



# Lifting as We Climb:

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## Women of Color, Wealth, and America's Future

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# Income vs. Wealth

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- Income = flow of money into a household over a period of time
- Wealth = net worth; value of a household's assets minus debts at a single point in time

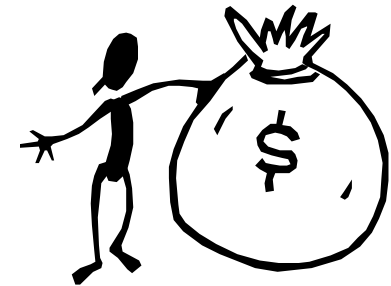


# Wealth = Assets-Liabilities

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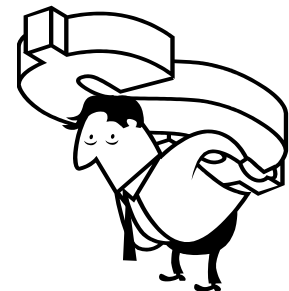
- Assets:

- Savings, Checking Accounts
- Real Estate Owned
- Stocks, Bonds, Mutual Funds
- Business Assets
- 401k, IRAs
- Etc.



- Liabilities:

- Mortgage
- Credit Card Debt
- Loans
- Etc.





# Why Wealth?

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- Wealth inequality >> income inequality
  - Top 1% - 17% income, 34% wealth
  - Bottom 60% - 22% income, **4%** wealth
- Wealth confers benefits income doesn't
  - Can generate further income
  - Collateral for loans
  - Passed from generation to generation
  - Weather financial crises



# Racial Wealth Gap

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- For every dollar of wealth owned by the typical white family, the typical family of color owns only 16 cents
- Inequities in the past live today through inheritance



# Why Care About the *Women's* Wealth Gap?

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- About half of all households are non-married households
- About half of all marriages end in divorce
- Married women outlive husbands; widowhood is not a financial windfall for most
- Women spend more years single than married
- Women need more wealth because they live longer than men

