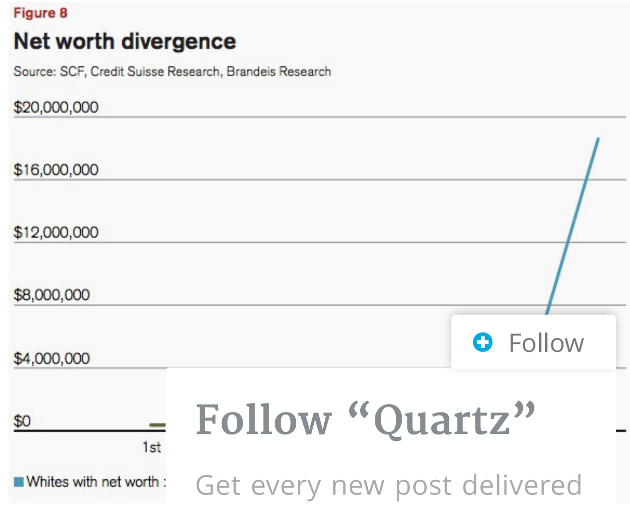
Brandeis University's Institute on Assets and Social Policy shows rich black Americans put their money to work very differently from rich whites.



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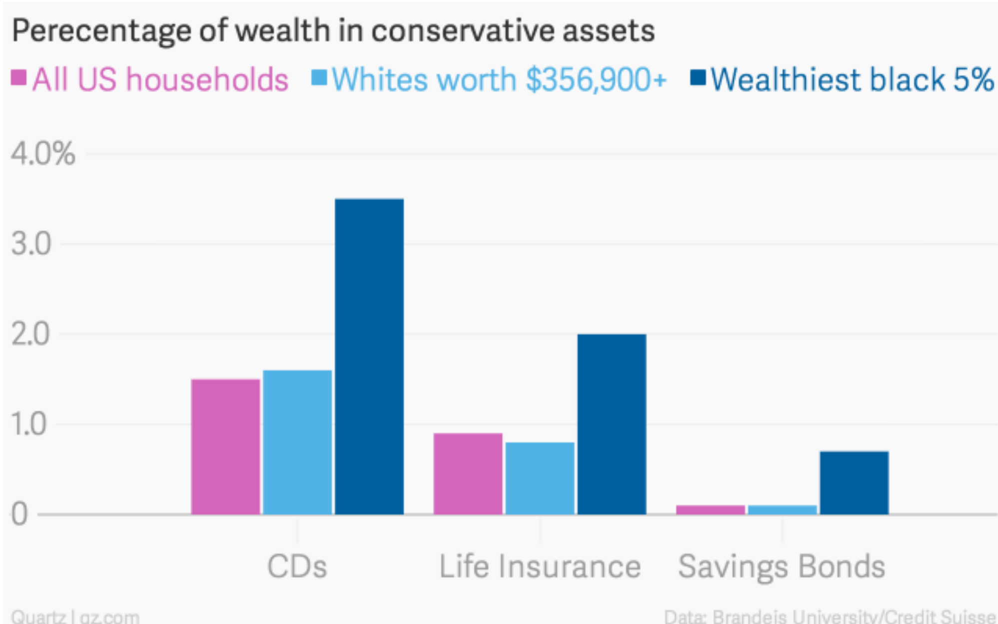
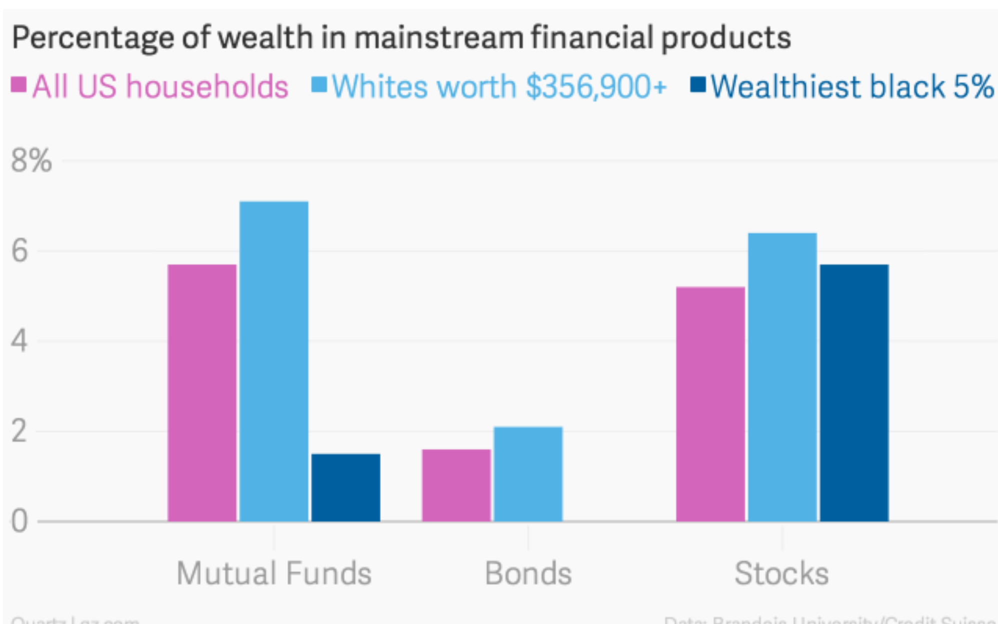
Given the overall disparity in wealth levels between the two communities, it's perhaps unsurprising that the 95th percentile of African Americans has a net worth —$357,000 and up—roughly in line with just the 72nd percentile of white Americans. The richest white 5% are 6.5 times wealthier than the richest 5% of black househ

