

Publication: The Dallas Morning News; Date: Mar 31, 2013; Section: Business; Page: 1D

# Test your wealth with 4 questions

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Are you wealthy yet? Don't laugh. It's a serious question. You'll know whether you're wealthy depending on your answers to a simple four-question test later in this column.

Who knows, you might be wealthy and not know it! You could also be poor and not know it, which is more likely.

The problem is that we don't have a shared definition of wealth. In spite of the unrelenting attention to spending, consumption and statements of net worth that fill virtually all of our glossy magazines, the reality is that we only see wishful images of what some people imagine wealth to be and what advertisers want us to think it is. In general, being wealthy appears to be all about stuff.

In fact, if you focus on the stuff part, you're missing the boat.

A definition of wealth that I favor comes from the late economist and journalist Ferdinand Lundberg. In his 1968 epic, *The Rich and the Super-Rich*, he defined being poor this way:

"For my part, I would say that anyone who does not own a fairly substantial amount of income-producing property or does not receive an earned income sufficiently large to make substantial regular savings or does not hold a well-paid securely tenured job is poor. He may be healthy, handsome and a delight to his friends — but he is poor."

Got that? Wealth is about income-producing assets. It's not about consumption.

Lundberg's definition quickly eliminates the faux wealth exhibited by the folks we might call Monthly Payment Millionaires: people who flash all the stuff that makes them appear wealthy but that can disappear in a single missed sales quota, a short-term job loss or some other life hiccup. The existence of Monthly Payment Millionaires explains those strange places where it seems everyone is rich because all the cars are new, shiny and expensive.

Lundberg's definition shifts our attention from having the stuff of imagined wealth to having secure sources of income to support however we happen to live. It's a first step in breaking the link between the work we do and the life we live. As long as there is a link, we're working stiffs. We may proudly drive our Ferrari to a reserved parking spot near the elevator, but we're still working stiffs if keeping the Ferrari requires showing up for work. (Readers curious to know how they score for net worth should see my regularly updated wealth scoreboard.)

Here is my four-question wealth test:

1. Do you make payments on your house or car? If you answered yes, it's unlikely you are wealthy, although exceptions can be made for car loans where the interest rate is lower than the rate of inflation. According to the most recent data on consumer debt, older people are carrying more debt into retirement, not less, so fewer retirees can be considered wealthy.
2. Does your interest income exceed what you pay in interest? With the Federal Reserve holding interest rates down, it isn't easy to find interest income, but dividends are an acceptable substitute. If you answered yes because you have income from dividends, rental properties, pensions or even patents, copyrights and royalties on your country and western song portfolio, that's a pretty good sign that you are a budding rentier — a person who lives on non-work income.  
The more income you have from sources that don't involve working, the closer you are to being wealthy. For retirees, Social Security can be a big part of this income.
3. Can you keep what you have without actually working? If losing your job means the repo guy will be visiting in a matter of days, you're definitely not wealthy. But if you can answer yes to this question, you're definitely not poor. At very worst, you have a foothold among the wealthy.
4. You are at a cocktail party and a stranger asks: "What do you do?" If you answer this with any known occupation, you are not wealthy and you're probably a workaholic. You're still a working stiff, even if your job is,

as Lundberg suggested, "a well-paid securely tenured" one. The only acceptable answer here is to remember your Jane Austen. Give the stranger your best disdainful Darcy look and say, "In the event of what?"

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