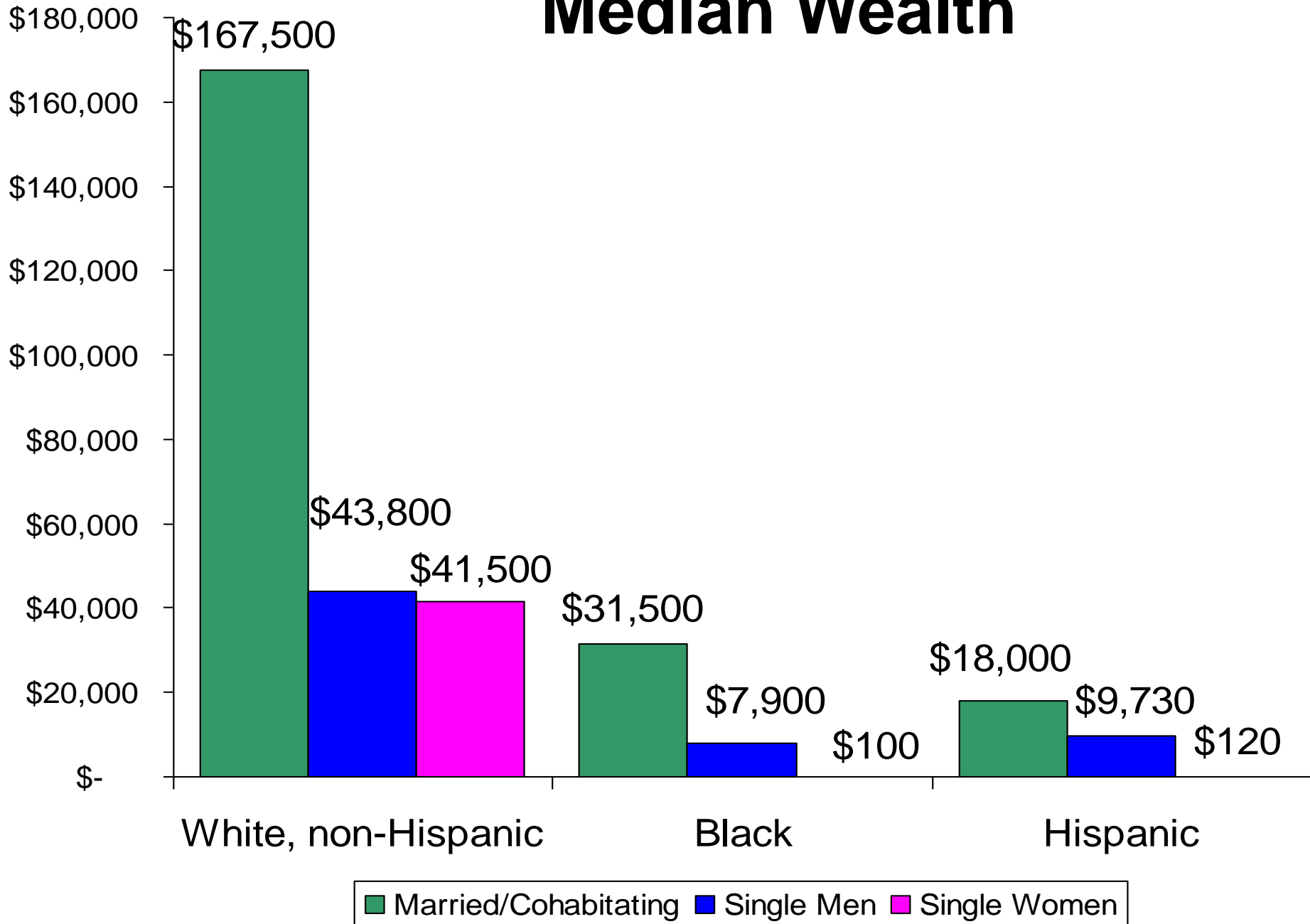


# Data

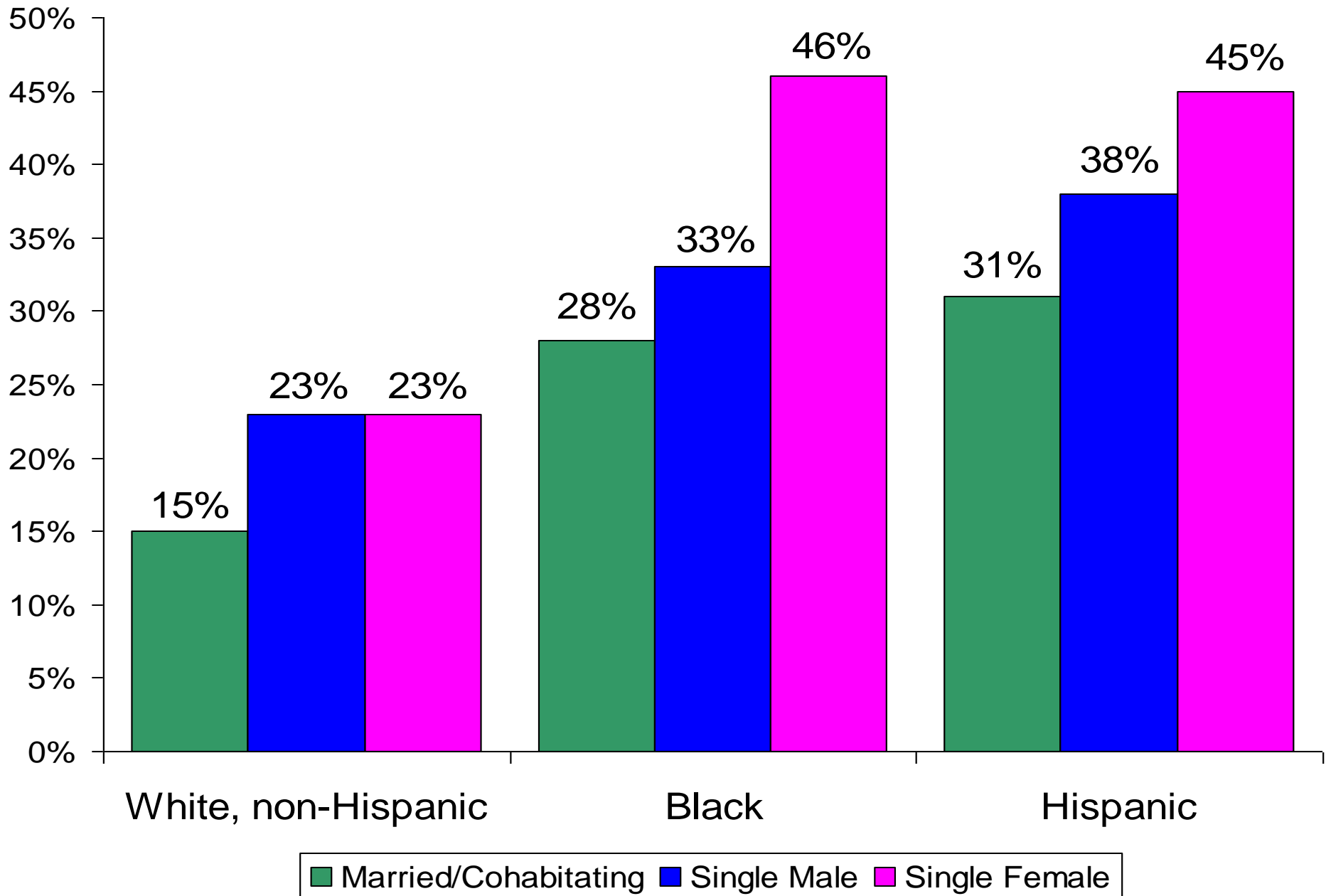
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- 2007 Survey of Consumer Finances
  - Sponsored by the Federal Reserve Board
  - Collected prior to economic crisis
  - People of color:
    - Black, African American
    - Hispanic (of any race)
    - But: Asian, Native American, Other are combined
  - Focus here on ages 18-64

