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And ye shall know the truth, and the truth shall make you free.
John 8:32(KJV)

On June 1st, 2017, the United States Census Bureau released the 2013 *Wealth and Asset Ownership Detailed Tables* which highlight the household net worth from the *Survey of Income and Program Participation*. (United States Census Bureau, 2017) This is by far the most reliable source of information on the true state of wealth distribution in the United States.

The data is astounding. Here are some quick demographic facts. The average net worth of an American household is $80,039. If the householder is white alone, that number increases to $103,976. Since people of Hispanic origin can belong to any race or ethnic group, the data considers that. If the householder is white alone, not Hispanic, the number increases again to $132,483. If the householder is Asian alone, the number is $112,250. That's the end of the good news.

If the householder is of Hispanic origin (any race), the net worth drops dramatically to $12,458. Last, and unfortunately in this case, least; if the householder is Black alone, the net worth dips further to $9,211. This is the harsh reality of the racial/ ethnic distribution of wealth in the United States of America. Now let's break this down even further.

When equity in one's home is excluded from net worth, the average household net worth drops to $25,116. When the householder is white alone, it's $34,755 and white alone, not Hispanic, it's $51,100. For an Asian only householder, the net worth is $41,507 excluding home equity. Unfortunately, for the householder of Hispanic origin (any race) the net worth is $5,825 and for the Black householder, it's $2,725 excluding home equity.

Now let's zero in on homeownership. The average net worth of homeowners in the United States according to the data is $199, 557 while the net worth of renters is $2,208. Without digging too deep into the numbers, it's clear that the majority of household net worth in the United States comes from homeownership. People who own homes are significantly better positioned financially than those who do not.

> *"Education...beyond all other devices of human origin, is a great equalizer of conditions of men --the balance wheel of the social machinery...It does better than to disarm the poor of their hostility toward the rich; it prevents being poor."*
> Horace Mann

Let's now talk about education. Households with no high school graduates have an average net worth of $5,010. Those who graduate high school are worth $36,795. Those who start college but don't finish are worth $46,729. In other words, you're better off stopping at a high school diploma than spending money on college and never getting a degree. If you go to college, you need to finish or you make your situation worse.

When the highest level of education in the house is an Associate's degree the net worth grows to $66,943. When there's a Bachelor's degree the net worth skyrockets to $147, 578. Last, when there's a graduate or professional degree in a household (M.S., Ph.D., M.D., P.E., S.E., L.S., D.D.S., etc.) the net worth of that family explodes to $325,400.

Now, let's discuss investments. The data shows that white households have an average of $5,400 in interest earning accounts at Financial Institutions. White (excluding Hispanic) households have $6,800; Asian households have $7,200; Hispanic (any race) households have $1,100 and Black households have $1,000.

When it comes to stocks and mutual fund shares, the numbers are even more dramatic. White families have an average of $35,000 when excluding those of Hispanic origin, white families have $37,380. They are followed closely by Asian households with $25,000. These numbers drop off to $10,000 for people of Hispanic origin (any race) and $9,000 for Black only householders.

Let's look at what's being put aside for the future by US households starting with retirement accounts. White families have an average of $62,000 in IRA or KEOGH accounts, 401K and Thrift Savings Plans. White (excluding Hispanic) families have $70,000. Asian families have $68,400. Hispanic (any race) families have $23,000 and Black families have $29,000. Here's more on what these households leave behind for the next generation.

White families have an average of $62,000 in Annuities and Trusts and if people of Hispanic heritage are excluded the number is $62,500. Unfortunately, the US Census Bureau could not find a minimum of 200,000 households of any other racial or ethnic background with Annuities and Trusts which resulted in a sample size less than 50. Hence, there are no results to show.

Now let's see who's prepared to educate the next generation. When considering Educational Savings Accounts, white families have $10,000. Asian households have $11,000. Hispanic families have $4,000. Unfortunately, like Annuities and Trusts, there are not enough Black households with data that could be presented so there's nothing to show. In other words, once again, it's so low, it's not reportable.

Equity in business or profession is another demographic category presented by the US Census Bureau. White households have an average of $10,000, Asian households have $20,000 while Hispanic families (of any race) have $4,000 and black families, $5,000. Rental property equity for white families is on average $80,000 and excluding those of Hispanic origin, $86,900. Asian households have $150,000 in rental property equity while Hispanic households (of any race) have $60,000 and Black families, $50,000.

The final demographic category we will analyze is marital status. Married-couple households in the United States have an average net worth of $167,704. If younger than 35 years old, the net worth is $24,022. For householders 35 to 54 years old it's $142,425. For householders 55 to 64 years old it's $289,623. For those who are 65 years and over their average net worth balloons to $323,254.

