

Wealth in America:

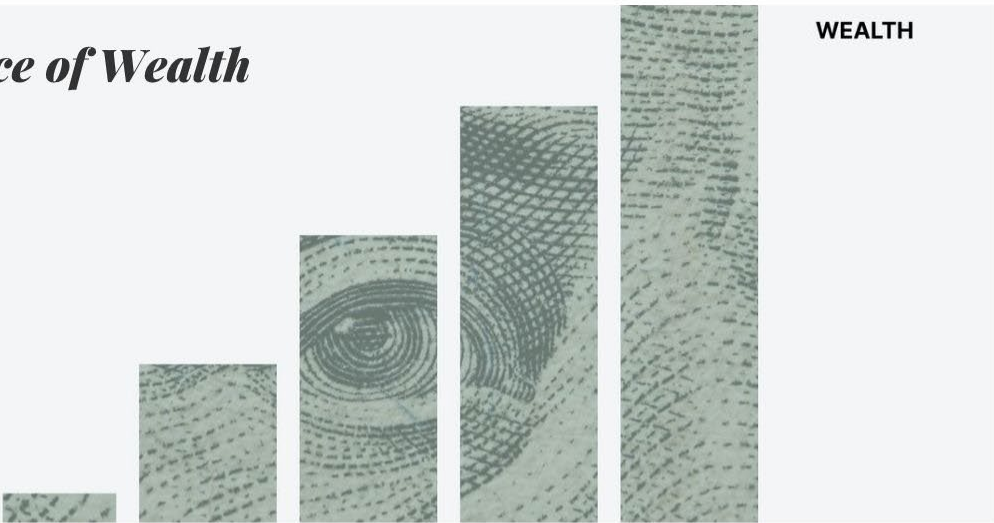
How Demographics Reveal Economic Divides

Ana Hernández Kent

Policy Analyst for the Center for Household Financial Stability at the Federal Reserve Bank of St. Louis

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Importance of Wealth



All pictures from Unsplash and Beautiful.ai

Overall Wealth Inequality

2019 update: Top 10% owned 76% of total U.S. wealth.

The shares of the next 90% were essentially unchanged.

Wealth Distribution

1989

The top **10%** of Americans owned the majority of U.S. wealth





The next **40%** owned less than a third



The bottom **50%** owned a sliver



 = Represents 9.3 million families

 = Total U.S. household wealth in 1989: \$32.87 trillion (2016 adj. \$)

2016

The top **10%** of Americans owned more of total U.S. wealth



The next **40%** owned less




The bottom **50%** saw its sliver of wealth shrink



Also, **about 1 in 10** families in 2016 had negative net worth



 = Represents 12.6 million families

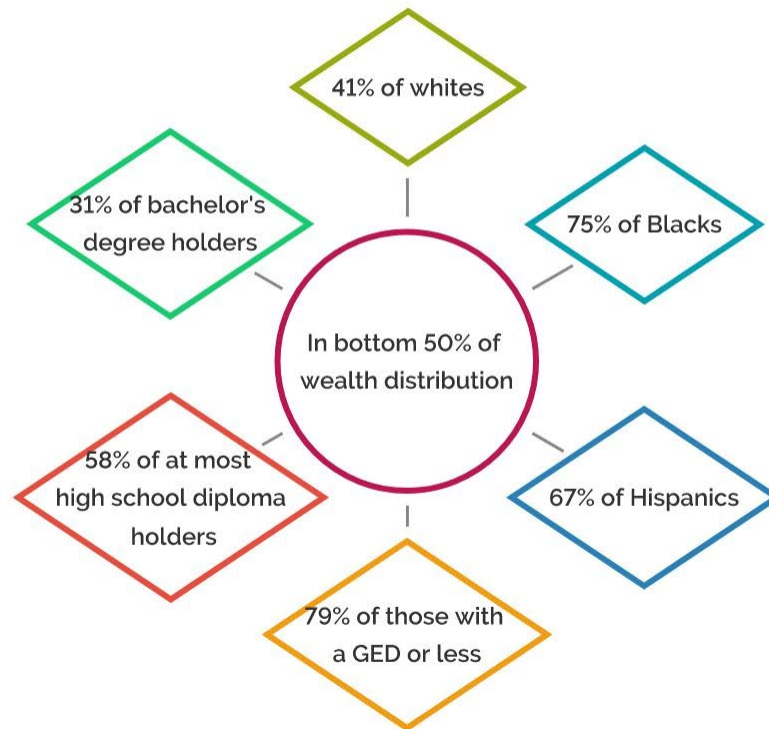
 = Total U.S. household wealth in 2016: \$86.87 trillion

