

Faith, Stewardship and Wealth Creation: Envisioning a Role for Churches in Asset Building Initiatives



Alan Keith-Lucas Lecture

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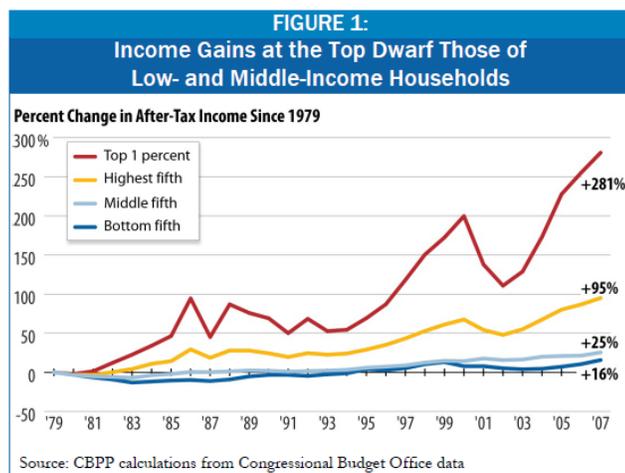
Overview of Today's Talk

- Overview of statistics on economic inequality with an emphasis on wealth
- Biblical Myths and Principles for Stewardship and Financial Management
- Introduction to concept of asset-building
- Suggestions for how churches might help improve the financial capability of its members and community

