

What Happened to my American Dream?

Seeking a different answer

4

This is about

Self-recognition

Information

Community

3 Key Points



- ▶ Understand interest
 - ▶ *Positive interest* - the reward for investing/saving
 - ▶ *Negative interest* - the cost of borrowing
- ▶ **Debt** - the thief who will make you a slave
- ▶ We live in a debt-fueled economy and people aren't building their future

Big bang or consistent growth?

If I were to offer you a gift of one of the following choices, which would you choose?

\$1 million

OR

1¢ today, doubled every day for 30 days

If you chose the **\$1 million**, you would have a lot of company.

If you chose the 1 penny doubled every day for 30 days, here's what you would have at the end of 30 days:

\$5,368,709.12



Tip: **starting small and building consistently** over a period of time will get you further ahead.

Especially important for **young people** - they **have time on their side**.

Experts' recommended goal

Financial experts advise that the average 65 year-old have *between \$1 million and \$1.5 million* set aside for retirement



Here's the reality



The average American has between
\$0 and \$25,000 set aside



Why is that?

There are many reasons but the biggest is financial illiteracy.

Financial illiteracy is the #1 ECONOMIC crisis in the world and in America.

Introducing financial literacy earlier to our children is critical.

The average Caucasian family has \$188,200 in wealth accumulation.

The average Hispanic family has \$36,100

The average Black family has \$24,100

Only 30% of the people in the world are financially literate (How Money Works, 2019)

Why the debt industry?

Debt is big business. The four largest debts total over \$19 trillion in the United States.

Car loans	\$1 trillion
Credit Cards	\$1.075 trillion
Student loans	\$1.6 trillion
Mortgages	\$15.8 trillion

Let's look at how interest works with that debt

The 3 biggest and most common debts



- ▶ Mortgage debt
- ▶ Student debt
- ▶ Credit Card debt


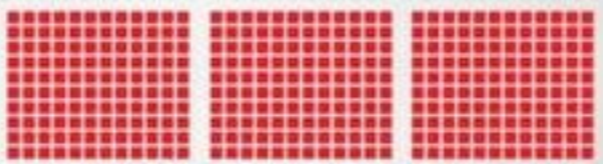
Did you know...?

The average household spends 34.5 cents of every dollar to pay interest on their debt



Source – Wall Street Journal

30 YEAR

\$200,000 at a **4.5%**
interest rate

\$1,013 a month

1 YEAR





\$3,226

\$8,934

2 YEAR





\$3,460

\$8,700





BORROWED	\$200,000
PAID	\$243,000
OWE	\$97,000

The illustration shows a man and a woman flanking a blue circle. Inside the circle is a document with a red box highlighting the following financial data:



Student Debt

There are 45 million borrowers who collectively owe nearly \$1.6 trillion in student loan debt in the U.S.

Student loan debt is now the second highest consumer debt category - behind only mortgage debt - and higher than both credit cards and auto loans.

Student Loan Debt Statistics in 2020; Forbes, Feb 3, 2020

Things to know about student debt

- ▶ Student debt is rarely erased with bankruptcy
- ▶ Defaulting on student debt can affect credit rating for a very long time
- ▶ Bad credit makes renting or obtaining insurance very difficult
- ▶ Hard to get loans of any kind - important to know if you plan to buy a house one day
- ▶ Student loan forgiveness programs can end up costing you more!

Credit Card Debt



Says nerdwallet.com:

Credit card interest is costly. "Households with revolving credit card debt (paid) an average of **\$1,141 in interest** (in) 2019".

In 2020, American credit card debt is at \$926 billion

WalletHub says: (In 2020) Outstanding credit card debt dropped by roughly 6.7% during Q2, compared to the previous quarter.

Changes over time that brought us to this place

- ▶ Wages stagnated beginning in the 1990's
- ▶ But cost of living remains on upward slope
- ▶ Tax law changes continue to erode consumer tax benefits of owning (and owing on) a home



Changes over time, cont.