And the difference isn't just a matter of scale. Research from the Federal Reserve's Survey of Consumer Finance contributors to each group's net worth. They found that, on average, the black 5%—their sample was too small to examine the black 1%—allocate their money much more conservatively than white families worth the same amount.

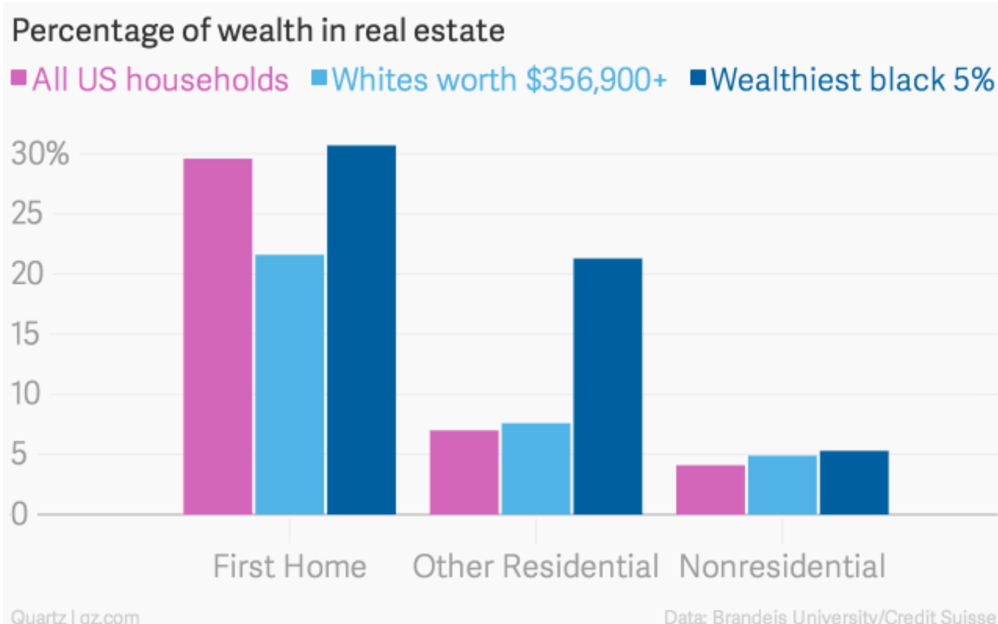
That means putting money in certificates of deposit, life insurance and savings bonds…