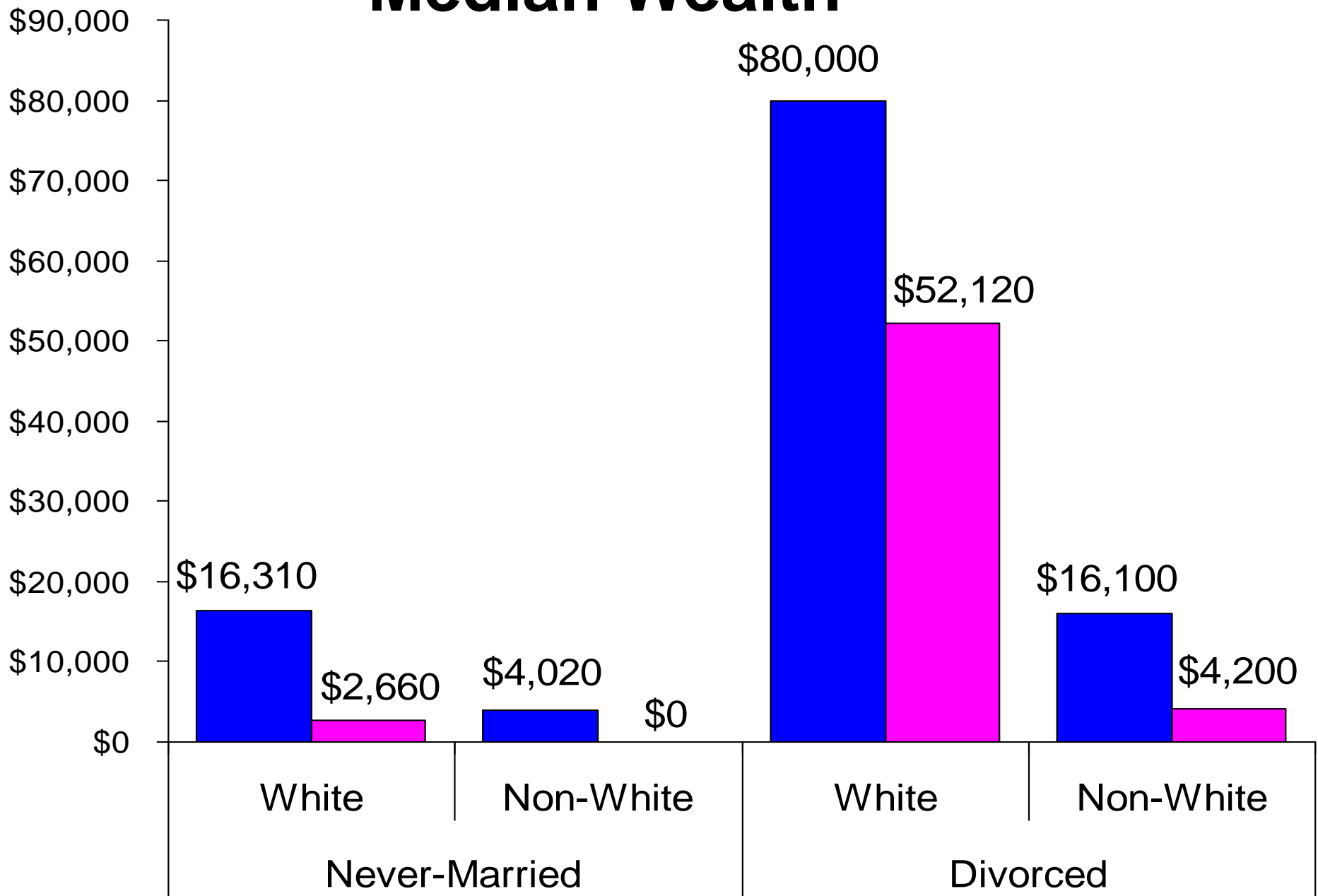
# Median Wealth



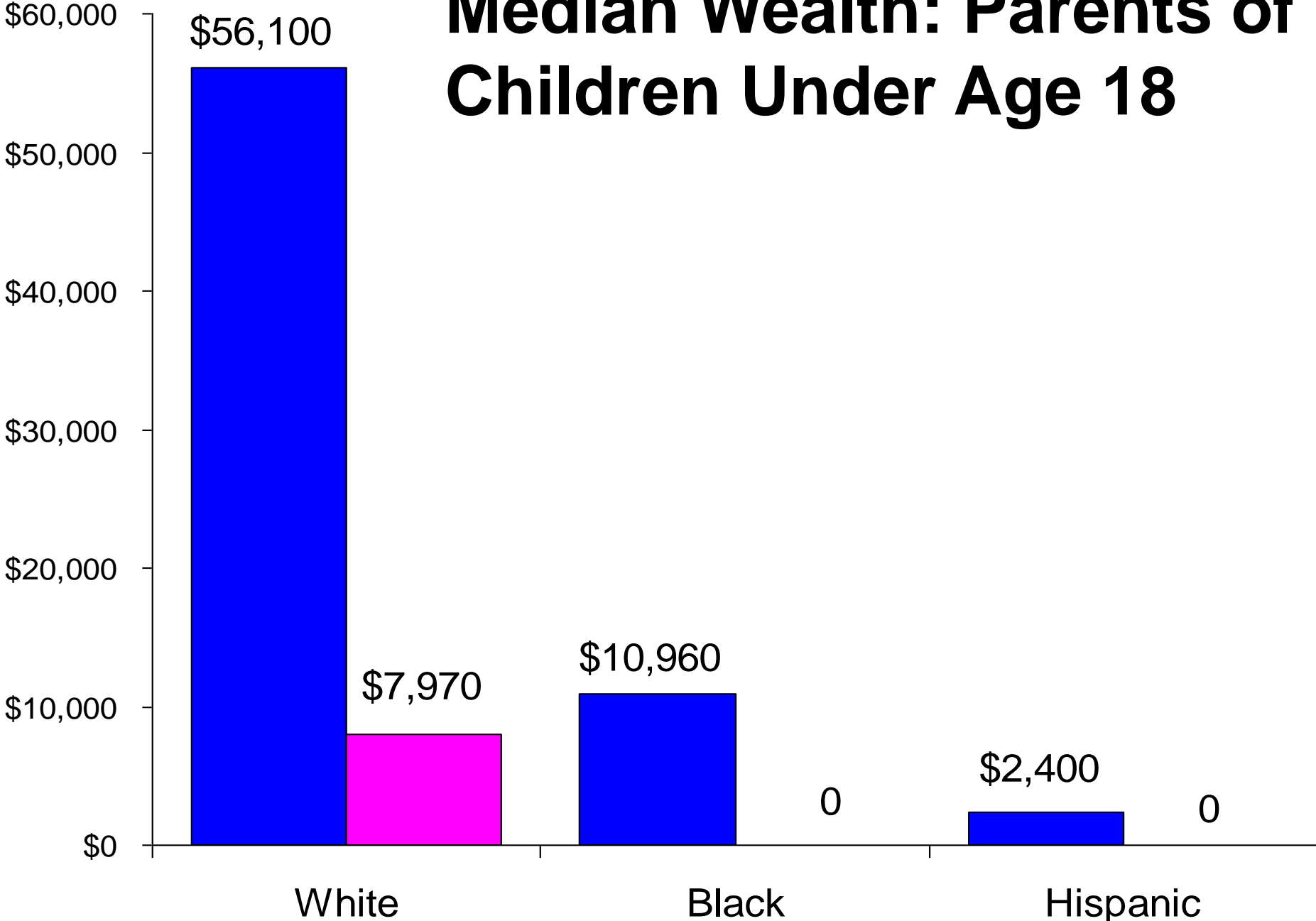