On the other hand, single person households are worth an average of $41,900. When less than 35 years old it's $4,975. Between the ages of 35 to 54 years old, it grows to $21,778. Then for those singles who are 55 to 64 years, it's $56,953 and 65 years and older it's $124,448.

There are many reasons why the household distribution of wealth in the US looks the way that it does. It's not by chance that certain demographics are at the top while others are at the bottom. However, before we get into any arguments about why things are the way they are let's sit back a little and just consider the facts.

Based on the US Census data, look carefully at the demographic profile of the two groups; rich and poor. The first is the group that's at the top of the economic ladder and the second is the group at the bottom of the economic ladder.

The demographic categories we considered are the following; race/ethnicity, homeownership, education, investments, retirement accounts, Annuities and Trusts, Educational Savings Accounts, marital status, business equity and rental property equity.

Idealized Wealth Distribution Per Demographic Profile

Category	**Rich**	**Poor**
Race/ Ethnicity	White/ Asian	Black/ Hispanic
Homeownership	Yes	No
Education	Graduate or Professional Degree	Some College or less
Investments (Interest Bearing Accounts, Stocks, Mutual Funds)	Over $40,000	Under $10,000
Retirement Accounts	Over $60,000	Under $30,000
Annuities and Trusts	Over $60,000	None
Educational Savings Accounts	Over $10,000	None
Marital Status	Married	Single
Business Equity	Over $10,000	Less than $5,000
Rental Property Equity	Over $80,000	Less than $60,000

There is so much to unpack from this data. I'll just make the following high-level observations based on the statistics. In the US, Black and Hispanic households are consistently behind White and Asian households in every economic category. Something is wrong with that. The wealth gap between these racial/ ethnic groups is huge.

Some might think there's an easy way to explain this by lumping in other demographic categories with racial/ ethnic affiliation. For example, some would posit that a lack of education or low levels of homeownership or a prevalence of single parents in Black/ Hispanic households are the true reasons behind the racial/ ethnic wealth gap. They find it hard to accept the numbers on face value.

Perhaps there is some truth to those assertions but let me share some more interesting facts. Recently, I was asked to speak to a group of Black high school and college students in DeKalb County, GA about careers in S.T.E.M. (Science, Technology, Engineering, and Math). This is very personal to me. I come from a S.T.E.M. family. In addition to my career in engineering, my brother is a junior executive in a computer software company and my sister is a dental surgeon at a hospital.

In my presentation, I shared some thought-provoking realities from STEM education data provided by the National Science Foundation. Since I'm a structural engineer, let's hone in on my field. First, let's talk about the racial distribution of workers employed in engineering.

> *Of the 1,569,000 workers employed in engineering in 2010, 1,123,000 were white, 262,000 were Asian, 56,000 were black, and 99,000 were Hispanic.*
> (National Science Foundation, 2017)

That's not too shocking. Engineering has an overwhelming presence of White and Asian workers while Black and Hispanic workers are drastically underrepresented. However, even the few Black and Hispanic engineers who make it into the industry have an uphill climb. One table I shared which illustrated this was the following; *"Median annual salary of full-time workers in selected engineering occupations, by race/ethnicity: 2010).* (National Science Foundation, 2017)

For Aerospace engineering, the median annual salary was \$105,000 for White engineers; \$93,000 for Asian engineers; \$82,000 for Hispanic engineers and \$79,000 for Black engineers. For Electrical engineers, the pattern was similar. The median annual salary for white engineers was \$100,000; for Asian engineers, it was \$97,000; for Black engineers, it was \$84,000 and for Hispanic engineers, it was \$80,000.

> *In 2010, the median annual salary of engineers overall was \$87,000. The salaries of whites (\$89,000) and Asians (\$88,000) were slightly higher than average, while blacks and Hispanics earned less than average, \$78,000 and \$73,000, respectively.*
> (National Science Foundation, 2017)

Take your time and read that again. If you think race/ ethnicity does not play a factor in the US wealth gap, think again. It doesn't matter if we try digging deeper into the data to try to disprove the truth that's staring us in the face. There's a historically, systemic problem that must be acknowledged.

Nevertheless, when we are presented with challenges like these we have three options. We can complain about the injustice, which is useless. We can try to change the system, which is extremely difficult. Last, we can adjust our expectations and make strategic changes to our approach to the system. That is the only realistic option we have in some cases. Keep that in mind as we move forward.

Marital status also stands out in the data. Single parent homes are more likely to struggle financially than those with married parents. We always hear sad stories about single parents struggling to raise their families. Those aren't stories, those are the facts. It's hard to raise a family as a single parent but by God's grace, many people do it successfully.