■ FEDERAL RESERVE BANK OF ST. LOUIS

Widespread financial instability in 2019

- 47% of people lack a wealth buffer - unable to cover expenses for 3 months
- Only 63% would handle a \$400 emergency with cash
- 29% say income varies from month-to-month
- 25% skipped needed medical treatment due to lack of affordability
- 17% have volatile employment schedules (1/3 of those get a day or less advanced notice)

Demographic Importance



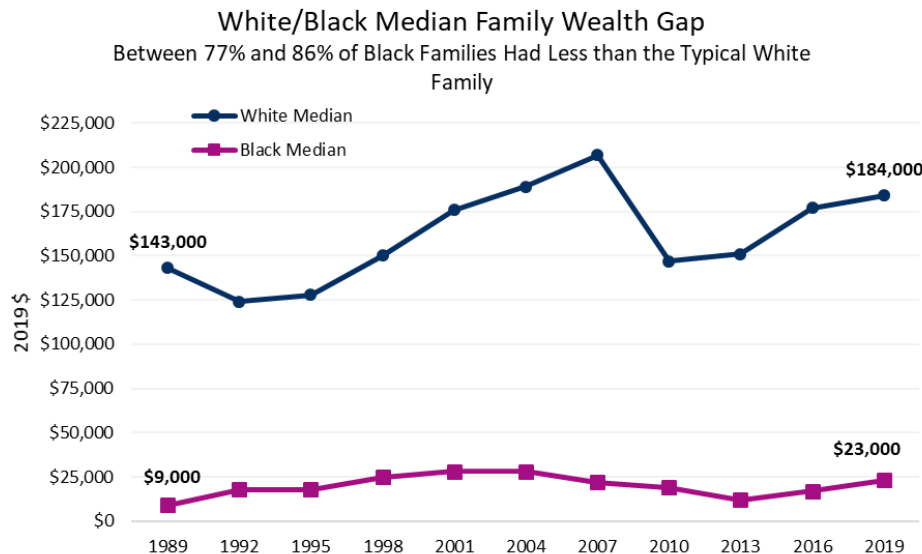
Sources: The SCF (2019), Federal Reserve Board's Survey of Household Economics and Decisionmaking (SHED, 2019), and Kent's calculations.

Wealth through a Demographic Lens

- 1 Race and Ethnicity
- 2 Education
- 3 Generations



White and Black Family Median Wealth



- Despite gains, gaps remain wide and essentially unchanged

Black median wealth grew 32% from 2016

Black families owned \$0.12 per every dollar of white family median wealth

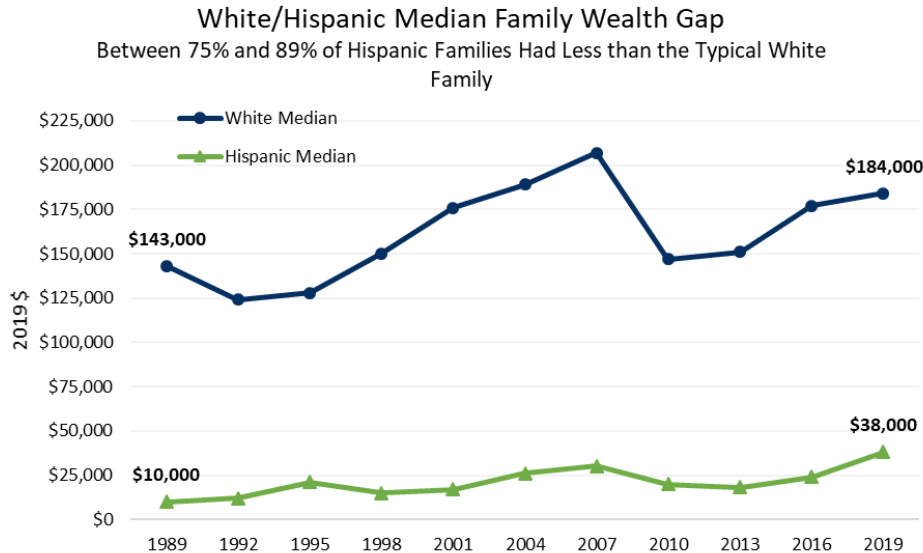
- Actual wealth remains low at \$23,000
- Blacks are less likely to own assets and have lower valued assets when they do

