

INHERITED FINANCIAL SECURITY?

Exactly how financially secure and literate are we?

Since 2013, the federal reserve board has conducted a survey to “monitor the financial and economic status of American consumers.”

But the answer to one question was astonishing. The Fed asked respondents how they would pay for a \$400 emergency. The answer: *47 percent* of respondents said that either they would cover the expense by borrowing or selling something, or they would not be able to come up with the \$400 at all. *Four hundred dollars!* Who knew?

Those who knew are in that 47 percent.

Financial impotence goes by other names: financial fragility, financial insecurity, financial distress. But whatever you call it, the evidence strongly indicates that either a sizable minority or a slim majority of Americans are on thin ice financially.

Financial impotence is apparently an equal-opportunity malady.

In the article quoted above, the author, Annamaria Lusardi,* argues that as the financial world has grown more complex, our knowledge of finances has not kept pace. Basically, a good many Americans are “financially illiterate,” and this illiteracy correlates highly with financial distress.

Shortly after this, during a phone conversation with my niece, she asked me a question phone centering around financial needs of some sort she was dealing with, and more distressingly, also her offspring. The question burst out, imploring and urgent:

“Is stupidity in financial matters an inherited trait?”

This question prompted a reply from me. I felt her history—and mine—had some clues about ways our generations had dealt with this question.

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“Is stupidity in financial matters an inherited trait?”

Well, Janie, that sent me flying on a long trip back into time. I began, oddly enough with Grandma Bessie Dyer. She is your great grandmother, my Mom’s mother. Grandma grew up in London, and

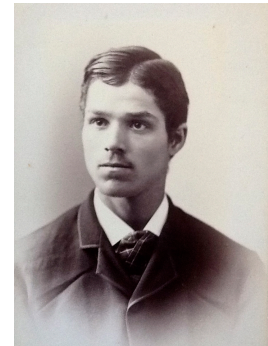


Wantage

in a town of Wantage outside London, and left as a young girl of 16 to come to America to work as a domestic on a Maine farm. There she met Grandpa Howard Dyer (he of the long line of ancestors going back to William and Mary Dyer—Mary being the one who was hanged in Boston for her Quaker beliefs!), and Grandma and Grandpa set up

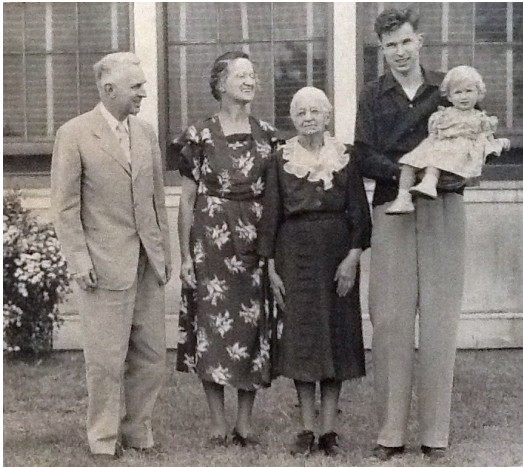
life together on a modest farm in

Charleston, Maine. Both your Dad and I have fond memories of Charleston—not at that farm, for by then Grandma was widowed and lived in a cottage in the village.



Howard Dyer

I have one picture of you (at age 1 or 2) together with your Dad, his parents, and Grandma Dyer. But you really never knew her.



Bessie Shepherd Dyer knew how to make a meal out of almost nothing in the larder. She worked her fingers to the bone. Given flour and butter and sugar, she could produce mounds of loaves of homemade bread and a platter of sweet rolls that delighted our childish appetites. It was something her daughter Amy learned to do as well and we in our generation learned to take such culinary skill and its delectable results for granted. Phil and I and cousins Howard and Del spent time many summers vacationing at Grandma’s cottage in Maine, and have stories to tell about the boys

coming in from outside

and spotting fresh loaves cooling on the counter, and swooping in to get a taste while the bread was still warm and fresh. This was part of what made Grandma Dyer much beloved by all of us cousins!