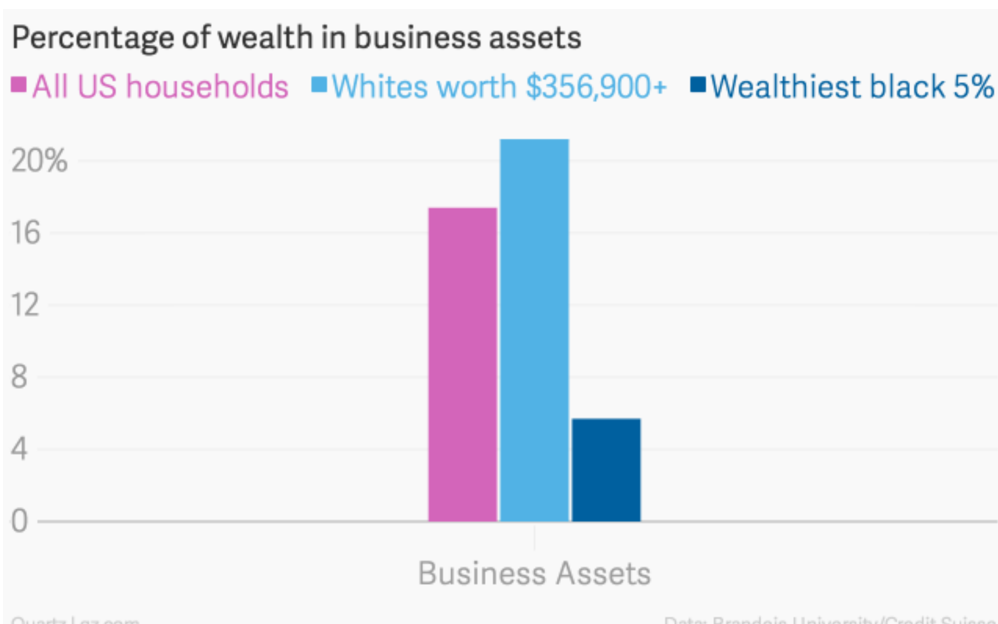
...instead of stocks and bonds, two asset classes that have done considerably well in the past few years.



The study also found that the wealthiest black families have more of their money tied up in different kinds of real estate...



...rather than their own businesses, again reflecting a preference for steadier assets. (Greater difficulty accessing start-up money is likely another factor.)



The researchers touch briefly on the the reasons for such conservative investing practices, pointing not just at a lack of diversity in the financial services industry, but also the difficulty blacks families have in maintaining any sort of upward economic mobility.

http://qz.com/303

AIN'T MISBEHAVIN'

Incredibly, the Republican Congress might not sabotage the US economy this time around

Congress is trying really hard not to ruin Christmas. (AP Photo/Manuel Balce Ceneta)