- ▶ Uncertain job market pushes people to seek more training/education
- ▶ The cost of education began to climb significantly in the late 1990's
- ▶ The average American household makes \$58k/year after taxes, and spends \$53k (Bureau of Labor Statistics)



Here's a telling statistic:

According to CBS News Moneywatch,

“Nearly 40% of Americans can't cover a surprise \$400 expense.”

And yet, nearly 41% say they're “doing ok.”



Where are women in all the stats?

UNCONTROLLED GENDER PAY GAP

THIS MEASURES MEDIAN SALARY FOR ALL MEN AND ALL WOMEN



Evaluating lifetime earnings...

Even a matter of being pennies short of a dollar can amount to tens or hundreds of thousands of dollars over the course of a 40-year career.

For women in some racial ethnic groups, catching up to men's earnings would mean working an additional two years or more.

What's the big deal about 19 cents?

Let's look at a hypothetical situation:

Let's say you, as a female worker, are making that extra 19 cents and investing it every paycheck (biweekly) for 40 years.

Compound Interest Calculator

Compound Interest Calculator

Compound Interest | Simple Interest | Daily Compounding

Currency: \$ € £ ¥

Initial balance:

Interest rate: %

Years: Months:

Compound interval:

Monthly transactions (optional):

Deposits made at what point in month?

Increase deposits yearly with inflation?

Calculation Projection

Final investment value

\$262,809.61

Total interest earned

\$262,627.02

Initial balance

\$0.19

Total monthly deposits

\$182.40

Effective Annual Rate (APY)

26.824%

Gender Wealth Gap Issues

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- ▶ Harder for women to save or invest for retirement
- ▶ Women remain responsible for the majority of unpaid work, in and out of the home, using more of their time and diluting their income
- ▶ Statistically, women live longer than men and face higher healthcare costs
- ▶ The “pink tax” extracts more money for everyday expenses

More Wealth Gap fallout



More Wealth Gap fallout

- ▶ Women have higher levels of student debt and take longer to repay because of lower pay
- ▶ Women generally experience greater financial shock as a result of divorce or death of a spouse
- ▶ Based on a lifetime of lower wages, Social Security payments are lower for women



WHY DO MOST PEOPLE FAIL TO REACH THE GOAL OF FINANCIAL FREEDOM?

The problem most of us have in life is that we are generally comfortable enough and busy enough that changing something in our lives is easy to avoid.

WHEN IT COMES TO MAKING WISE
FINANCIAL DECISIONS, WE
GENERALLY TAKE THE EASIEST PATH,
NOT THE BEST PATH!

I started out with very little, had no financial education, and little encouragement

I've tumbled along like a pebble, worked very hard and made every possible mistake...really



What I've learned from it all is this:

It's never too late to improve my future and that wishing and hoping won't make it happen!

As W Source women, we work together to improve our lives and support each other



Creating a safe place for women to get guidance

And springboard into a better future

I offer some suggested steps toward a better future

- ▶ **Set goals** so you know where you're headed
- ▶ **Get out of debt!** Let a qualified person help you
- ▶ **Find a good financial advisor** to craft a financial strategy that works for your lifestyle

- ▶ It's **not how much** money you make, it's **how much extra** you bring in that protects your future
- ▶ Understand that **it's not just about money**, it's how you see yourself, your value, and your future!

My Mission

Is to help people stop overpaying interest on their debt and imagine a better future for themselves, one person, one family at a time.



**You cannot stop an idea
whose time has come**

I do what I do because the time *has* come

*If we as women sincerely want to improve our lives
and come into our full power for the benefit of the
world...*

We must step up and make it happen

Nobody is going to do it for us

It is my wish that you find hope and a belief
that your future can be better

Let's have a conversation and talk about your story.
We can explore how you can
make your tomorrow better than today





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