

The 1 Easy Way Donald Trump Could Have Been Even Richer: Doing Nothing

By putting his inheritance into the stock market back in the 1970s, Trump might have been “really rich” without all the drama.



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As “really rich” as Donald Trump is today, he might have been even richer if, instead of dabbling in skyscrapers and casinos, he’d simply taken his eight-figure inheritance decades ago and sunk it into the stock market.

Had the celebrity businessman and Republican presidential candidate invested his eventual share of his father’s real-estate company into a mutual fund of S&P 500 stocks in 1974, it would be worth nearly \$3 billion today, thanks to the market’s performance over the past four decades. If

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he’d invested the \$200 million that *Forbes* magazine determined he was

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worth in 1982 into that index fund, it would have grown to more than \$8 billion today.

Even the smaller figure exceeds the lower range of his possible net worth as reported to the Federal Election Commission, while the larger number exceeds by billions recent estimates of Trump's worth by financial publications. And it would have come without the high-drama, roller-coaster career that has included four corporate bankruptcies.

That a purely unmanaged index fund's return could outperform Trump's hands-on wheeling and dealing calls into question one of Trump's chief selling points on the campaign trail: his business acumen.



Inside the GOP Plan to Prevent Donald Trump's Third-Party Run

Party leaders believe that with a light touch, they can keep Trump from a Ross Perot-style fiasco in the general election. But it's an embrace that comes at a cost.

Among those dropping dried corn kernels into Trump's jar at the Iowa State Fair last month, many cited Trump's business experience as a top reason he'd make a good president—a notion that supporters in New Hampshire also share. "He's a good businessman," said Bedford, New Hampshire, retiree Frank Savino. "He creates a lot of jobs."

Trump's campaign did not respond to *National Journal* queries about his story. Trump himself frequently speaks of his great wealth—he claims it exceeds \$10 billion—as proof of his skill as a negotiator, which he says current American officials lack in their dealings with other countries.

"Who would you rather have negotiating against China, against Iran?" he asked a Dubuque, Iowa, audience last week. "Jeb Bush, Hillary Clinton, or Trump?"

"I'm proud of my net worth," Trump said during his June announcement speech. "I've done an amazing job."

Trump has spent decades making sure that the public believes he's extremely rich. In 1982, as *Forbes* magazine put together the first of its annual list of the wealthiest Americans, Trump argued to editors that he was worth \$400 million, not the \$200 million the magazine assigned him. It was only the first of many such lobbying efforts.

"Every year, Trump shares a lot of information with us that helps us get to the figures we publish. But he also consistently pushes for a higher net worth—especially when it comes to the value of his personal brand," *For-*

bes reporter Erin Carlyle wrote this June, explaining the magazine's assessment that Trump was worth \$4.1 billion, less than half of his claimed

net worth. A subsequent review by *Bloomberg* found he was worth \$2.9 billion.

While many Trump supporters believe he is a self-made man, it was actually his father, Fred Trump, who built the real-estate empire that Donald Trump took over in 1974. It was worth about \$200 million at the time, which Trump and his four siblings ultimately inherited after enjoying sizable trust funds for years.

(Coincidentally, there was a self-made businessman who was also worth about \$40 million in 1974: Warren Buffett. Had Trump allowed Buffett to manage his fortune, too, Trump might also be worth what Buffett is today: about \$67 billion—or about 22 times better than what the stock market would have produced.)

Because Trump's businesses are privately held concerns, they're not required to file Securities and Exchange Commission reports, as publicly traded companies must do. Even the financial disclosure Trump had to file after starting his presidential campaign offers only limited guidance because it asks for values in broad ranges, with a top category of "over \$50 million."

A *National Journal* review of that 92-page document found assets totaling at least \$1.37 billion and liabilities totaling at least \$265 million. But Trump claims 22 assets he says are worth more than \$50 million each and four loans also exceeding \$50 million. Which means that based solely on that document, Trump could theoretically be worth \$100 billion—or be \$100 billion in debt.



Jeb Bush's Donald Trump Distraction

The former Florida governor's biggest rival for the nomination isn't Donald Trump. It's John Kasich and Marco Rubio.

Perhaps the most deeply researched account of his wealth is a decade old: the book *TrumpNation*, by former *New York Times* journalist Tim O'Brien, who found three sources close to Trump who estimated that he was worth between \$150 million and \$250 million. (That same year, Trump was claiming a net worth of \$6 billion, and *Forbes* found a value of \$2.6 billion.)

Trump's response? To accuse his associates who gave O'Brien that estimate of having obese wives. "You can go ahead and speak to guys who have 400-pound wives at home who are jealous of me, but the guys who really know me know I'm a great builder," he told O'Brien.

Trump wound up suing O'Brien for defamation, claiming his book had damaged his business. The suit was eventually dismissed, but not before Trump sat for a deposition in which he admitted that he routinely exag-

Trump sat for a deposition in which he admitted that he routinely exaggerated the values of his properties.

“I think everybody does,” he said in the deposition. “Who wouldn’t?”

Trump said his estimate of his net worth on any given day was based on a lot of different factors—including his mood. “My net worth fluctuates, and it goes up and down with the markets and with attitudes and with feelings, even my own feelings,” Trump told O’Brien’s lawyer. “I would say it’s my general attitude at the time that the question may be asked. And as I say, it varies.”

(This summer, when Trump’s campaign issued a press release that stated, in all capital letters, that Trump was worth TEN BILLION DOLLARS, O’Brien wrote a column for *Bloomberg View* that announced that he, too, was worth \$10 billion, based on his own feelings.)

That 2007 deposition also revealed that in 2005, two separate banks had assessed Trump’s assets and liabilities before agreeing to lend him money. One, North Fork Bank, decided he was worth \$1.2 billion, while Deutsche Bank found he was worth no more than \$788 million.

Whether Trump is actually worth \$4 billion or \$1 billion or merely hundreds of millions likely makes little difference to the typical voter, who in any of those cases can claim but a tiny fraction of that financial wherewithal. But the distinction could affect Trump’s willingness to spend his own money on his presidential race—particularly if it’s as a third-party candidate with little likelihood of success.

Trump wound up spending \$1.4 million on his campaign through the end of June, all but \$92,000 of which was his own money. He has continued hiring staff and flying to events on his personal 757 jetliner—which burns \$10,000 of fuel every hour it’s in the air. It’s unclear how many actual contributions are now coming to the campaign or whether Trump will solicit big donations to a pro-Trump super PAC. In speeches so far, he has told audiences that he doesn’t want big donors because they will then want favors in return should he win. “I don’t need anybody’s money. It’s nice. I don’t need anybody’s money. I’m using my own money. I’m not using the lobbyists. I’m not using donors. I don’t care. I’m really rich,” Trump said in his July announcement speech.

But should Trump want to pay for a serious presidential run just at the time when a campaign must shift into a higher gear and cost dramatically more, it could quickly eat into his ready cash.

According to Trump's financial-disclosure statement, he has no more than \$63 million in cash, money-market accounts, or similar holdings, and as little as \$13.1 million. He also has as much as \$169 million and as little as \$65 million in stocks, bonds, and similar instruments. Everything else is tied up in real estate or aircraft, according to the disclosure.

So while Trump said last month he's ready to spend \$1 billion on his campaign—"If necessary, I will spend it, yes"—one GOP consultant is not buying it.

"From where?" wondered Florida's Rick Wilson, a frequent Trump critic. "I will believe it when I see it. That's the bullshit call of this campaign: Is he really going to spend a \$100 million?"

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