

Lessons From The Richest Nation Ever

As of June 2015, America is the richest society ever, after a strong spring in which Americans accumulated \$1.4 trillion in total assets. With the Dow and NASDAQ recently hitting record highs and home prices finally reaching pre-bubble levels, there's no telling what records might be broken in the future.

Not everyone is enjoying this windfall, though, and you may be one of those who are wondering where your gold-plated Ferrari is or why your etched crystal brandy decanter isn't as jewel-encrusted as your neighbor's. If so, it might be a good time to take stock of your surroundings and draw some lessons from the country about accumulating wealth.

Who has all that money?

A very small number of people have a very large share of American wealth in 2015, as many middle class families are still feeling the effects of the 2008 financial crisis and The Great Recession. A recent Pew study found the gap between the rich and the middle class is at a 30-year high, and most of the typical American's net worth is tied up in their home.

While America's total net worth is at a record high, the typical American household's net worth is \$81,200, down two percent in the last five years. The top 10 percent of households are worth about 40 times more than the typical household, with an average of \$3.3 million. The top one percent of the top one percent of American households is even more staggeringly rich, with about 16,000 families owning 12 percent of American wealth, about \$630 million each, on average. More distressing, about half of Americans have a net worth of \$0 or less.

Who are the rich people in the country?

The rich tend to be older than the country as a whole, with millionaires being 57 years old on average, while the typical American is in his or her late 20s. Millionaires typically come from more humble backgrounds, with about 80 percent being first-generation millionaires. They are likely to be married, have two children and live in middle-class neighborhoods. In other words, millionaires look a lot like the middle class, except a few years older and wiser.

What do I need to do to become a millionaire by my 50s?

The first steps to accumulating wealth are the things you'd expect: Spend less than you earn, save the rest, invest patiently and own your home. It might seem obvious, but those four steps can be difficult and the difference between understanding the concepts and achieving them can be daunting. If you're looking for some guidance, MembersAlliance can help. What might be more surprising is that the rich tend to own their own businesses, with about 4 out of every 5 American millionaires identifying as self-employed or retired from self-employment. There are 28 million small businesses in the United States, defined as companies with 500 or fewer employees, and small businesses have created nearly 2 out of every 3 net jobs in the last 20 years, currently employing more than half of all working Americans.

Owning a piece of the American economy is a clear path to wealth, and with the knowledge base that comes with 21st century technology, that path is more well-worn than it has been in the past. Seven out of 10 new small businesses with more than one employee survive for at least two years, half last for at least five years, and a quarter of those new small businesses are expected to still be going strong in 2030. Over half of the small businesses created this year will operate out of their owners' homes, often starting as an extension of their founder's favorite hobby.

Are there any other ways to grab the brass ring?

If you're not interested in starting a business, you can still build a comfortable savings account by putting away part of each paycheck. It may be difficult, but it's not impossible. Of course, there are other options too. One woman in Las Vegas won the lottery four times in the last 25 years, so you might want to borrow her lucky rabbit's foot.

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