The original Dyer farm

Grandma Dyer lived with her daughters in turn, but most often with us. She was in Goshen, New Hampshire, with Emmet and Amy in 1951, when she was in her final illness. She was determined not to be dependent on others, so on her own, she wrote a letter to then President Truman in her quavering scrawl asking for a pension, explaining that she did not want to be a burden on my parents. The letter was crudely addressed so never got to its intended target. Bessie Dyer knew a lot about survival, that is for sure! A couple of weeks later she died in January, 1952.

On the other side of the family, we turn to Iola and Lacey Russell, your great grandparents. Lacey was born in Wisconsin, and spent his younger years making fortunes in the West in various ventures and losing them, according to Dad's tales. He finally settled down and married, and after Emmet was born—with a permanent disability—Lacey knew he needed a more stable income. For a time he kept accounts for Rockefeller in St. Paul, Minnesota, but that was a distasteful task to such an active entrepreneurial man as he was. He moved to Omaha to own and run a grocery store, but retail was not to his taste either. When he and his wife moved to Kansas City, he found real estate suited him better. The land boom taking place in the West aided his fortunes, and he invested in a number of small farms in Missouri and Kansas. Later Emmet would pay my college tuition through the sale of some of those inherited farms. Grandpa Lacey Russell also participated in the land boom centering in Mexico. Emmet and his parents spent a year there in 1910 before going on to Harvard. No doubt some of Grandpa Lacey's exploits provided the tuition for Harvard.

At any rate, on that side of the family, there is a very modest degree of early 20th century affluence—not conspicuous like today, but modest and “dignified”. My Grandmother Iola left me a wonderful lace shawl handmade in Mexico; she took part in historical and cultural societies and encouraged these interests in Emmet. They put him in a “Manual Training High School” because it provided intensive teaching in music!

My father was schooled to be able to function in the larger society—navigating travel by rail, making reservations in hotels, dining in restaurants, and knowledgeable about tipping waiters and porters. The decision to marry Amy, who came from rural Maine farm life, reflected Emmet's conscious or unconscious knowledge that he needed a practical rural wife more than an urban cultured one attuned to the literary and artistic world.



Iola Brown at 12

So this is where your Phil and I learned our habits leading to some level of financial well-being. Emmet brought a sense of the need for long-term security, and a proportionate view of spending for pleasure as well as needs. As soon as I graduated from college and got my first job, he advised me to buy a life insurance policy. (Now who does that today at age 21?) I admit that I did not keep it; when I needed to purchase a car, I cashed the policy in at its current value—very happy for that investment. Emmet enjoyed treating us upon occasion as well. I have a fond memory of a summer day in New Hampshire on vacation when he suggested we might buy an ice cream cone (cost a nickel each) and I realized this was an “extravagance” for us in terms of our means.

Amy brought an ability to “make a silk purse out of a sow's ear”—to scrounge a living from the vegetable garden, save string and paper and cloth and turn leftover items into useful objects. Her great grandchildren probably remember the little parties she sometimes planned for birthdays, with little games and activities that did not cost much but engaged their participation. We so often emphasize her negative qualities that we quite miss the sterling traits that gave us so many blessings and pleasures in small ways just by the way she taught us how to have fun without spending a lot of money, and having treats in simple ways. She learned how to make our own ice cream—something that especially delighted Phil.

Neither Emmet nor Amy expressed their grave concern over survival in our presence, but I have learned from reading some of Emmet's diaries that my birth in 1929 precipitated a financial crisis.



Ashland

They felt they had to have more income, so left a church they loved and where they were deeply appreciated and moved to a small city (Ashland) where he spent four years with a congregation that wound up as a somewhat bitter experience because of their opposition to some of his ideas and emphases. Ashland was also where Phil started school, and was so bright that the teachers did not know how to occupy him, so they gave him comic books and set him in the back of the room to read them on his own. There was no insight that this third grader might benefit from further stimulation and be set on a project that would help him use his intellectual energy and develop his creativity. Emmet and Amy felt the educational system failed Phil there. I think much later

Emmet felt that his decision to move on the basis of financial insecurity was wrongheaded and he vowed never to make a decision solely on that basis again. He also once told me later that he thought we should never go into debt except for two things: buying a house, or getting a college degree.