Overview of Economic Inequality

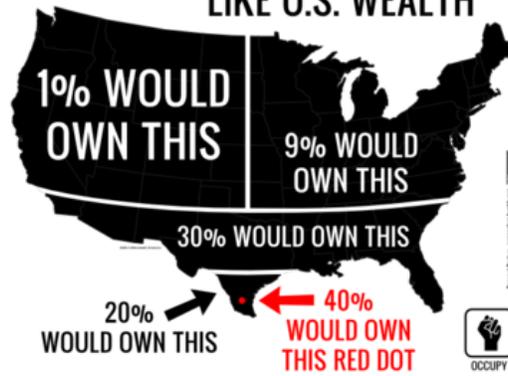


Income Inequality

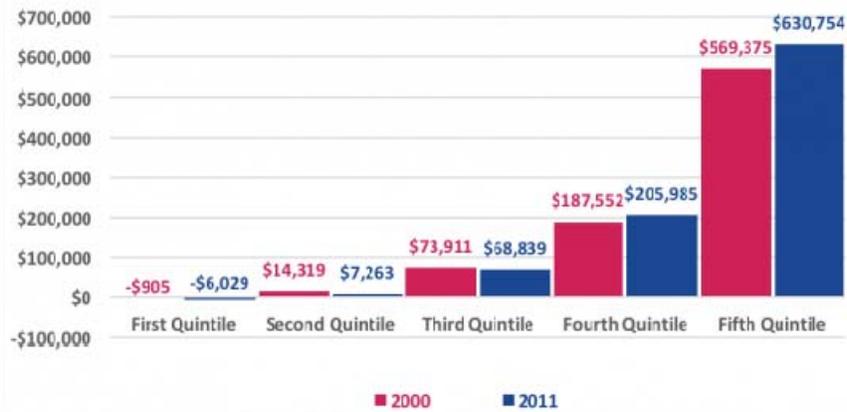


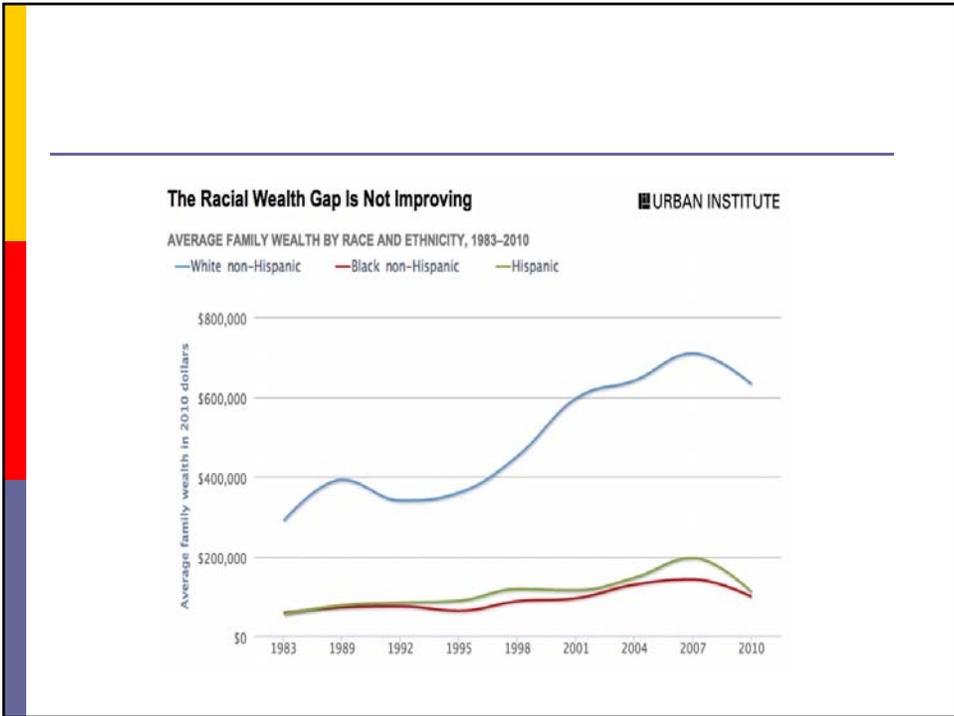
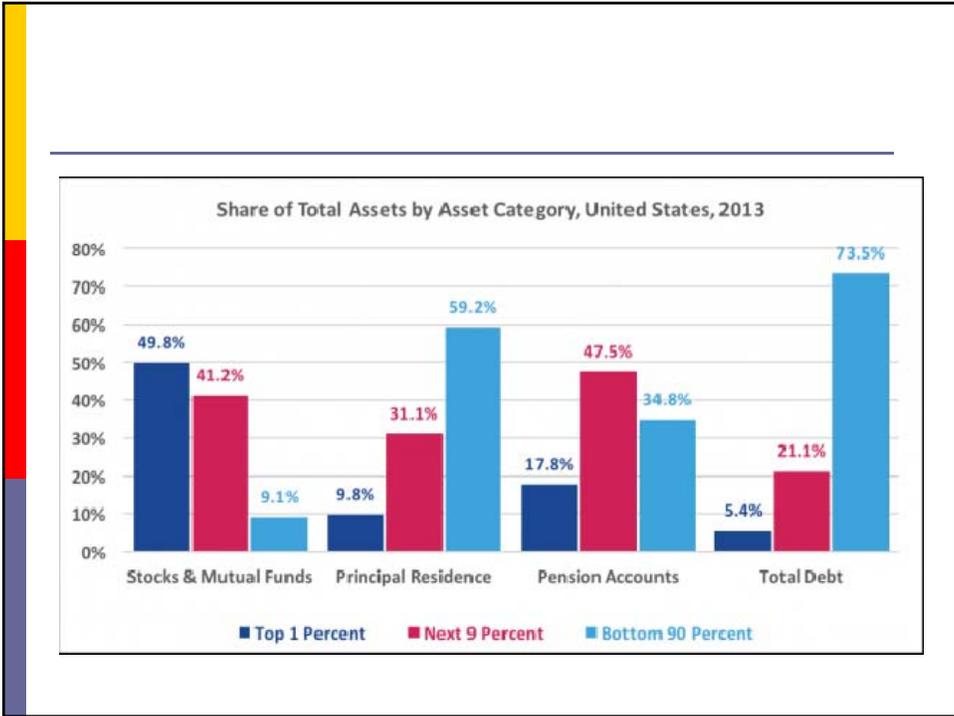
Wealth Inequality

IF U.S. LAND MASS WERE DIVIDED
LIKE U.S. WEALTH

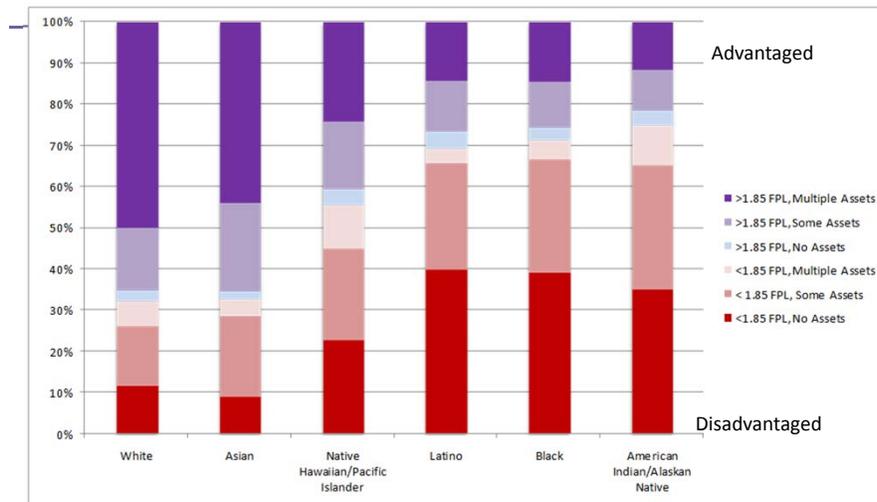


Median Household Net Worth by Net Worth Quintiles, United States, 2000 and 2011





Percentages of Children Born in 2001 who Live in Advantaged and Disadvantaged Households by Race



