

POTTSTOWN CITIZENS FOR Enlightened LEADERSHIP

What do you do with excess wealth?

Recently I've discussed the huge disparities in wealth worldwide and in the United States.

In both cases, 20 percent of the population owns more than 80 percent of the wealth.



Commentary by
Tom Hylton

And these income disparities are getting worse. Adjusted for inflation, American median wages have been flat for the last 40 years, while income for the top 1 percent has skyrocketed.

Today, there are nearly 11 million American households whose investable assets exceed \$1 million. Pennsylvania has about 230,000 such households.

"Investable assets" include stocks, bonds, mutual funds, savings accounts, but not property that takes a while to convert into cash, like real estate.

Beyond that, there are plenty of people who not only have \$1 million in assets, they receive more than \$1 million in annual income. As the chart at right shows, Montgomery, Chester and Berks counties have quite a few.

There's no way to know how many millionaires live in the Pottstown area, but it's safe to estimate there are scores of them, even if we only count people whose annual income tops \$1 million.

Several years ago, a study led by Nobel Prize-winning economist Angus Deaton found that people need about \$75,000 in annual income to be happy. No matter how much more than \$75,000 they made, people didn't report any greater degree of happiness.

Surplus money may not make people happier, but they hang on to it all the same.

As the IRS chart at right shows, people with the least amount of income give the highest percentage of it to charity.

Those who earn anywhere from \$100,000 to \$1,000,000 donate about 2 percent to charity. For someone making \$250,000, that means donating \$5,000 and keeping \$245,000 in your bank account.

What does a person do with all his surplus wealth?

Pottstown has a declining tax base and a lot of buildings in need of repair. The borough could be far more attractive if a few of the area's affluent residents invested some of their excess funds into sprucing up our shared community.

For example, we have scores of historic buildings that are beautiful but costly to maintain. At present, it does not make economic sense to rehabilitate these places. But it might provide a lot of satisfaction for the right people to take tarnished gems and turn them into showplaces.

It would make our town more appealing, and it would gratify benefactors who could literally see the fruits of their investment.

Household income Pottstown — Pottsgroves 19464 North Coventry 19465

Total households	27,888
Households with \$75,000 to \$100,000 income	3,507
Households with \$100,000 or more income	7,001

No. of households Income of \$1 Million+

Montgomery County	2,746
Chester County	1,745
Berks County	275

U.S. Census

Charitable giving

Income	
\$0 — \$20,000	7.8%
\$20,000 — \$50,000	3.7%
\$50,000 — \$100,000	2.6%
\$100,000 — \$200,000	2.1%
\$200,000 — \$250,000	2%
\$250,000 — \$500,000	2.1%
\$500,000 — \$1,000,000	2.1%
\$1,000,000+	2.8%

IRS, 2011