Another demographic category which exposes a large wealth gap is education. People without a formal education don't just start off behind but tend to remain behind financially. Households without college degrees face a challenging path to financial success. Sometimes, if you're in the poverty cycle your only way out is to go back to school. When you don't have academic qualifications your job options are narrow. As I pointed out earlier, education doesn't completely bridge the wealth gap but it gives you a fighting chance of improving your financial situation.

The last highlight that cannot be ignored from the US Census Bureau data is that homeownership is crucial to wealth building. People who don't own their homes find it difficult to increase their net worth. Unstable housing is a trap and when people are caught in that trap, they rarely escape without outside help. There's so much more we can get from the data but that's all we'll discuss right now.

The data we just observed did not come from my opinion or anyone else's. Those are the facts based on the US Census Bureau and the National Science Foundation. We can learn valuable lessons from these facts. My purpose in sharing this data is not to identify problems and diagnose their causes. My purpose is to provide a contextual basis for the solution I am about to present. It doesn't matter which demographic category you fit in or your position in the economy I present to you; F.I.S.H.

It's Time to F.I.S.H.

> *For you always have the poor with you, and whenever you wish you can do something good to them; but you will not always have Me.*
> Mark 14:7(AMP)

In the United States, regarded as the most financially prosperous country in the world, the cycle of poverty continues to trap many households. One way to fix the problem is the "Robin Hood" approach. Take the excess money from the rich and give it to the poor. That can be done lawfully through taxation, charitable giving, and Government programs. Some people wish that could happen right now. If only the rich people would just give the poor people their excess money all will be well in the world.

However, if the demographic profiles remain the same, there is a high probability that the wealth distribution will also remain the same long-term. If we exclude race/ ethnicity and marital status, those who don't own homes, are not college educated, don't invest, have no retirement and leave nothing behind for their children will continue in the cycle of poverty even if they benefit from charitable giving and/or Government programs.

> *Give a man a fish and you feed him for a day. Teach a man how to fish and you feed him for a lifetime.*
> Lao Tzu (Chinese Philosopher)

After waiting before The Lord for a few days and discussing these things with my wife, The Lord spoke to me. He said to teach people how to F.I.S.H. We cannot change the generational wealth of those who are stuck in the cycle of poverty, especially in a country like the United States without teaching them how to F.I.S.H. This acronym essentially ties together every principle that you have been taught in this book.

F: Free Cash Flow
I: Investments
S: Savings
H: Homeownership
Donnell Duncan, 2017

Free Cash Flow is a measure of income generation minus necessary expenses. In other words, if you make $4,000 every month and your expenses are $3,000 you have a free cash flow of $1,000. It's the first step to raising your financial profile. It doesn't matter how much money you make and it doesn't matter how much you spend. What matters is the difference. You can't improve your financial status until you have a consistently positive free cash flow.

Investments come in different shapes and sizes as we discussed extensively in this book. You can build your investment portfolio with stocks, mutual funds, rental properties and your own business. My advice is not to "bet the farm" on risky investments. Do not put your family's future on the line by throwing money behind something you're not sure about. One of the best ways to end up broke is to invest heavily in things that you do not understand. You should either stick with what you know well or educate yourself on what you don't know before investing.

Savings are essential to financial success. After you've developed a consistent Free Cash Flow, you can put some of that cash aside in Interest Earning Accounts at financial institutions. If all you have is a checking account at the local bank you're probably in the poverty cycle. Checking accounts are for spending money not saving it. The money in your checking account should be for your bills. The money in your savings account is for your future.

If you have children you should also have Educational Savings Accounts and Annuities and Trusts. Most importantly, save money for retirement in an IRA or 401K. The season of lifelong security due to pension plans is essentially over. If you don't save for your own retirement there will be nothing waiting for you when you are forced out of the workforce. Finally, the US Census Bureau's statistics made this final point clear.

Homeownership is central to your net worth. Homeowners in the United States have an average net worth that is 200 times that of renters. (United States Census Bureau, 2017) Did you see that number? 200! That means it's impossible to close the gap between the rich and poor if the rich own homes and the poor don't. Never listen to people who say it's better to rent than own your own home. They're probably renters. Ask them if they feel the same way the day after their landlord raises the rent.

In sum, if you want your generations to enjoy the type of wealth that the top demographics enjoy in the United States, you must F.I.S.H. You need a Free Cash Flow, a mix of Investments, Savings for your children and you must own your own home. Yes, there is historic injustice in the US economic system that must be acknowledged. There are also systemic barriers to wealth for certain demographics but that's not what this book is about. This book is about you. If you want to improve your family's future; F.I.S.H.