



Researching Family Balance Sheets to Strengthen  
Families and the Economy | [stlouisfed.org/hfs](http://stlouisfed.org/hfs)

# Overview of and Key Lessons from The Center for Household Financial Stability

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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*

# Context: Widespread Financial Instability



- 57% of Americans are challenged to achieve “financial health” (CFSI, 2015)
- 70% of households are “income-constrained, savings limited, and/or debt-challenged” (Pew, 2015)
- An unexpected expense of \$400 would prompt nearly half of all families to borrow funds, sell something, or simply not pay (Federal Reserve, 2015-2017)
- Families experience volatility five months per year; 42% of families struggle to meet monthly expenses, due in part to growing income and expense volatility (U.S. Financial Diaries, 2016)
- Nearly two-thirds of Americans see money as a “very” or “somewhat” significant source of stress. (APA, 2015)



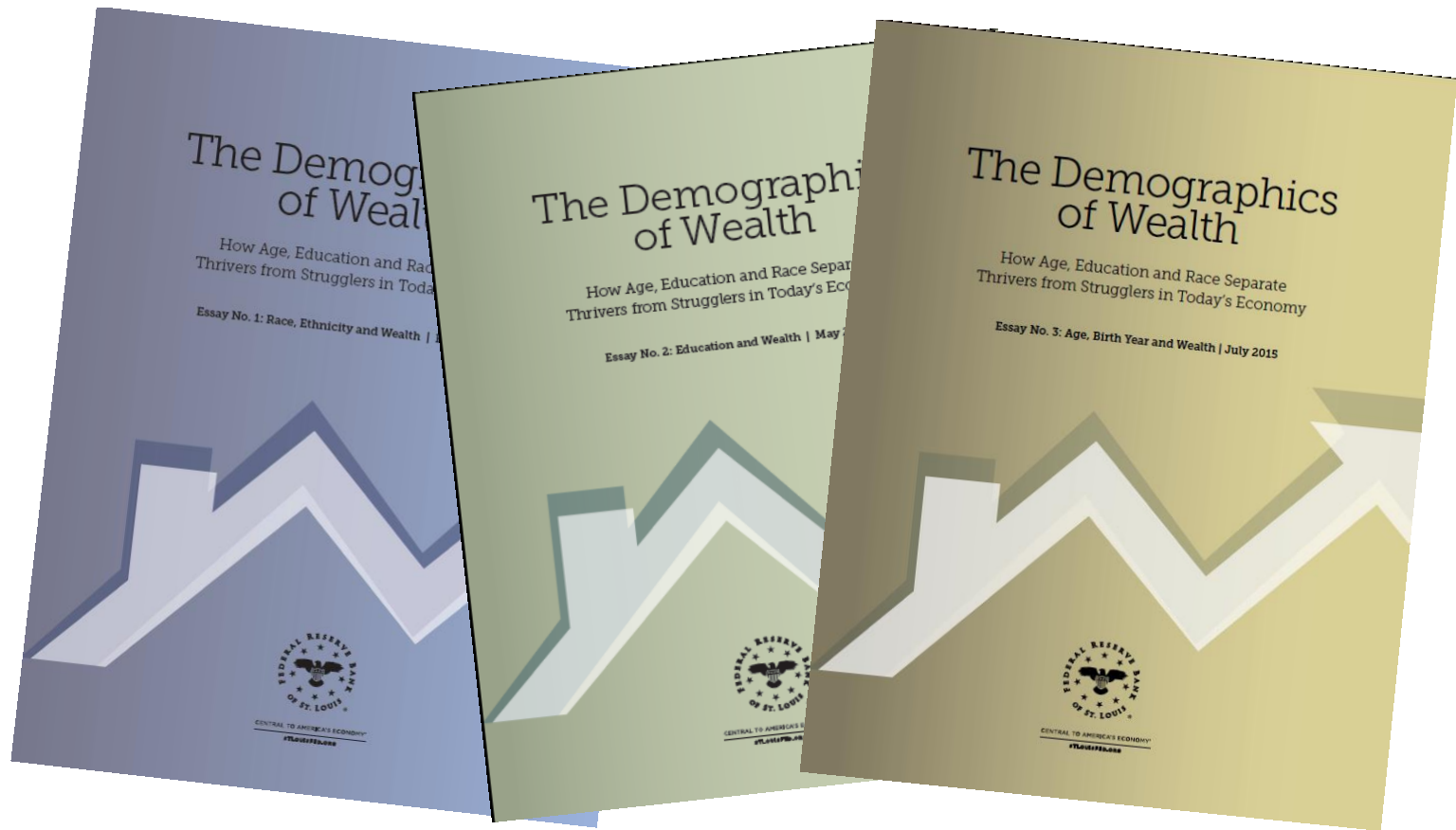
# Why Study Family Balance Sheets?



