

# *BUILDING COMMUNITIES OF WEALTH*

*A PROGRAM TO INCREASE WEALTH  
FOR STUDENTS AND PARENTS  
AT CENTRAL HIGH SCHOOL*

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**RECENT TRENDS  
AND IMPLICATIONS  
FOR WEALTH GENERATION**

# MOST AMERICANS ARE FINANCIALLY ILLITERATE

## Our teaching experiences

### Finra study:

- “Financial Capability in the U.S. 2016
- Six simple questions, no mathematics
- Average score was a 3.16
- Downward trend in financial knowledge

# LITTLE DOUBT OF WEALTH'S EFFECT ON HEALTH

Many consider wealth a determinant of health

The effect of wealth is longer lasting than income

Stress is a major health concern in poor communities

The wealthy live longer than those less wealthy

The wealth gap becomes the health gap

# PEOPLE ARE LIVING LONGER

A 65 year old female, on average, will live until 87

A 65 year old male, on average, will live until 84

It is estimated that 25% of those who are 65 will live past 90

It is estimated that 10% will live past 95

Must manage your retirement funds over a longer number of years

The number one issue facing seniors is out-living their retirement savings

# WEALTH GAP CONTINUES TO GROW

## Our Goal: Reduce the Wealth Gap

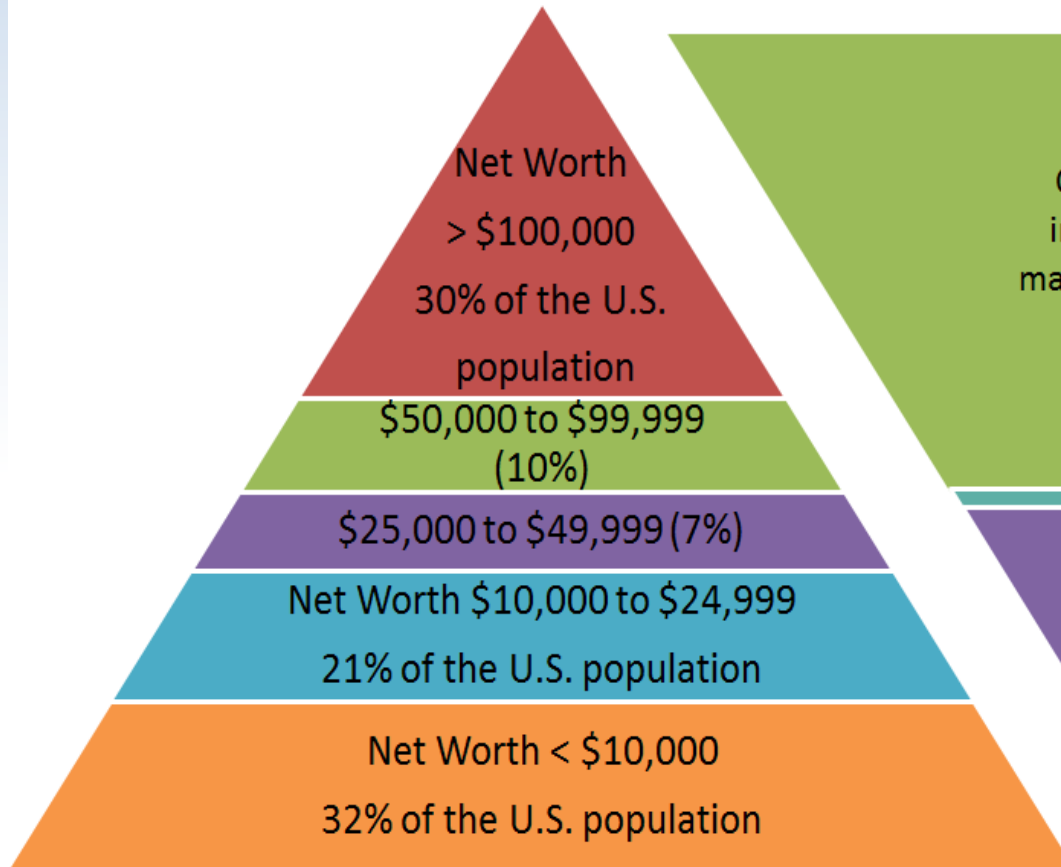
2013 (United States)

