

## THE MONEY MARATHON BY ED DOUGLAS JUNE 2009

### HOW DO YOU STACK UP?

My friend Steve Holt of the Small Business Development Center sent me this information on the net worth of households in Chillicothe several months ago. This information is based on data from ESRI and the Federal Reserve and is prior to most of the downturn in the economy and the market that happened in the second half of 2008. The information is interesting. Although you can read the chart yourself, here are some items of note.

Of the 3570 households, 34.5% have a net worth of less than \$15,000. If you are in that group, it can mean that you are just getting started. Even if you are not just getting started, don't be discouraged. You are in a very large group. The important item is to set some goals to advance to the higher groups and then figure out strategies to increase your income and lower your expenses which together can lower your debt and increase your saving and investments, which can increase your net worth.

According to the survey, 6.1% of the households have a net worth of over \$1,000,000. Based on national statistics I read in the *Wall Street Journal* recently, the number of millionaires nationally decreased at the end of 2008 from 6% to 4% - I would guess that the same thing happened here but is not reflected in these numbers. In fact, I would guess all the categories are weighted slightly on the high side based on the housing and stock market slump in 2008.

The median household net worth in this survey is \$48,056, and the average net worth is \$370,397 which is somewhat inflated based on higher net worth households increasing the average. A chart which I did not include in this data shows that net worth increases with age as might be expected.

## NET WORTH DATA

### 2008 Household Net Worth for Chillicothe, Mo

	Number	Percent
Total	3,570	100.0%
<\$15,000	1,231	34.5%
\$15,000-\$34,999	368	10.3%
\$35,000-\$49,999	208	5.8%
\$50,000-\$74,999	256	7.2%
\$75,000-\$99,999	201	5.6%
\$100,000-\$149,999	243	6.8%
\$150,000-\$249,999	333	9.3%
\$250,000-\$499,999	254	7.1%
\$500,000-\$999,999	257	7.2%
\$1,000,000+	219	6.1%
Median Net Worth	\$48,056	
Average Net Worth	\$370,397	

## INCOME DATA

From the internet and MSN in October 2008, I pulled off some national income ranges based on 2006 income tax returns (income tax data seems to be delayed by a couple of years). This report had information on Adjusted Gross Income which is income after certain deductions such as retirement plan contributions. According to this report, 50% had AGI of less than \$31,988. If your AGI is over this you are in the top 50%. To be in the top 25%, AGI needs to be over \$64,703. The top 10% is over \$108,903 and the top 1% is over \$388,807.

Regardless of your position in the data, what is important is your improvement or where you will ultimately be. Remember, slow and steady wins the race so keep at it.

*Remember - every investor's situation is unique; and it is important to review your specific situation with a financial professional.*

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