- Assets matter for economic security and upward economic mobility in ways income does not; balance sheets reveal dimensions of financial stress and health not otherwise apparent.
- Holding assets is associated with distinct social, psychological, emotional, child well-being, health, and civic outcomes.
- The U.S. has a long history of promoting property ownership, but many families have been and remain excluded from these policies, contributing to wealth inequality.

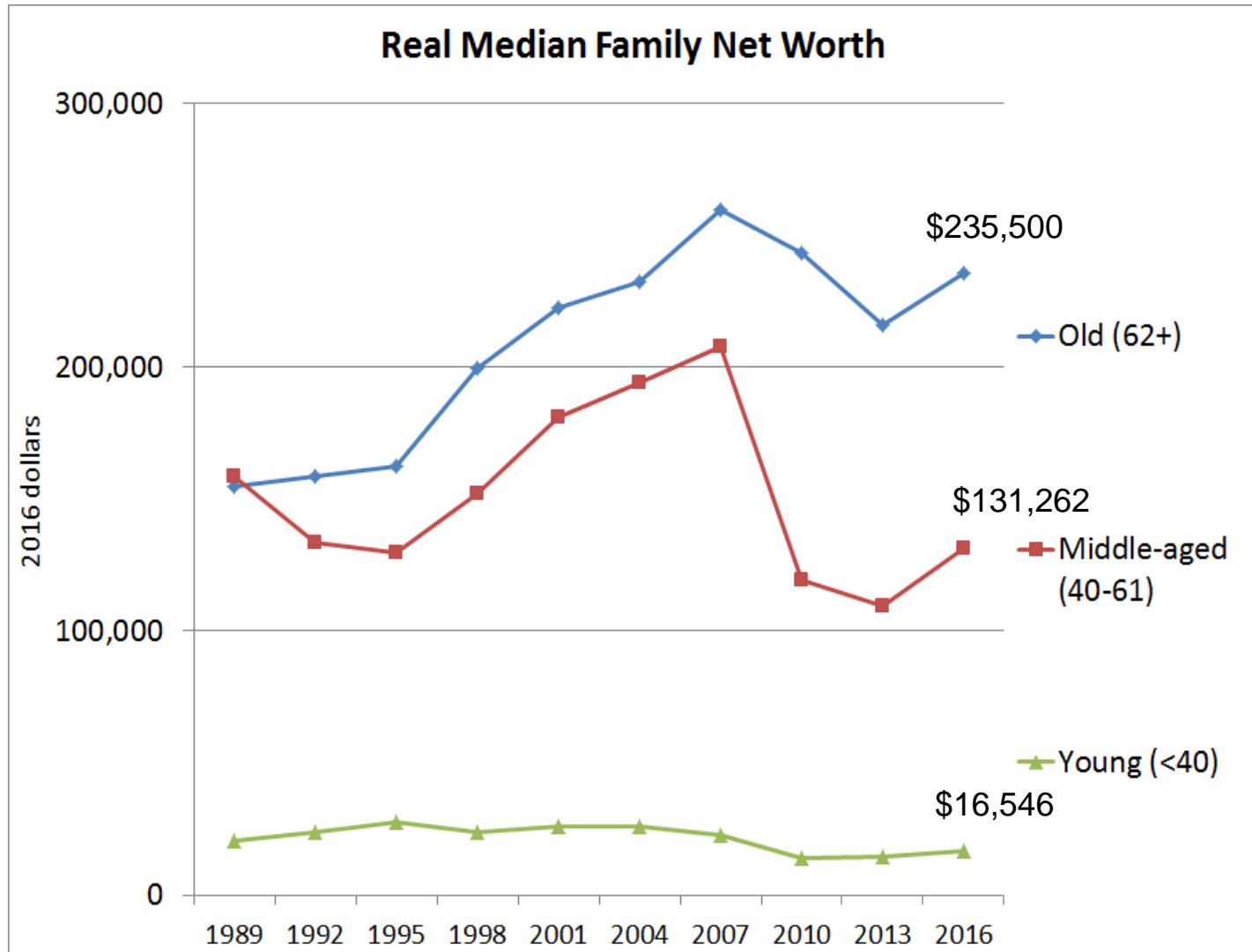


# Lesson One: Demographic Factors Increasingly Matter For Building Wealth



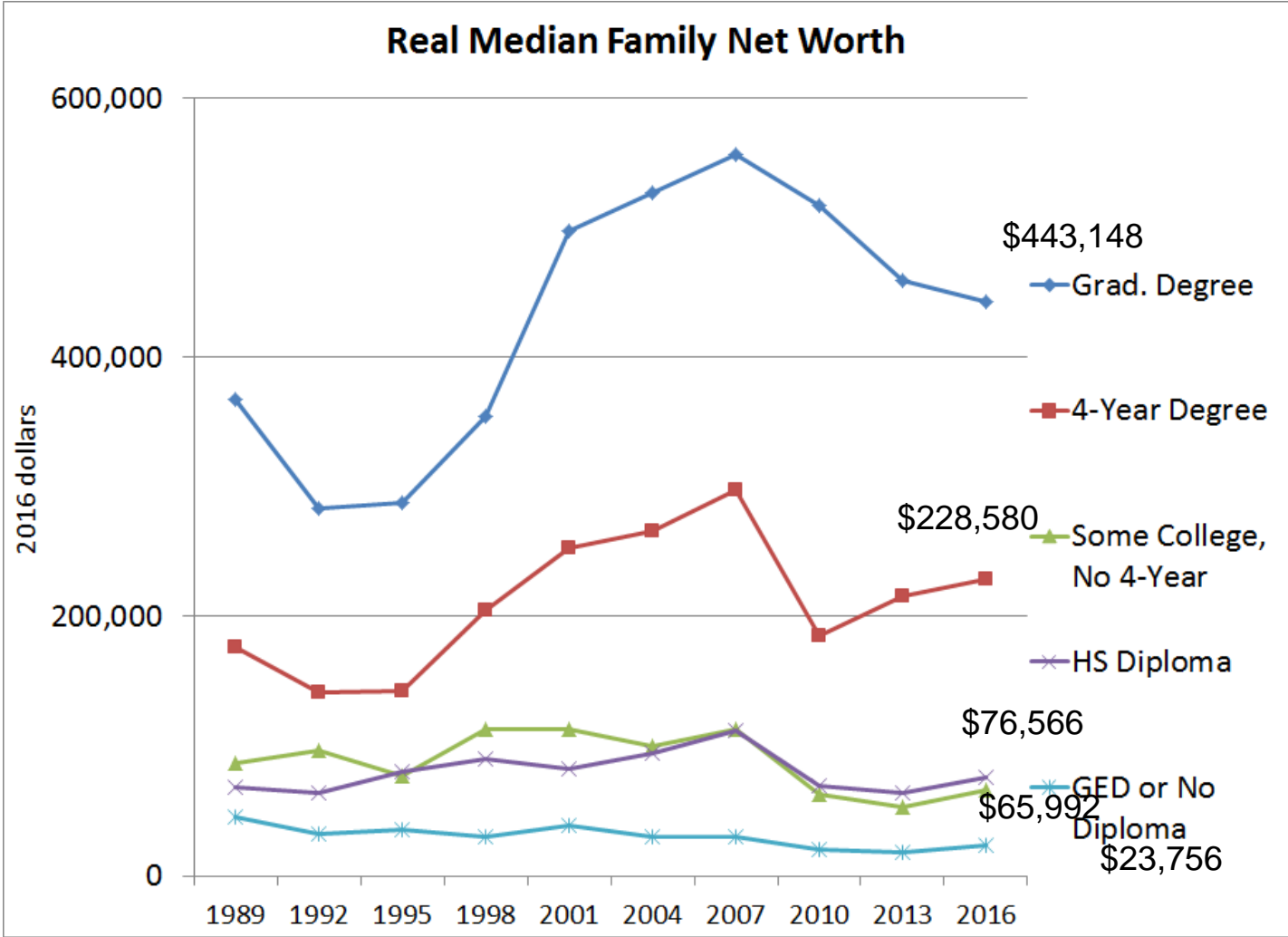
# Age / Birth Year

Source: Emmons and Ricketts analysis of 2016 Survey of Consumer Finances of the Federal Reserve Board