The next pastorate in Northwood, New Hampshire, was cut short by Grandma Iola Russell's death in 1936. Emmet went out to Kansas City for the funeral, and stayed to oversee the care for his ailing and dying father. We all moved out in September, and spent the year in Kansas City—not a pleasant year for me for a number of reasons. Both Phil and I were pushed ahead in school (they only had 7 grades before high school). This meant Phil was ready for high school at 12!

By the time we relocated to Wheaton in 1937, we were a family with no income except sale of Lacey's farms. We made ends meet in part by renting rooms to college students. We had moved there expressly so that Phil could begin high school at Wheaton College Academy, a prep school for the college. (Emmet had a very favorable impression of the college through its president, Charles Blanchard, with whom he had carried on a brief correspondence while my folks were in China.)

Emmet took this time to complete his doctorate. Then in 1941, he was called to a job in the happiest pastorate we all remember—in Glen Ellyn, Illinois. Phil still carries memories of that time because he finally had a peer group of guys and girls to relate to. And then the war came, and the economy changed and in 1946 Emmet bought a house (paid \$12,000 cash!) meaning we had a home of our own for the first time! Somehow this made me feel solid financially in a different way—home ownership is so American! From that point on, Emmet and Amy were able to ride the peaks and troughs of the real estate cycle and benefit from them. The Wheaton house was to be razed to build an addition to the high school, so we got full price for that from the county in 1948. That money morphed into buying a retirement home in Goshen in 1951, then one in Hillsboro a year or two later, then Epsom where they retired happily among old friends. The final move for Emmet was to Camarillo in 1972. The Epsom house sold for \$28,000 and the one in Camarillo was available for \$23,000. Thus each move increased the family assets.



the Hillsboro home

So were we poor? In terms of how the culture conceives it, yes. Emmet and Amy had a house, and and occasional interim pastoral jobs. But this would not qualify for the term “financial security” in most people’s minds. I think Emmet had some of the entrepreneurial acumen of his father Lacey, and that he handled it wisely and well. And when governmental laws were passed for Social Security, and then for various perks for people deemed “legally blind,” Emmet accepted those benefits. I don’t know to what extent he rationalized these “liberal” policies with his instinctively conservative political view and position. But those labels meant something quite different in that era than they do today. He felt the government was taking care of its citizens.

Come to the next generation and we have two persons (Phil and me) who were born entrepreneurs (like our Grandfather Lacey Russell) and creative in survival (like our Mother Amy). Phil supplemented his Navy pay with a job while in San Diego. And both of his marriages were to women who enhanced his financial stability, both through real estate.

I remember Betty also went out to work right away in Waukegan not long after you were born, I think. I suspect she craved the social contact with her peers out in the world. She was not a natural “domestic” in the 19th century sense. I remember the interesting ways that she used to spend both her money and time—on certain breeds of dogs, tropical fish, trips to the beach at La Jolla, on craft projects in the garage—grinding down shells and stones. I thought she sometimes did some of the needlepoint stitching on the rugs Phil designed, but Phil tells me he did the stitching too. We still have their crafted “STOP” sign here in our bedroom!



Betty and her loved dogs

I think real estate challenged her inbred feelings of inferiority, making her conquer them and rise to a position of some influence, largely because she really understood the buyer and sought to please the buyer in practical ways, knowing how to present a property. And when my parents moved to California, she helped them obtain the house that sold a dozen years later for triple what they paid for it—\$75,000. Her commission fee was rightly earned, and Amy was glad to pay it, though Betty kindly demurred at first before accepting it.

I don’t know the picture on Betty’s Grant family—how her Mother managed her own household affairs alone. That part of Betty’s past was always shielded somehow, and I don’t remember asking much about it. I do know that Phil decided to use Amy’s inheritance in 1961 to purchase additional land behind the house in Waldport, and that was important to Betty as well, giving more control over their space and the long-range ocean view in back of the property—a likely asset when it came time to sell.