45% of Black families owned their house

35% had defined contribution retirement savings

5% owned businesses

White and Hispanic Family Median Wealth



- **Despite gains, gaps remain wide**

Hispanic median wealth grew 60% from 2016

Hispanic families owned \$0.21 per every dollar of white family median wealth

- **Actual wealth remains low at \$38,000**

- **Hispanics are less likely to own assets and have lower valued assets when they do**

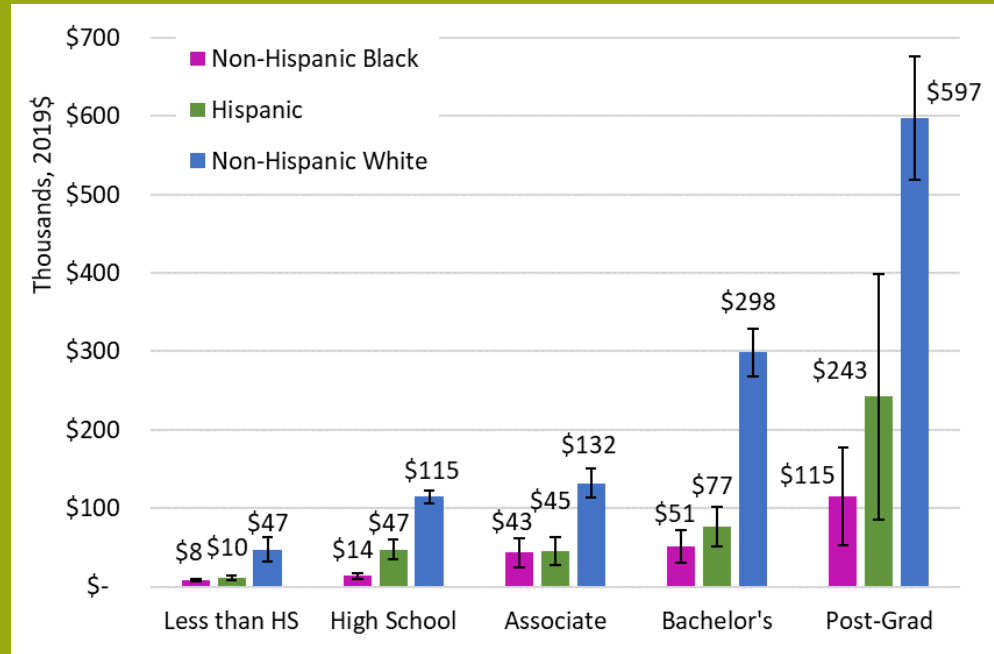
48% of Black families owned their house

32% had defined contribution retirement savings

6% owned businesses

Racial and Ethnic Wealth Gaps Persist Despite Education