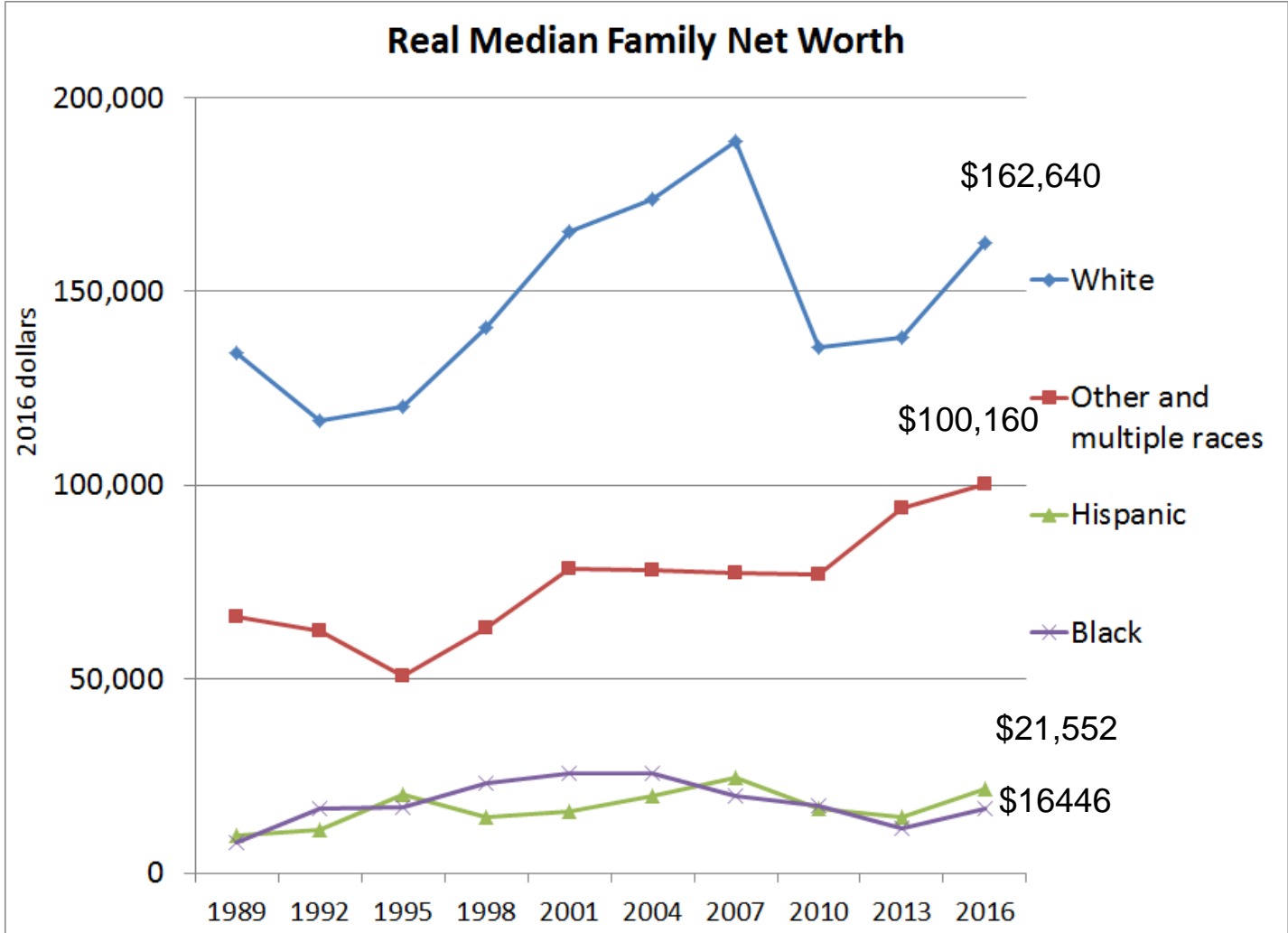
# Education

Source: Emmons and Ricketts analysis of 2016 Survey of Consumer Finances of the Federal Reserve Board



# Race & Ethnicity

Source: Emmons and Ricketts