

Old Money vs. New Money: Profiles of America's Richest Families

What is the difference between old money and new money? In this post, “new money” refers to first-generation wealth, whereas “old money” has been passed down for a few generations (usually at least 3).

Because they’ve earned their wealth in the first generation, new money has a higher propensity to spend their money. You tend to find they have more of an “it’s MY money, not my kid’s” attitude and use the money to further their own enjoyment. For example, Mark Zuckerberg (an example of new money) spent \$30 million to buy the four houses surrounding his current home. Old money wouldn’t spend as lavishly. Old money usually saves more, with a goal to keep the money in the family as long as possible. Old money has a tradition of large inheritances, but new money doesn’t have a tradition at all. They’ve just made their way into money!

Referring to old money as “snooty” may seem like a stereotype. However, old money has never had to live without money, so it’s more difficult for them to relate to others. Old money tends to socialize with those in their earnings bracket and keep a tight circle. This does not mean that old money families never interact with the regular public, but that for their own gatherings there are unspoken expectations to be followed. Because they built their wealth from the ground up, new money can be possessive of their wealth. However, they can also relate more with regular people because they remember what it was like.

New money tends to be flashier. They’re more likely to buy Ferraris and Porsches, while old money strays away from flashy and luxurious. Old money will go for a classic style and something that gets them from point A to point B. New money has a harder time saving and planning with their wealth, because they haven’t had their entire lives to be wealthy. Old money is made up of planners and savers, who know what it’s like to have been wealthy their whole lives. However, they won’t spend as much because they might have concerns about being able to recreate that wealth. New money and entrepreneurs have more confidence about making money. They think, “I did it once, so I can do it again!”

Here's a profile of "old money":

- You use your money for books, genteel hobbies and travel. Because you've inherited a lot of stuff (furniture, paintings, cars), money is spent to keep it all in great condition. It has sentimental value, and you can learn about your history.
- Your clothes are all in excellent condition and they last a long time. You consider it a mark of distinction to be able to wear the same clothes that belonged to your father/grandfather. You avoid anything trendy and go for a clean, classic look. No Coach, no Gucci.
- You trust your kid's ability to think and reason. You constantly challenge your children, offering alternatives to their arguments.
 - Example: Kid asks, "Why is the sky blue?" You give the scientific answer, an alternative answer, you discuss science, you discuss religion, etc.
- You are heavily involved in social and civic organizations. You are on the board of trustees at your school/college and make regular donations. Finally, you are affiliated with an older Protestant church and make donations (or tithes) even if you never attend services.

Here's a profile of "new money"

- You attended public school and didn't much care for it. While you'd prefer that your children go to private school, you appreciate the experience public school had on your personal development.
- You love flashy, trendy stuff. You get all the latest gadgets, cars and clothes.
- You are self-reliant and take full responsibility for your life. After all, you created your wealth and you are the captain of your own ship.
- Because you aren't born into a circle of wealth, you love to network. You have a contact list full of people who will help you get to where you want to be. You never stop networking.

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