Median Family Wealth in 2019



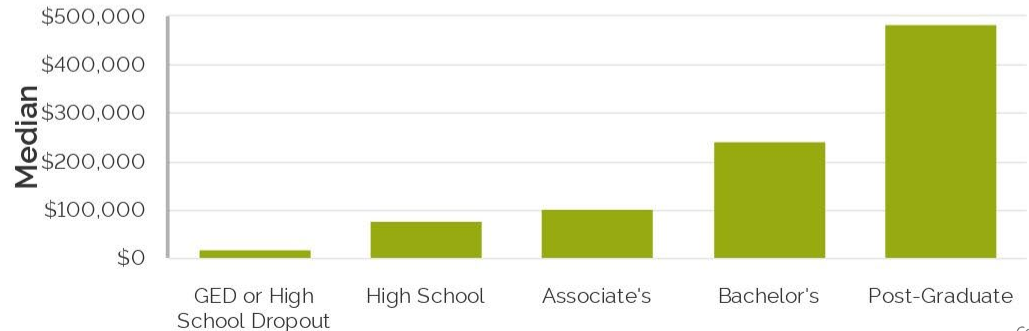
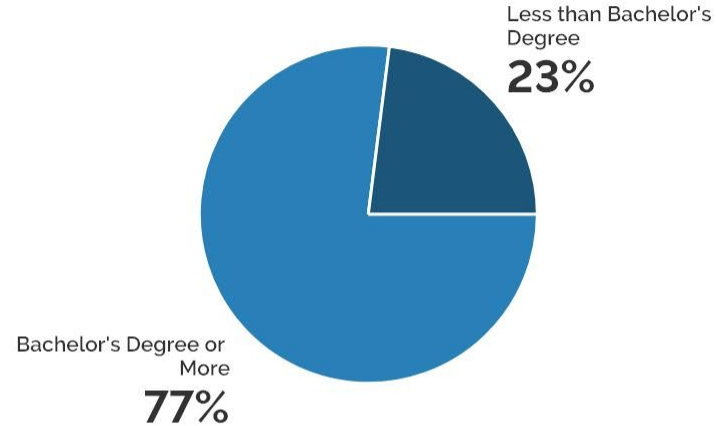
Large Educational Divisions

Highly educated families (39% of families) have considerably more wealth at the median

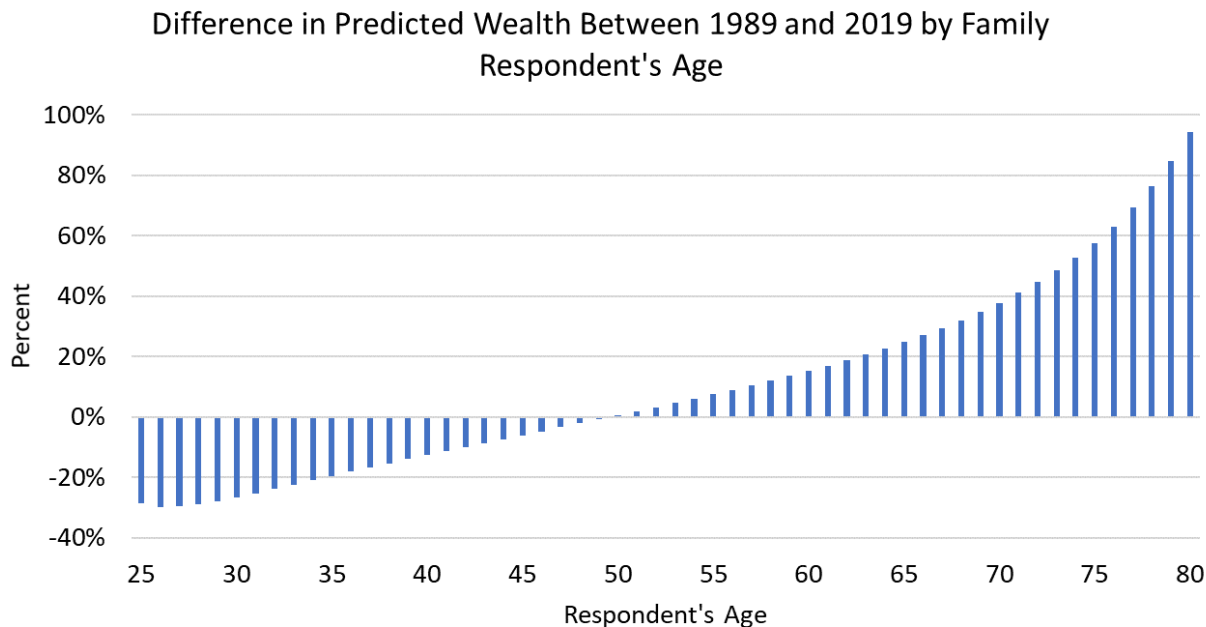
Gains (between 2016 and 2019) were largest in percentage terms for those with at most a high school diploma

College “sticks” across generations:

61% of respondents have a bachelor's degree if a parent does too, but only about 1/4 are first-generation graduates



Older (Younger) Families of Today Have More (Less) than Families of the Same Age 30 Years Ago