analysis of 2016 Survey of Consumer Finances of the Federal Reserve Board



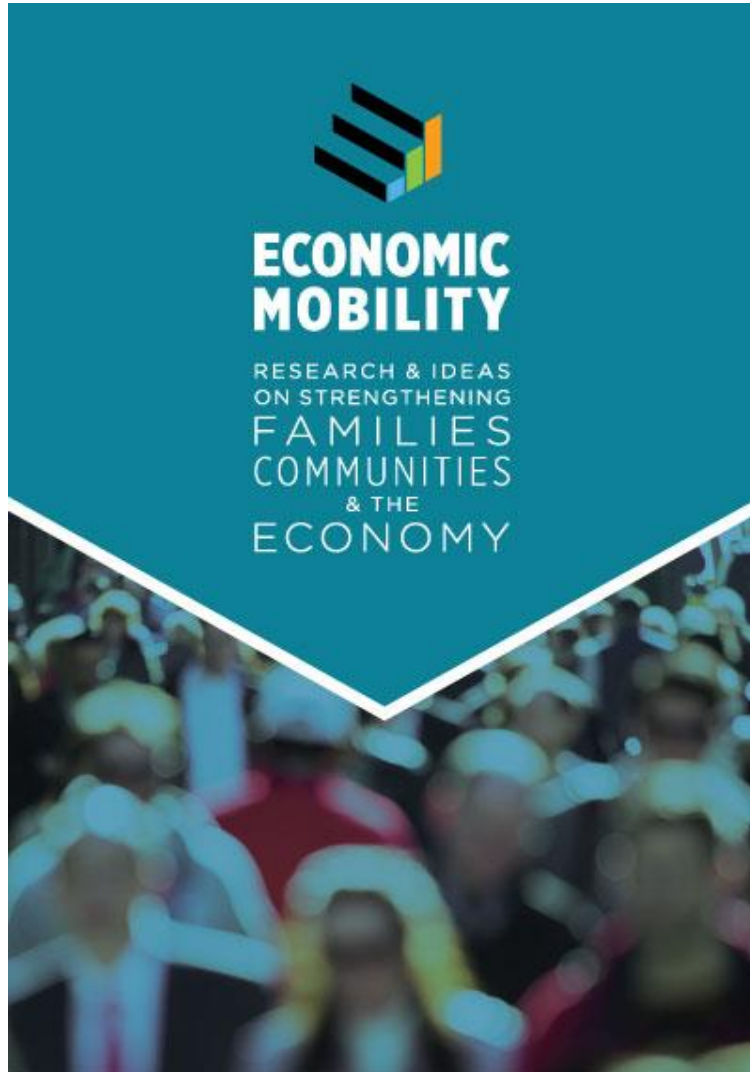
# Lesson Two: Liquidity and Diversification Matter for Financial Stability and Building Wealth