# Percent with Zero or Negative Wealth



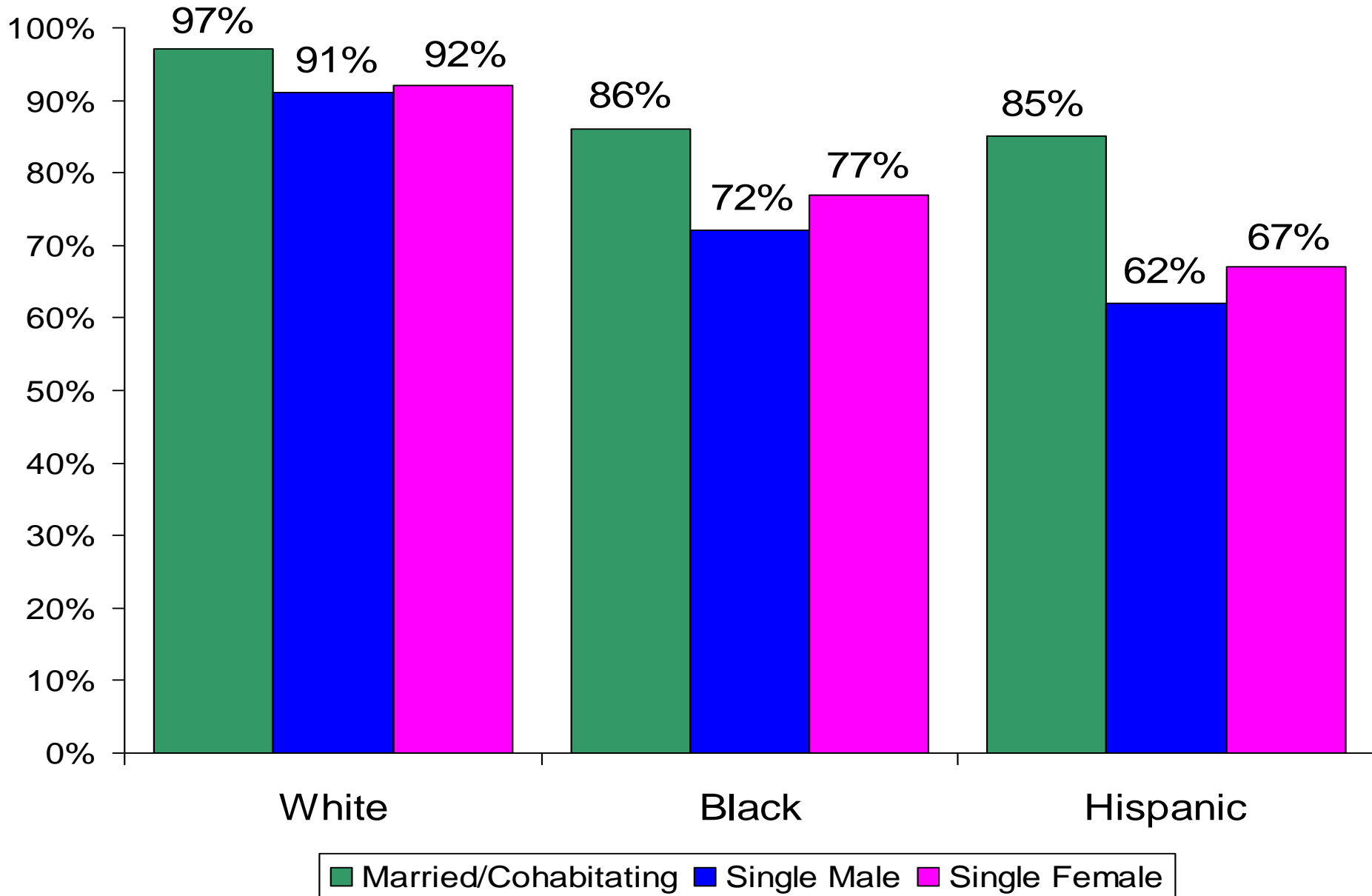
