

# You don't have to be smart to be rich, study finds

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It doesn't take a rocket scientist to make a lot of money, according to new research. A nationwide study found that people of below average intelligence were, overall, just about as wealthy as those in similar circumstances but with higher scores on an IQ test.

Furthermore, a number of extremely intelligent people stated they had gotten themselves into financial difficulty.

"People don't become rich just because they are smart," said Jay Zagorsky, author of the study and a research scientist at Ohio State University's Center for Human Resource Research.

"Your IQ has really no relationship to your wealth. And being very smart does not protect you from getting into financial difficulty," Zagorsky said.

The one financial indicator in which the study found it paid to be smart was income. Those with higher IQ scores tended to get paid more than others.

While other research has also found the IQ-income link, this is one of the first studies to go beyond income to look at the relationship between intelligence and wealth and financial difficulty, he said.

"Financial success for most people means more than just income," Zagorsky said. "You need to build up wealth to help buffer life's storms

and to prepare for retirement. You also shouldn't have to worry about being close to or beyond your financial limits."

Zagorsky's study appears online in the journal *Intelligence*.

The study is based on data from 7,403 Americans who participated in the National Longitudinal Survey of Youth, which is funded primarily by the U.S. Bureau of Labor Statistics. The NLSY is a nationally representative survey of people, who are now in their mid-40s, conducted by Ohio State's Center for Human Resource Research.

The same people have been interviewed repeatedly over time since 1979. This study is based on responses from the 2004 survey.

Participants completed the Armed Forces Qualification Test (AFQT), a general aptitude test used by the Department of Defense. Researchers have long used AFQT scores as a measure of intelligence.

All participants were also surveyed about their income, total wealth, and three measures of financial difficulty: if they currently have any maxed-out credit cards, if over the past five years they had any instances where they missed paying bills, and whether they ever declared bankruptcy.

The results confirmed research by other scholars that show people with higher IQ scores tend to earn higher incomes. In this study, each point increase in IQ scores was associated with \$202 to \$616 more income per year.

This means the average income difference between a person with an IQ score in the normal range (100) and someone in the top 2 percent of society (130) is currently between \$6,000 and \$18,500 a year.

But when it came to total wealth and the likelihood of financial

difficulties, people of below average and average intelligence did just fine when compared with the super-intelligent.

The study could find no strong relationship between total wealth and intelligence. How could high-IQ people, on average, earn higher incomes but still not have more wealth than others? Zagorsky said this data can't provide an answer, but it suggests that high-IQ people are not saving as much as others. He is currently finishing a study that is exploring that question.

The findings revealed mixed results when it came to the link between intelligence and measures of financial distress. For example, the percentage of people who have maxed out their credit cards rises from 7.7 percent in those with an IQ of 75 and below to a peak of 12.1 percent among those with an IQ of 90. Then the percentage falls in an irregular pattern to 5.4 percent among those with an IQ of 115 before rising again.

This irregular pattern is also seen among the bankrupt and people who missed bill payments.

"In these measures of financial difficulties, it seems that those of slightly better than average intelligence are best off," Zagorsky said.

"Just because you're smart doesn't mean you don't get into trouble. Among the smartest people, those with IQ scores above 125, even 6 percent of them have maxed out their credit cards and 11 percent occasionally miss payments."

Zagorsky said you only have to look in the parking lots of the nation's universities to see that intelligence and wealth are not necessarily linked.

"Professors tend to be very smart people," he said. "But if you look at

university parking lots, you don't see a lot of Rolls Royces, Porsches or other very expensive cars. Instead you see a lot of old, low-value vehicles."

The lesson is simple, he said.

"Intelligence is not a factor for explaining wealth. Those with low intelligence should not believe they are handicapped, and those with high intelligence should not believe they have an advantage."

Source: Ohio State University

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