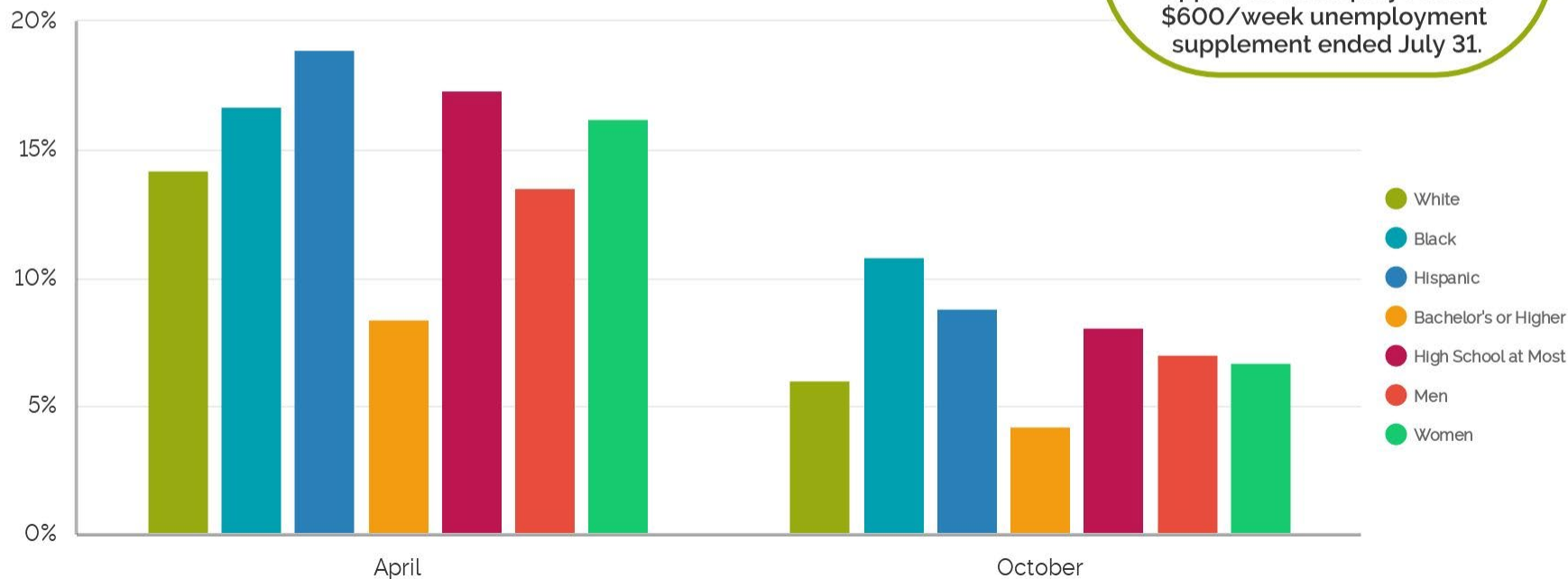


Sources: [Emmons, Kent, and Ricketts \(2018\)](#) updated with 2019 SCF data by Kent (note that the original research used family head's age, while the update uses the age of the family respondent).

High Unemployment, Financial Uncertainty

Unemployment Rates (2020)

Seasonally Adjusted



Conclusions and Next Steps

- Economic divisions are evident along demographic fault lines
- The coronavirus pandemic had the most negative employment effect on those with fewest economic resources
- Continued government support seems warranted given lingering high unemployment
- Wholistic view of recovery - not simply a narrow focus on overall conditions or averages

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Ana H. Kent, Ph.D.

Policy Analyst

Center for Household Financial Stability

Federal Reserve Bank of St. Louis

ana.kent@stls.frb.org

Twitter: **anaNDslu**

Sources and References

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- U.S. Bureau of Labor Statistics. <https://www.bls.gov/>

- Note: various statistics in this presentation will also be available in forthcoming briefs co-authored with Lowell R. Ricketts and published on the St. Louis Fed's *Open Vault Blog* and *On the Economy Blog*. Many thanks to colleagues Lowell Ricketts and Ray Boshara for comments and suggestions on these slides.
- Pictures from Unsplash and Beautiful.ai.