Source: ECLS-B, when children were 9-months

Taken from: Shanks, T. & Simonton, S. (2011). Diverging Pathways: How Wealth Shapes Opportunity for Children. Oakland, CA: Insight Center for Community Economic Development.

GENDER INCOME AND WEALTH RATIOS FOR FULL-TIME WORKERS AGES 18-64

MEDIAN INCOME		RATIO	MEDIAN WEALTH		RATIO
NEVER MARRIED	\$34,518	97%	NEVER MARRIED	\$6,750	36%
	\$35,429			\$18,500	
DIVORCED	\$41,891	87%	DIVORCED	\$21,000	72%
	\$48,009			\$29,000	
WIDOWED	\$38,253	85%	WIDOWED	\$27,000	13%
	\$45,260			\$212,500	
MARRIED	\$41,827	73%			
	\$57,536				



Taken from: Mariko Chang "Women and Wealth: Insights for Grantmakers,"

MEAN AND MEDIAN WEALTH FOR COUPLES, SINGLE MEN AND SINGLE WOMEN, AGES 18-64



Taken from: Mariko Chang "Women and Wealth: Insights for Grantmakers,"

What is the *Grand Challenges for Social Work Initiative?*

A project of American Academy of Social Work and Social Welfare (AASWSW)

- To champion social progress powered by science
- A call to action to work together to tackle our nation's toughest social problems

12 Grand Challenges tackle:

- individual and family well-being,
- a stronger social fabric, and
- a just society that fights exclusion and marginalization, creates a sense of belonging, promotes trust, and offers pathways for social and economic progress.

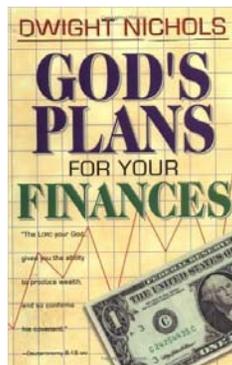


Grand Challenges for Social Work

I serve as one of the co-leads for the Grand Challenge
"Reduce Extreme Economic Inequality."

<http://aaswsw.org/grand-challenges-initiative/>

Biblical Myths and Principles for Stewardship and Financial Management



Ten Myths about money

- "Money is the root of all evil." It is corrupt and leads people astray. Therefore, you should not be concerned with money and material possessions. If a person has money, he or she must be stealing from someone.

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- "Jesus had nowhere to lay his head" (see Matthew 8:20). Jesus was poor and had no worldly possessions; therefore, as followers of Jesus, we should be poor as well.

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- "It is easier for a camel to go through the eye of a needle than it is for a rich person to go to heaven" (Matthew 19:24); therefore, you can't have worldly wealth on earth and expect to go to heaven, too.

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- Jesus told a rich young ruler to sell his possessions and give his money away (see Luke 18:18-22); therefore, if you love Jesus and want to serve God, you should take a vow of poverty. You will obtain your riches when you get to heaven.

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- "All preachers want to do is get your money," or, "Money is part of the world's economic system, and Christians are supposed to be heavenly minded"; therefore, the church should only function as a place to worship God, and it should stay out of people's businesses and personal affairs.

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- God answers prayer; therefore, if you really trust in Jesus and exert faith, He will meet all your financial needs. You don't have to do anything about your circumstances. Just pray, and take one day at a time.

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- You should be content with what you have (Hebrews 13:5); therefore you don't have to plan ahead. God will take care of your circumstances. If you were born on the wrong side of the tracks, there is nothing you can do about it. You should be content with where you are.

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- Jesus is interested in only spiritual things, not material possessions; therefore it is wrong to talk about money in church. Church is not the place for that kind of thing.

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- You should not charge your brother interest (see Deuteronomy 23:19); therefore you should not have savings and investment accounts that pay interest.

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- You are not supposed to lay up treasures for yourself on earth (see Matthew 6:19) or hoard up money; therefore you should not have surplus or savings accounts. Having bank accounts limits your trust in God.