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WRITTEN BY

Matt Phillips

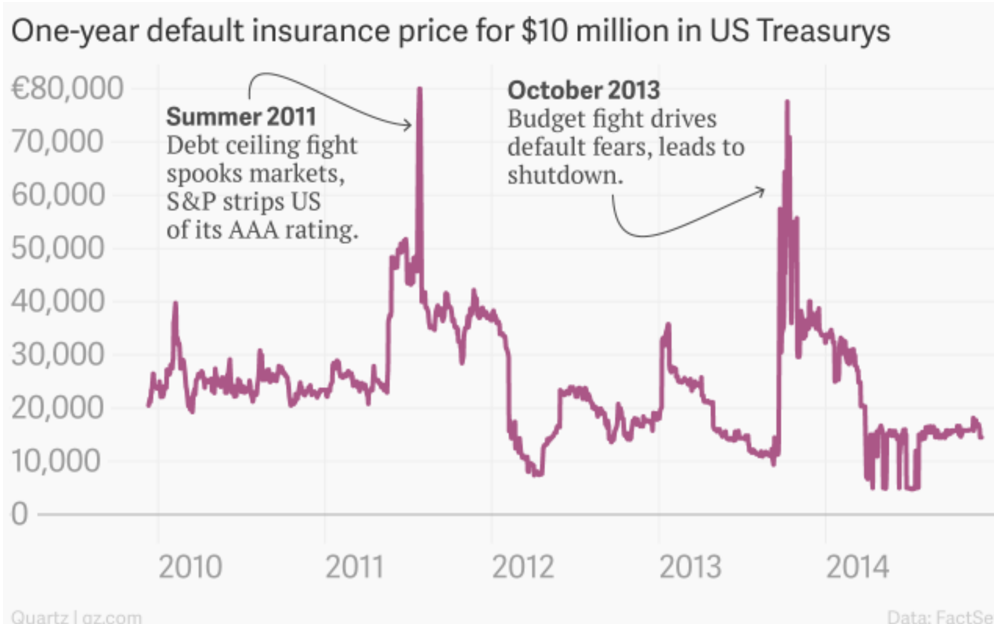
@MatthewPhillips

58 minutes ago

Shouldn't we all be terrified?

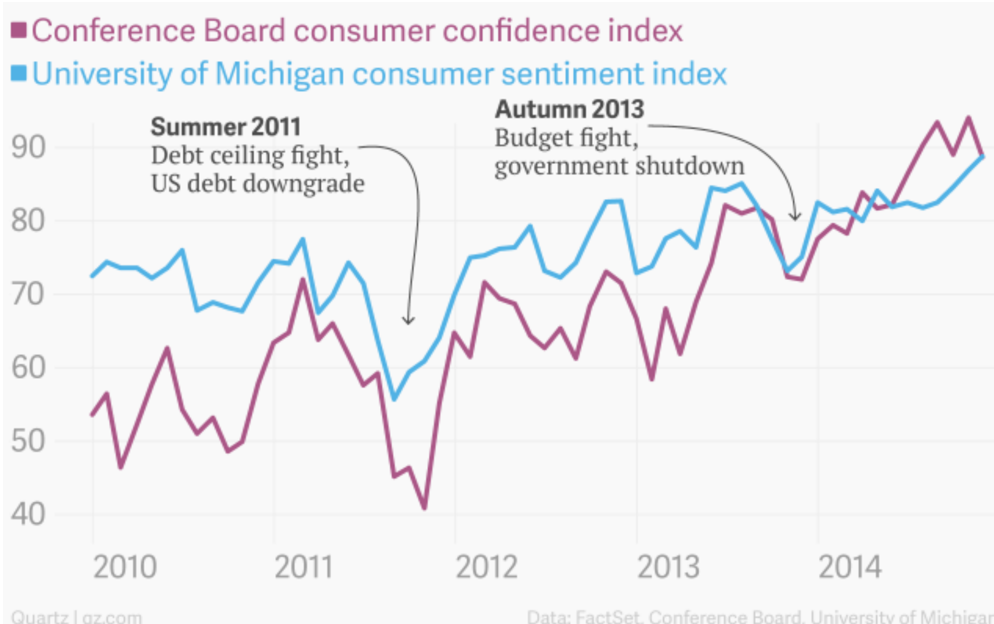
After all, the temporary spending measure that has allowed the US government to continue functioning since it was passed in September is set to expire on Thursday. In recent years, such mundane bureaucratic deadlines have morphed into moments of high drama, as the Republican-dominated US Congress had sought to use them to extract concessions from the Obama administration.

Who could forget the debt-ceiling fight over the summer of 2011, which ultimately led S&P to yank the US' AAA rating? And then there was the budget fight that resulted in the government shutdown of October 2013. As you can see from this chart—which shows the price for tradable default insurance products, known as credit default swaps—both those events prompted markets to radically rethink the old notion that US government bonds were essentially free of the risk of default.