I do know that Phil had an early entrepreneurial streak in the way he handled his first paper route, got tips from satisfied customers, and spent his rewards. I also remember his generosity when he flew to China at one point in his days in one section of the Navy that involved flight time. He sent me a dress he bought in Shanghai—a beautiful satin skirt and blouse—suitable for formal occasions. He asked me to take a picture of myself in it. So I went to a photographer in town and had the picture taken and sent a copy to him. I was touched by this brotherly tribute to my developing sense of myself as a female.

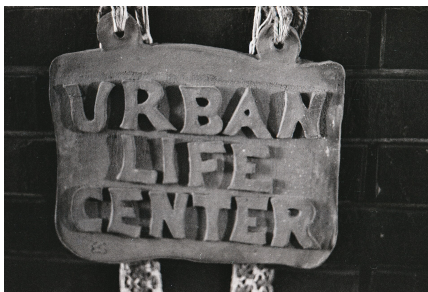
As for myself, I was never interested in money. It was a deliberate position I held consciously. Taking a job where I could do what I loved was paramount, and I was unwilling to sacrifice that for the sake of a larger paycheck. In grad school at University of Chicago, I was hired for a company called Urban Research Corporation to run national conferences. The pay was \$8,000 a year—and the boss who hired me and was being paid \$20,000, apologized for the meager pay she could offer me. I looked at her startled. \$8,000 was twice what I had been paid in Pioneer Girls where I had begun at \$135 a month and slowly risen to \$400. Then a couple years later, I was offered a job at American Hospital Association—at \$15,000! I could scarcely believe it! My scale of values had been distorted by years of working in the non-profit world where one worked at what one loved and did not question the pay scale. I was given two weeks of training and preparation—during which time I realized what a hierarchy existed between professional staff (like myself) and the secretaries doing the work. I could not tolerate the unfairness, and one day called Don, miserable, and he said, “Eunice, why don’t you leave?” He realized what a poor fit this place was for me. So I walked out. I came back next morning and resigned. The company had invested quite a bit into me already, but I knew I could not stay and do an honest job for them.

I put my energies into helping start the Urban Life Center – with friends. We all poured our savings into the coffers and plunged into this very imaginative and slightly radical project for its time and clientele. We got into hot water two years later, trying to survive by running concerts with black musicians who ran short of money to pay us what they owed, and let us hang. We were running out of money. But it was too hard for me and my friend Phyllis to quit without one more try, so two years into the project, we re-organized, and she put some of her own money into the housing costs, and this time we succeeded and built a venture that has lasted to this day (website:

Chicago Center for Urban Life and Culture). Don and I took part-time jobs to survive. Don cashed in an insurance policy. Whatever it took. We did it. We were not thinking long-term.

When we moved to Boston ten years later, we had to borrow \$2000 from his Mom to come. We began at the bottom—working temp jobs, finding a way into what eventually became a work we loved to do together—Life/Work Direction. We were paired with a guy, Richard Faxon, who had some independent means, which helped, since that meant we did not need to have the work support us for a while. Eventually, though, it became important to us that the work did pay enough for Don and me to live on—because of course “what we needed to live on” was not standard, and has never been. We simply live by a different chart than most of the rest of the world.

Yet despite that lower standard, we began putting money away in savings every year after I turned 58, and miracle of miracles, that savings has grown into enough to provide some cushion for the future when we are no longer earning money. Most people would consider our little stash inadequate; our logic is different. We could be considered irresponsible, I suppose. Will we have to lean on the government eventually in order to survive? I don’t know.



*our first landing place
in Dorchester*

I have one strong hope: that one segment of our savings “pile”—the money Mother passed on to me in 1961 when she died—will survive intact after I am gone because I have earmarked it for you. Mother had a very strong ethical sense about passing money down to one’s heirs. I have no direct heirs and do not share that feeling and sensibility, and think sometimes parents do a disservice by over-providing. But this one little trove has been constant for me, and it is because I want you to have this piece of my Mother and your Grandmother if it is at all possible. Perhaps I want to rescue her good name thereby, since she has been easy to vilify (and I have contributed to this as much as anyone).

So this is a recounting of several generations’ “stupidity in financial matters”—or wisdom, according to one’s point of viewing. But I thought it good to wrestle out some of the patterns by telling some stories just to see if this yielded any insight for the present and future.