# Median Wealth



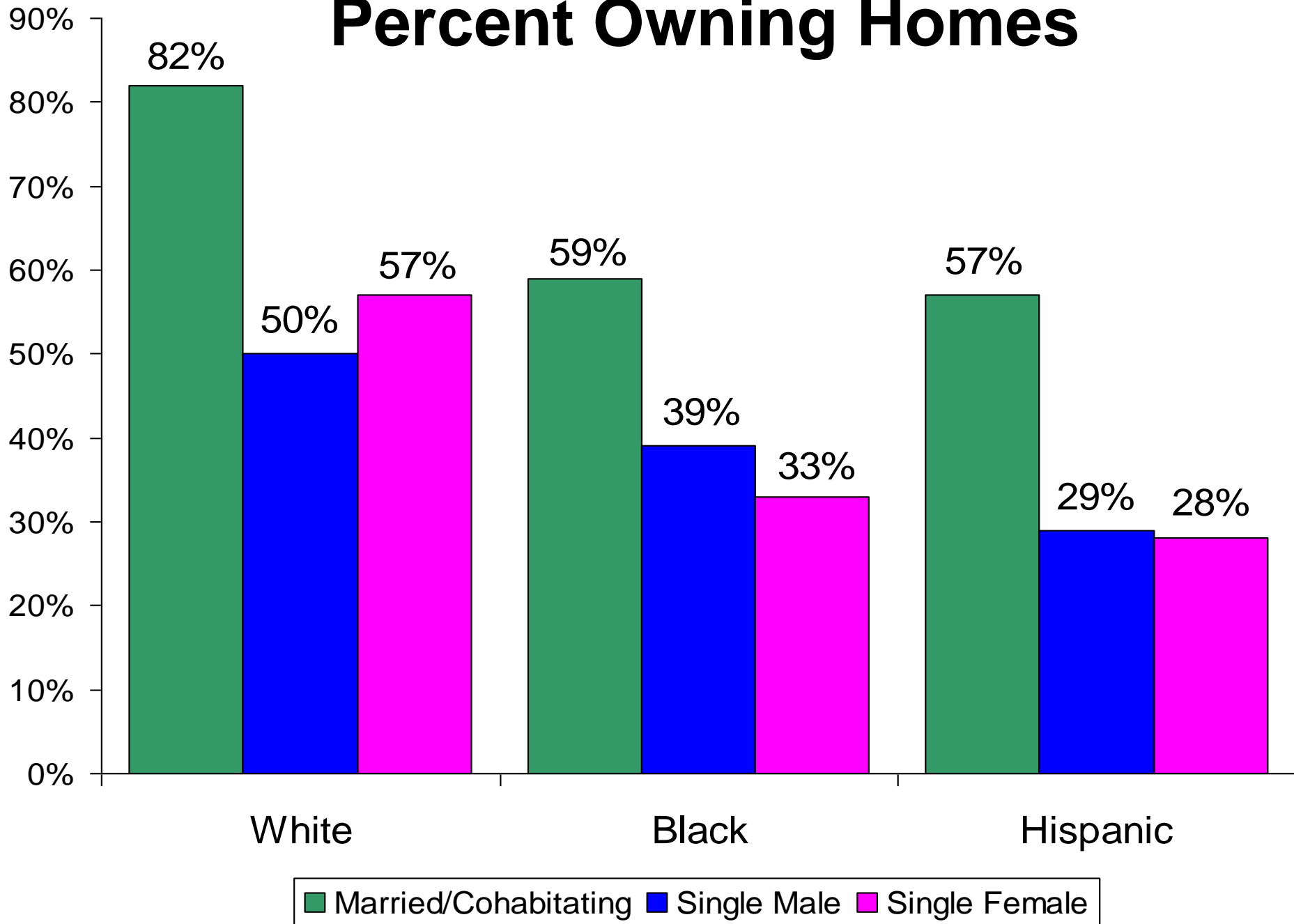
# Median Wealth: Parents of Children Under Age 18