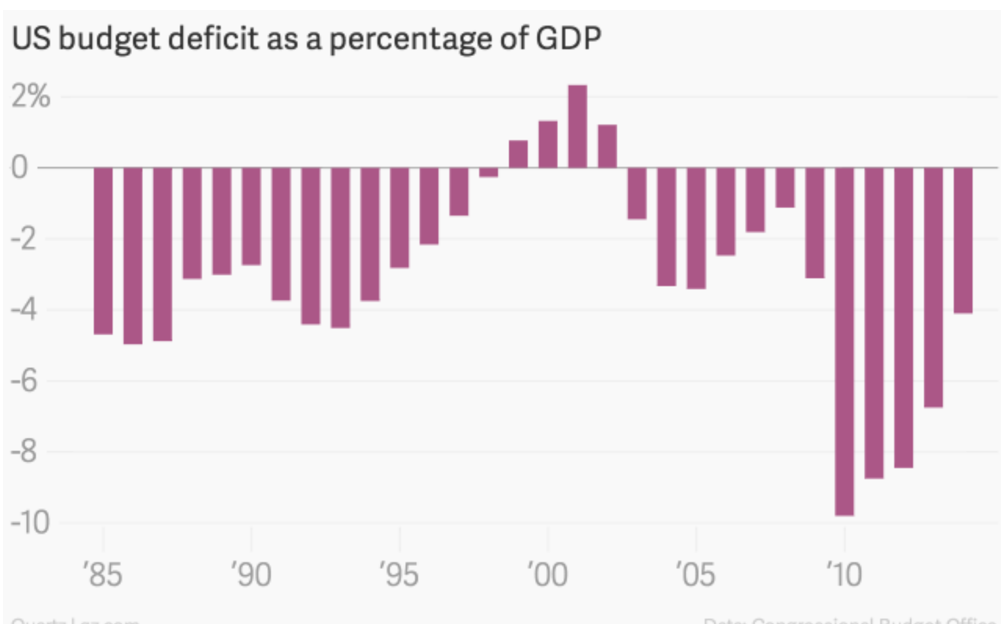


But there's nary a sign of worry in financial markets at the moment. That's because the 2013 federal government shutdown, which lasted 16 days, proved wildly unpopular and Republicans caught most of the flack for it. Of course, the dissatisfaction with the GOP faded quickly, allowing the party to stampede to victory in mid-term elections last month. While hard-line conservatives associated with the Tea Party movement continue to push to use budgetary deadlines for maximum leverage, the GOP leadership is trying to project an image of responsible leadership that wouldn't mesh well with any sort of budget brinksmanship.

This is very good development. Previous shenanigans over the budget were really damaging to US consumer sentiment, which has been incredibly slow to recover from the financial crisis and Great Recession.



Moreover, from the Republican perspective, there's been vast improvement in recent months when it comes to the US budget deficit. The deficit exploded higher during the worst of the recession that followed the financial crisis, as the government borrowed big to pay for huge outlays both to stabilize the financial system, and pay for a surge of unemployment benefits. The deficit has gone from 10% of GDP in 2009, to about 4% in 2013. (The CBO projects it will be roughly 3% when all is said and done in 2014.)



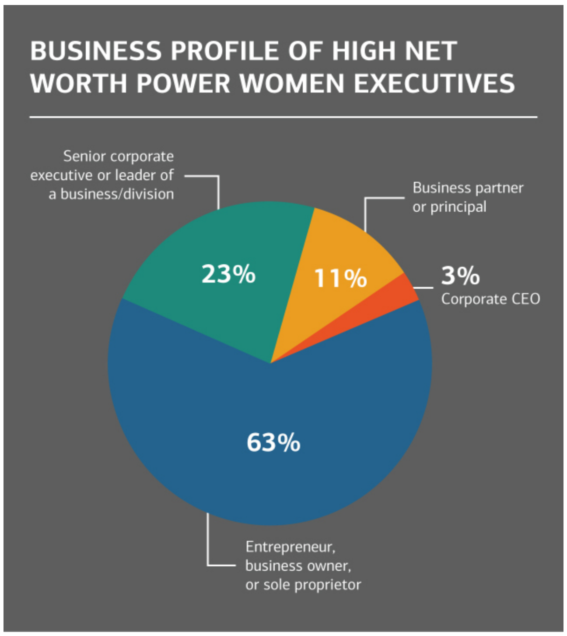
Republicans have a right to take some credit for this improvement. (After all, the budget wrangling—while unsettling and at times quite risky—likely kept some budgetary costs in check.) But they're wise not to push this budgetary deadline towards another manufactured crisis.