Source: Pew Report on Inequality

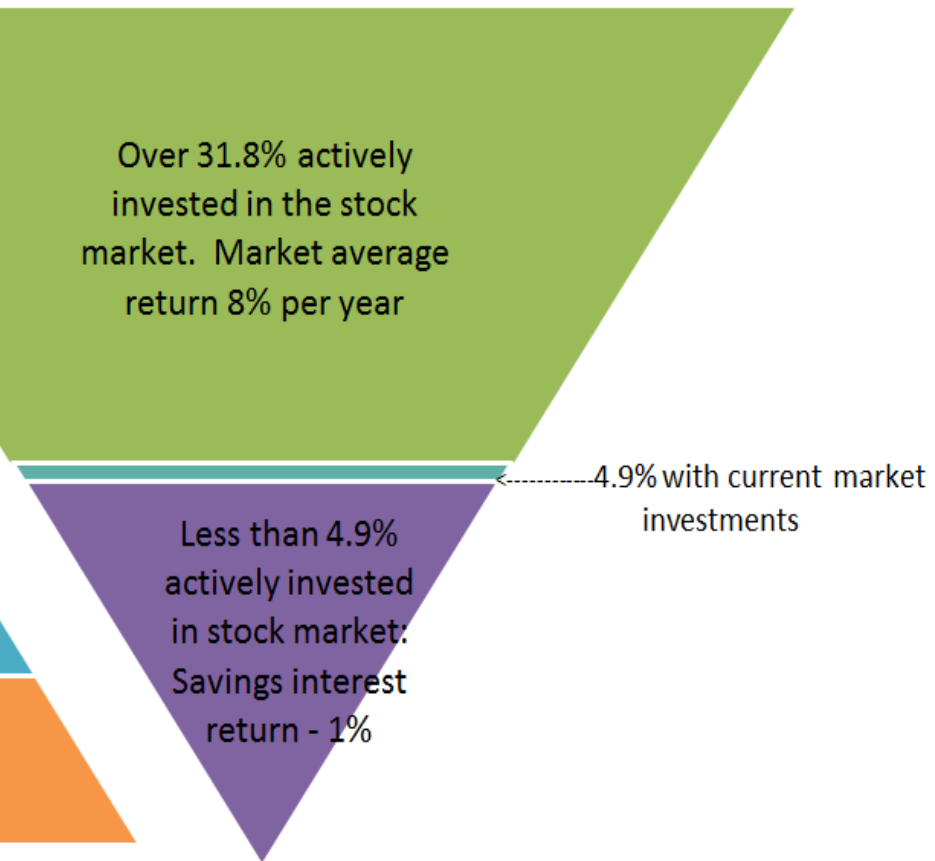
- **\$141,000 Median White Household Wealth**
- **\$11,000 Median Black Household Wealth**
- **\$13,700 Median Hispanic Household Wealth**

# INVESTMENT BEHAVIOR RELATIVE TO WEALTH

NET WEALTH PYRAMID IN THE UNITED STATES



INVESTMENT RETURN PYRAMID IN THE UNITED STATES



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# **SUMMARY OF FINANCIAL EMPOWERMENT PROGRAM**



# **MISSION PRINCIPLES OF BRIDGES TO WEALTH (B2W)**



- Provide free classes in financial literacy and entrepreneurship to underserved communities.
- Provide investing and saving opportunities while maintaining long-term engagement
- Build communities of wealth within local community organizations
- [www.bridgestowealth.org](http://www.bridgestowealth.org)

# BASIC PROGRAM ATTRIBUTES

## Education

- 6 hours of financial literacy classes

## Opportunity to join a community of wealth

- Investing group meets every 2 weeks
- Savings group meets once a month
- Meetings include short educational presentations

# BUILDING COMMUNITIES OF WEALTH



# WHAT WE WILL LEARN

**How to  
Make Better  
Use of your  
Money**

**How to  
Save Money  
More  
Wisely**

**How to  
Accumulate  
More  
Wealth**

**How to  
Better  
Protect  
your  
Wealth**

**How to  
Reduce  
your Debt**

**EXAMPLES  
OF CLASS  
SLIDES**

# BUDGETING

## What are **Needs** and what are **Wants**?



### Monthly Expenses:

- **\$600** Rent - **Need**
- **\$250** Utilities - **Need**
- **\$350** Food - **Need**
- **\$80** Transportation - **Need**
- **\$50** Mobile phone - **Need**
- **\$70** Entertainment - **Want**
- **\$150** Child care - **Need**
- **\$100** Clothes - **Want**
- **\$100** Hair - **Want**
- **\$100** Savings - **Need**

**\$1,850/month**

# RULE OF 72

**72/ Rate of Interest**

**=**

**# of Years it takes to Double your savings**



# EXAMPLE

The interest rate is 8%.