At the core of each myth is a distorted Biblical principle.

See Luke 19:17; Luke 16:11; Matthew 25:21; I Kings 17:11-16

God asks us to be faithful stewards over what he has given us.

When we are faithful with money, then we will also be faithful in handling spiritual things.

Introduction to Asset Building



The need for economic solutions to poverty is well known

Key stakeholders say:



Roberts Foundation

“We cannot escape from the fact that you do not service people out of poverty. At its core, the ability to exit poverty is a question of employment, asset accumulation, and wealth creation.”

Give a person a fish, and she eats for the day, teach a person to fish and she eats for life. The 21st century postscript to this parable is that what really matters is who owns the pond with the fish

Owning assets gives people a stake in the future—a reason to save, to dream, and to invest time, effort and resources in creating a future for themselves and their children

Child Development Accounts

What are they?

- Special dedicated savings or investment accounts for lifelong developmental purposes
- Include features designed to encourage saving and asset accumulation

Original Vision:

- Open early
- Universal
- Progressive

Child Development Account Models

Children's Trust Fund (UK)

Singapore

San Francisco's K2C/SEED Demonstration (US)

Program Pieces:

- Initial Endowment
- Account Type
- Access

Small Amounts Can Make a Big Difference

EARLY SAVINGS = COLLEGE SUCCESS FOR LOW-INCOME STUDENTS



EVEN COLLEGE SAVINGS OF LESS THAN \$500 BOOST CHANCES OF COLLEGE ENTRY AND SUCCESS FOR LOW- AND MODERATE-INCOME STUDENTS



Individual
Asset
Building
Strategies

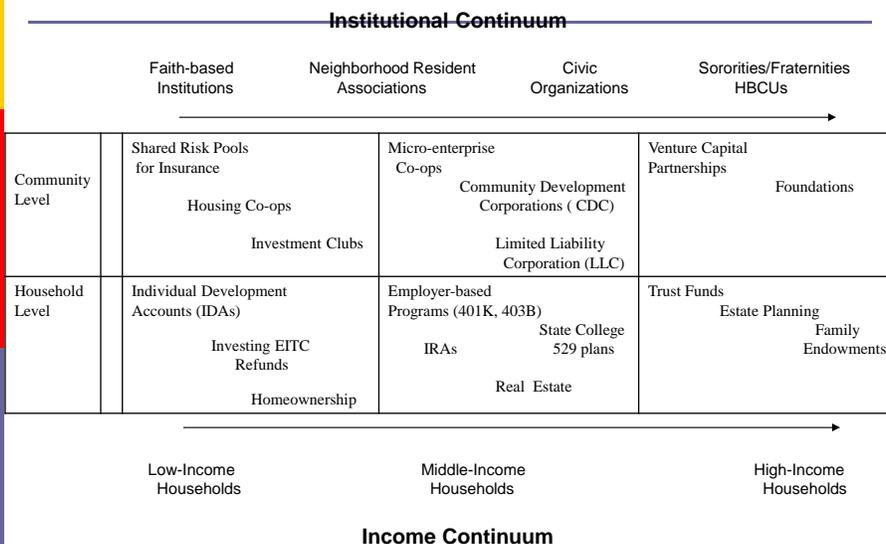
Community-based
Economic
Development
Strategies

Types of Policies and Programs

- Individual Level (matching, incentives)
 - Low-Income Households
 - Middle-Income Households
 - Upper-Income Households

- Collective Level (modeling, infrastructure)
 - Faith-based Institutions
 - Neighborhood Resident Associations
 - Civic Organizations
 - Sororities and Fraternities or HBCUs

Working Model for a Continuum of Asset-Building Activity Trina Shanks and Stephanie Boddie



Suggestions for ways that churches might improve financial capability



Financial training to support congregants and community in reaching financial goals and reducing debt

- This could include using books and resources from individuals such as Dwight Nichols or Dave Ramsey.
- If congregation has members that specialize in banking or financial coaching, allow them to offer workshops or consultations.

Entrepreneurship and cooperative businesses

- This could mean allowing vendors or setting up some form of directory to promote products and services offered by members.
- This could mean establishing a business or profit-generating activities as a congregation allowing members to contribute and receive earnings.
- This could mean offering supports and assistance so members can launch their own small businesses.

Sponsoring Individual Development Accounts or Child Development Accounts or other asset building efforts

- This may require planning and hiring staff to oversee the work.
- Congregation could apply for federal or foundation funding to pay for matches and incentives or support existing local programs.
- Congregation could do fund raising to establish their own programming.

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