After all, the US economy is finally showing signs of really robust improvement, with 321,000 new jobs created in November. The Obama administration hasn't gotten much credit for the improvement, in part because piddling wage gains don't mean much of the country still feels itself mired in recession. But if Republicans launched another rancorous, disruptive budget fight just as the US economy seems to be lifting off, they'd clearly catch all the blame for any potential turbulence the economy could still hit.

http://qz.com/30

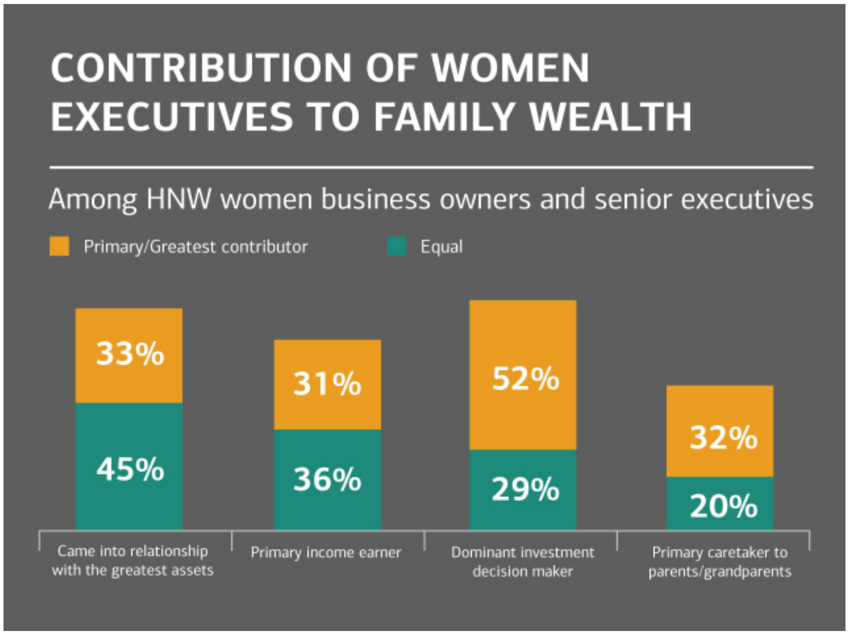
The money this growing group of women is making, and the responsibilities that come with it, are changing family wealth and dynamics. A look at the shifting perspectives and behavior related to wealth tells an insightful story on the priorities of female executives.

The 2014 *U.S. Trust Insights on Wealth and Worth®* survey digs into the data provided by 292 high-net-worth women (with at least $3 million in investable assets) with various business backgrounds.



Nearly half of these women are equal or primary earners in their families, and two-thirds contributed as much as their partner or more in assets when they entered the relationship.

Increasing financial responsibilities often do not mean fewer at home, however. Nearly three-quarters have equal or primary childcare responsibility. More than a third care for elderly relatives, and an inordinate amount also support extended family.



The always-intensifying tension between the professional and personal for these women, especially as their earnings become more crucial to their families, can create another demanding duty as they seek ways to maximize and protect their investments. It's a key task not just for the health of those in their lives today, but also those for whom they've worked hard to leave a legacy.

This article was produced on behalf of U.S. Trust by the Quartz marketing team and not by the Quartz editorial staff.

SURVEY METHODOLOGY: The 2014 *U.S. Trust Insights on Wealth and Worth®* survey is based on a nationwide survey of 680 high-net-worth and ultra-high-net-worth adults with at least $3 million in investable assets, not including the value of their primary residence. Among respondents, 33 percent have between $3 million and $5 million in investable assets, 33 percent have between $5 million and $10 million and 34 percent have $10 million or more. The survey was conducted online by the independent research firm Phoenix Marketing International in February of 2014. Asset information was self-reported by the respondent. Verification for respondent qualification occurred at the panel company, using algorithms in place to ensure consistency of information provided, and was confirmed with questions from the survey itself. All data have been tested for statistical significance at the 95 percent confidence level.

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