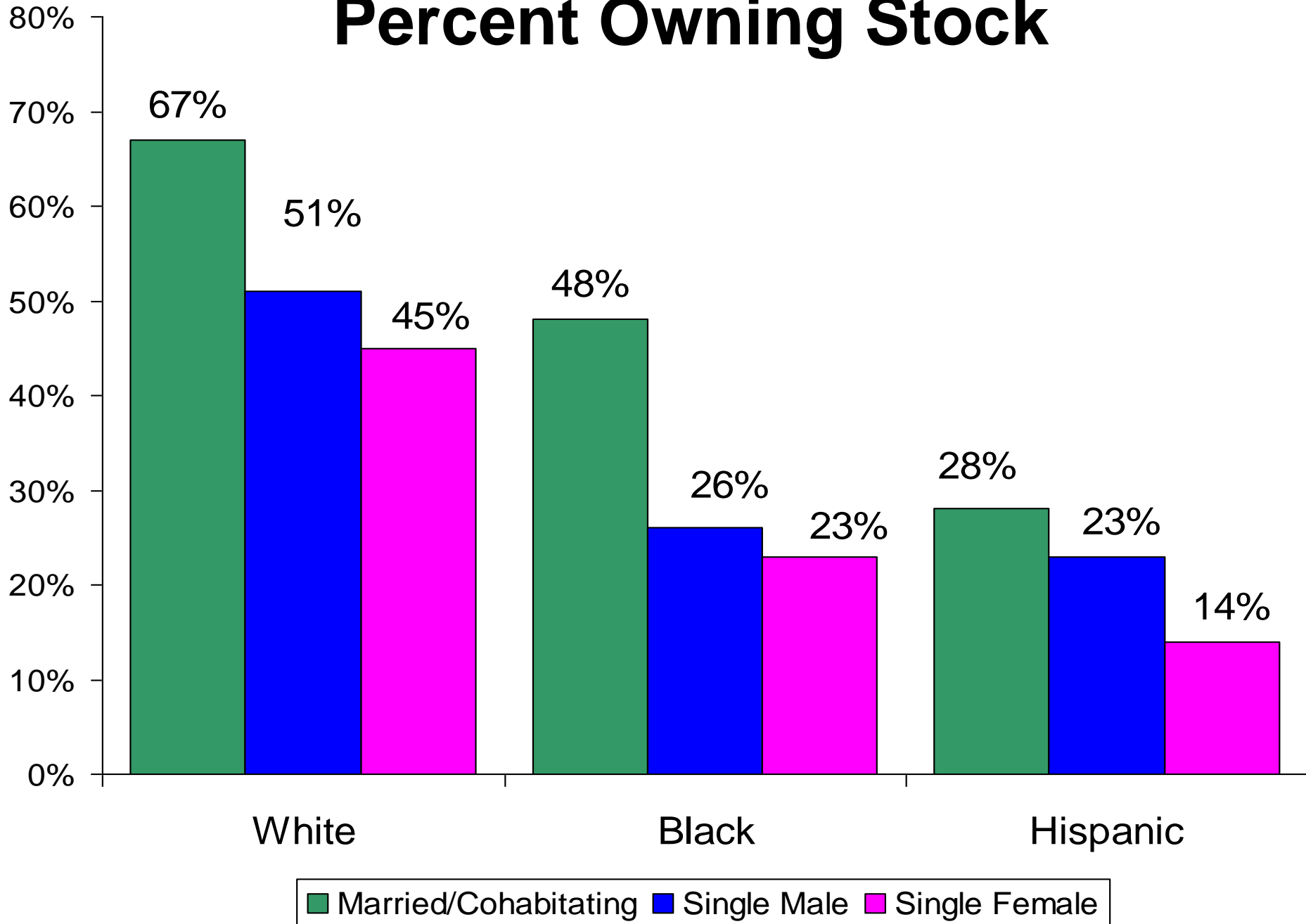
# Percent Owning Cash Accounts



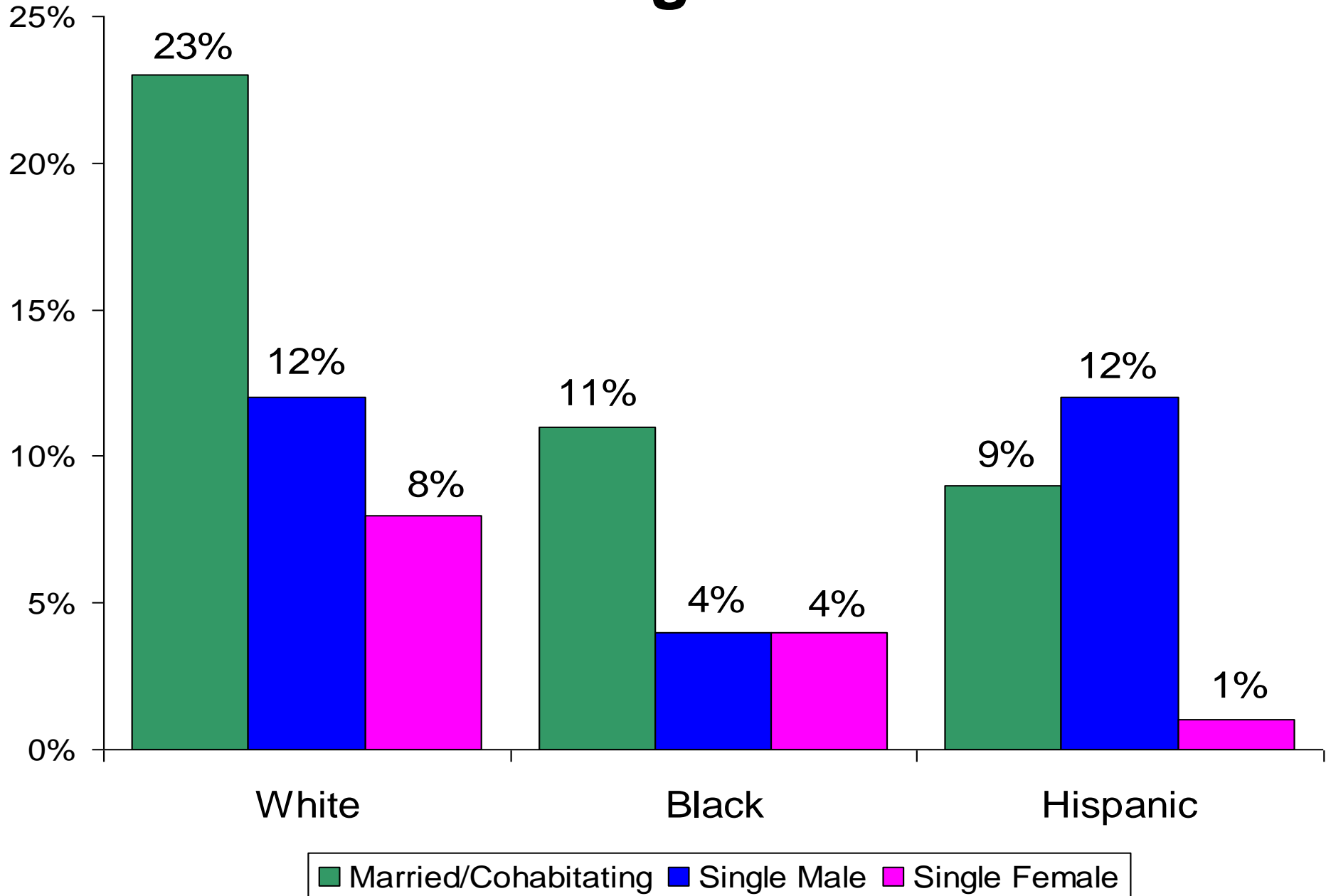
# Percent Owning Homes



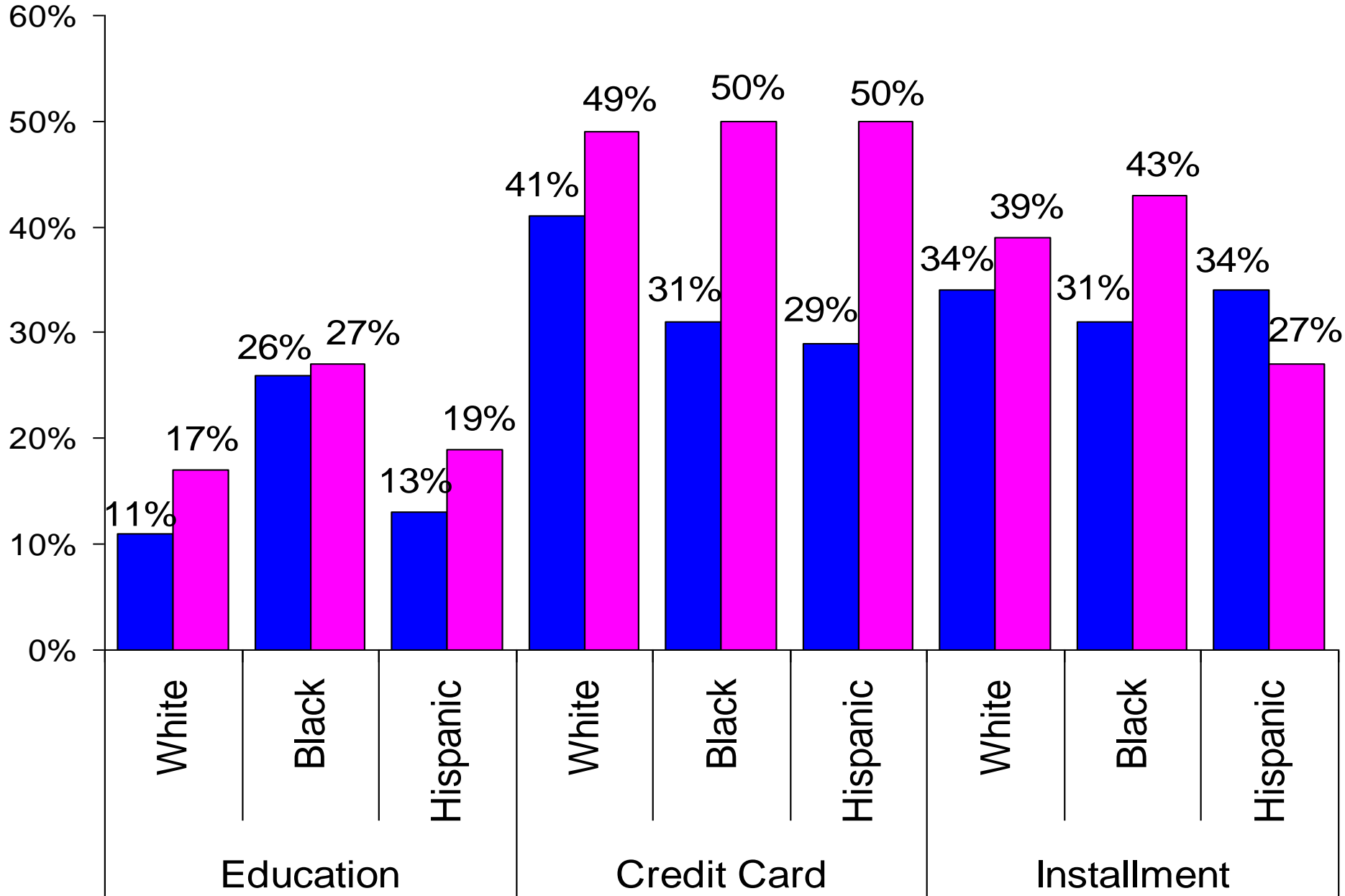
# Percent Owning Stock



# Percent Owning Business Assets



# Percent with Forms of Debt





# Asian American & Native American Women

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- Severe lack of data, especially by gender
- Asians: less wealth than whites when control for regional home prices and other socioeconomic factors
- Native Americans: less wealth than whites and have different view of “wealth”



# Why?

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- Prior Policies
- Current Institutional Factors
- Cultural Reasons



# Prior Policies

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- Race-specific
  - Ex: Indian Removal Act of 1830, Jim Crow
  - Still feeling the effects today through inheritance
- Gender-specific
  - Ex: married women lack control of property, pregnant women fired



# Current Institutional Factors

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- Wage Gap
- Subprime Home Mortgages
- Lack of access to the “wealth escalator”
- Others (see briefing paper)

# Median Earnings for Full-Time Workers, 2007

	<i><b>Women</b></i>	<i><b>Men</b></i>	<i><b>Ratio</b></i>
White, non-Hispanic	\$36,398	\$50,139	72.6
Black	\$31,035	\$35,652	87.1
Hispanic (of any race)	\$25,454	\$29,239	87.1
Asian	\$40,664	\$51,174	79.5
American Indian, Alaska Native	\$28,837	\$34,833	82.8