$72/8 = 9$  years  
to double your  
savings

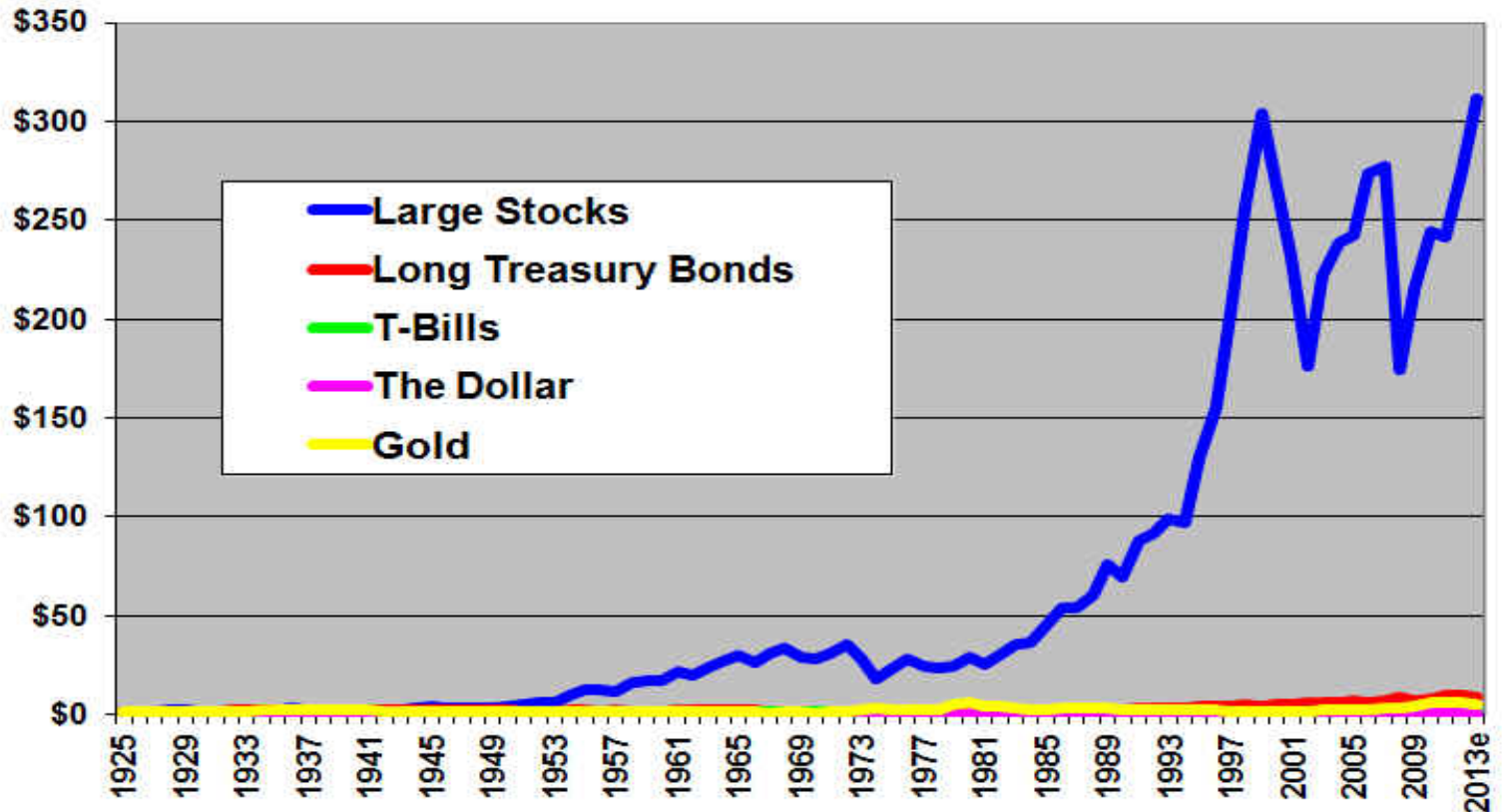
The interest rate is 1%

$72/1 = 72$  years  
to double your  
savings



# HISTORICAL RETURNS OF DIFFERENT ASSETS

**Total Real Returns, Large Stocks, Long Treasuries, T-Bills, The Dollar and Gold 1926 - 2013 June 22**



# HOW QUICKLY DOES WEALTH ACCUMULATE AT 1%?

Initial Investment:

\$ 1000

Interest Rate:

1 %

Regular Investment:

\$ 200 Monthly

Years:

40

Compounded:

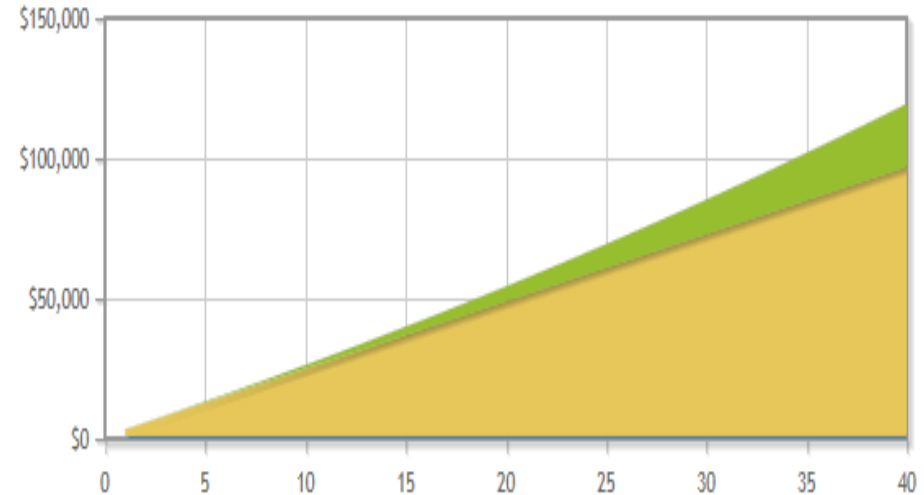
Semi-annually

Calculate

After 40 years you will have:

\$119,514.59

Initial Investment	\$1,000.00
Regular Investment	\$96,000.00
Interest	\$22,514.59



## Better Money Habits

Learn More About Your Money and How to Make Better Financial Decisions.



Yearly Data Monthly Data

Year	Investment	Interest	Balance
1	\$3,400.00	\$23.04	\$3,423.04

# HOW QUICKLY DOES WEALTH ACCUMULATE AT 8%?

Initial Investment:

\$ 1000

Interest Rate:

8 %

Regular Investment:

\$ 200 Monthly

Years:

40

Compounded:

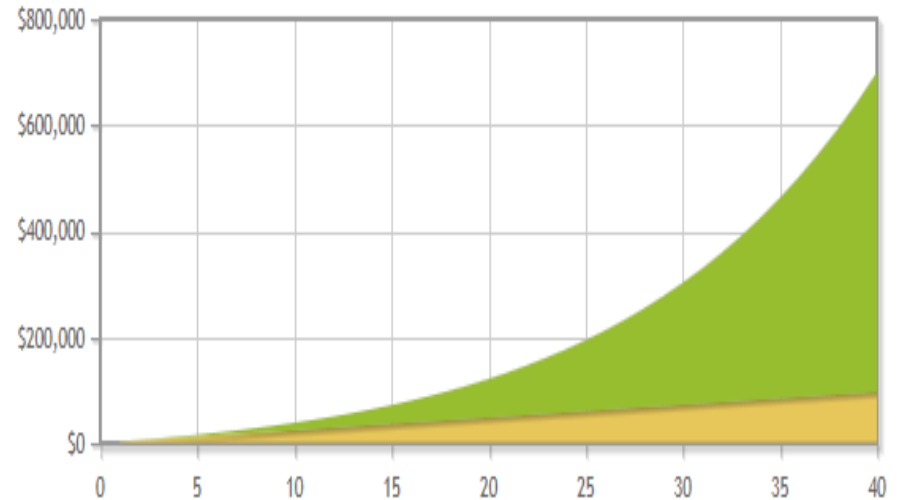
Semi-annually

Calculate

After 40 years you will have:

\$699,894.55

- Initial Investment \$1,000.00
- Regular Investment \$96,000.00
- Interest \$602,894.55



## 8% Annual Annuity Return

Get guaranteed lifetime income and reduced risks to retirees all here.