- The balance sheets of struggling families share three characteristics:
  1. Too much wealth in homeownership
  2. Too much debt
  3. Too little savings/liquidity
- When a negative family event occurs, asset-poor families are 2-3 times more likely to experience material hardship than non-asset-poor families (Urban Institute, 2009).
- Of all the factors examined, disparities in financial well-being are greatest between subgroups that have different levels of liquid savings (CFPB, 2017)



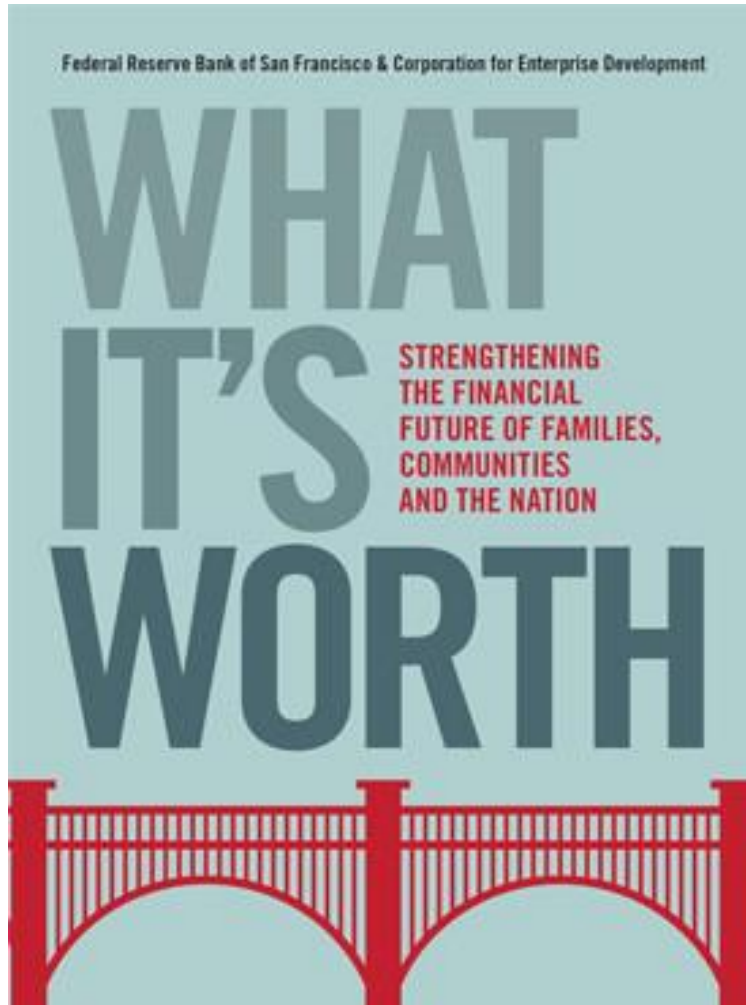
## *Lesson Three: Starting Point and Place Increasingly Matter for Financial Well-Being and Upward Economic Mobility*



- Subject of national Federal Reserve Research Conference, April 2015
- Features essays and papers by Raj Chetty, Joseph Stiglitz, Janet Yellen, Robert Putnam, Katherine Newman, and others.
- <https://www.stlouisfed.org/community-development/publications/economic-mobility>

# Resources

[www.strongfinancialfuture.org](http://www.strongfinancialfuture.org)



[www.stlouisfed.org/hfs](http://www.stlouisfed.org/hfs)

- Monthly e-newsletter
- Updated “Demographics of Wealth” series, January – April 2018
- Research symposium, May 23-24, 2018 “How Has Education Impacted Wealth Across Generations?”
- “Tipping Points” household debt research symposia, June 2016 & June 2017
- Quarterly Debt Monitor publication
- In the Balance research briefs
- Consumer debt project with EPIC/Aspen Institute
- Dedicated local and national work on the racial wealth gap
- “Leading Authors” book series
- Child Savings Accounts research and evaluation project with CFPB, CSD, Abt Associates, and Prosperity Now