Native Hawaiian, Pacific Islander	\$29,835	\$36,624	81.5
<b>TOTAL</b>	<b>\$34,278</b>	<b>\$44,255</b>	<b>77.5</b>



# Even with the same incomes...

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Women (and especially women of color) would have less wealth:

- Women more likely to be custodial parents and support more people on one income
  - Less disposable income to save or invest
- Women less likely to have access to the “wealth escalator”



# Wealth Escalator

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- Translates Income into Wealth More Quickly
- Fringe Benefits
- Tax Code
- Structure of Government Benefits

# Wealth Escalator: Fringe Benefits



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- Directly build wealth
  - Ex: stock options, pension/401k contributions
- Indirectly build wealth
  - Ex: health insurance, paid sick days
- Women of color less likely to work in jobs with fringe benefits



# Tax Code

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- Lower tax rates on certain forms of income
  - Ex: long term capital gains
- Tax deferral
  - Ex: employer-sponsored retirement contributions
- Tax deductions
  - Ex: mortgage interest deductions

# Structure of Government Benefits



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- Public Assistance
  - Asset limits; “spend down assets”
- Social Insurance
  - Ex: Social Security
    - Women of color receive lower benefits, but depend more on those benefits



# Subprime Home Mortgages

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- Women of color more likely to receive subprime home loans at every income level
- Many could have qualified for conventional mortgages
- Cost borrower \$50,000-\$100,000



# Cultural Factors

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- Sharing economic resources
- Distrust of mainstream financial institutions



# Positive Economic Effects

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- Women of color are entrepreneurial, growing businesses and creating jobs
- Women of color have language and cultural knowledge valuable in global marketplace
- Development of our nations children: the future globally-competitive workforce
  - Children of single mothers with assets have higher educational attainment



# Policy Recommendations

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- Improve data collection
  - Economic data collected and disaggregated by race, gender, ethnicity, immigrant status
- Focus on building wealth, not just income



# Main Points

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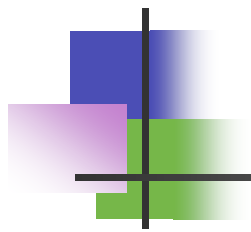
- Wealth inequality is distinct from income inequality and much more severe
- Disadvantages of race & gender exponential
- Racial wealth gap cannot close unless gender wealth gap closes
- New strategies needed because excluded from existing strategies that benefit others



# Further Information:

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Thank you