Yearly Data		Monthly Data	
Year	Investment	Interest	Balance
1	\$3,400.00	\$186.41	\$3,586.41

# FOUR RULES OF INVESTING

**Save  
Regularly  
and Don't  
Spend the  
Money**

**Save as soon  
as possible  
(Compound  
Interest)**

**Use Low  
Cost  
Investments**

**Diversify  
your  
Investments**

# UNDERSTANDING YOUR CREDIT SCORE

## Composed of 5 Major Attributes

- Payment History (35%)
- Balances Carried (30%)
- Credit History (15%)
- Mix of Accounts (10%)
- Inquiries (10%)
- Time Effect



# GOOD DEBT

If used well, debt can increase your leverage and investment returns

## Good Debt

Pays for items that are expected to increase in value

Enhances future employment opportunities

Is Tax Deductible

Helps retire higher interest debt

## Examples

Home Mortgage

Student Loan

Business Loan

Real Estate Loan

**METRICS OF  
PROGRAM**

**PERFORMANCE**

# MONITOR BEHAVIOR, ATTITUDES, AND KNOWLEDGE

A survey of program participants show:

- 98% report a change in how they make investment decisions
- 91% report a better understanding of the stock market
- 90% are saving more money than they were 12 months ago
- 89% have increased the dollars invested in the stock market
- 82% feel more comfortable when investing as part of a group
- 74% are first-time investors of mutual funds
- 69% feel more secure about their financial future



# RECENT SURVEY RESULTS OF PARENTS (5 = SIGNIFICANTLY AGREE)

- The information I received from the program has helped me increase my wealth 4.71
- I believe I will make better financial decisions because of this course 4.88
- I have more money invested in the stock market because of this program 4.46
- Because of this program I feel more secure about my financial future 4.71
- I better understand how to calculate fees of mutual fund 4.04
- I believe young adults should take this program 4.92
- I would recommend this program to family and friends 5.00
- I feel more comfortable investing as part of a group 4.83

# SUCCESSFUL BUILD-OUT OF COMMUNITIES OF WEALTH AT PHILADELPHIA HIGH SCHOOLS

- Boys' Latin High School
  - After two years, a growing community of wealth
    - Membership increased by 50% in second year
    - Investing group met 2017 goal of \$20,000 invested
    - Parents meet every two weeks on Saturday mornings
  - Dobbins Technical High School
    - First graduating class – November 2017
    - Investing group has already met twice
    - Second cohort classes begin this week

# RECENT SURVEY RESULTS OF STUDENTS (5 = SIGNIFICANTLY AGREE)

- The information I received from the program will help me increase my wealth 4.43
- I believe I will make better financial decisions because of this course 4.57
- I believe I am better prepared to successfully choose a credit card 4.43
- I believe I am better prepared to manage my credit score 4.50
- I believe I know more about stock investing than most high school students 4.62
- I think this is an important class to take 4.43
- Overall, I am glad I took this course 4.72
- I feel more secure about planning my financial future 4.36

# PHILADELPHIA SAVINGS GROUP (2016)

Often used in developing countries

- People pool their money and lend to other members

Characteristics of our savings group last year

- 115 members
- Generated a lending pool of \$107,000

Self-governing

- Set Lending Rules
- Elected Officers
- Use Internal Loan Committee

One year return 4.6%

# WEALTH GENERATION METRICS

Metrics support a significant increase in wealth generation for our participants

- Over \$200,000 invested in 2016
- Average return over 15%
  - Incremental increase of over 20 times in capability
- Retention \$\$ rate over 96%
- Graduated over 100 members to own account

# WORK WITH MANY COMMUNITY ORGANIZATIONS

## Boys' Latin High School

- Student programs
- Parental program

## Mexican Consulate

## Community Health Centers

- Collaboration with HHS and HRSA

## Program at Senior Centers

- Caregivers and seniors
- Penn Memory Center

## Enon Tabernacle Church

- Intergenerational (student and seniors programming)

# CONTACT INFO

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