



Wealth Inequality in the U.S.

What it is, Why it matters,
and What can be done

Ana Hernández Kent, Senior
Researcher

Federal Reserve Bank of St. Louis,
Institute for Economic Equity

Wealth

What a family owns less what they owe

Education


Parents' Resources

Race/Ethnicity and Gender

Birth year

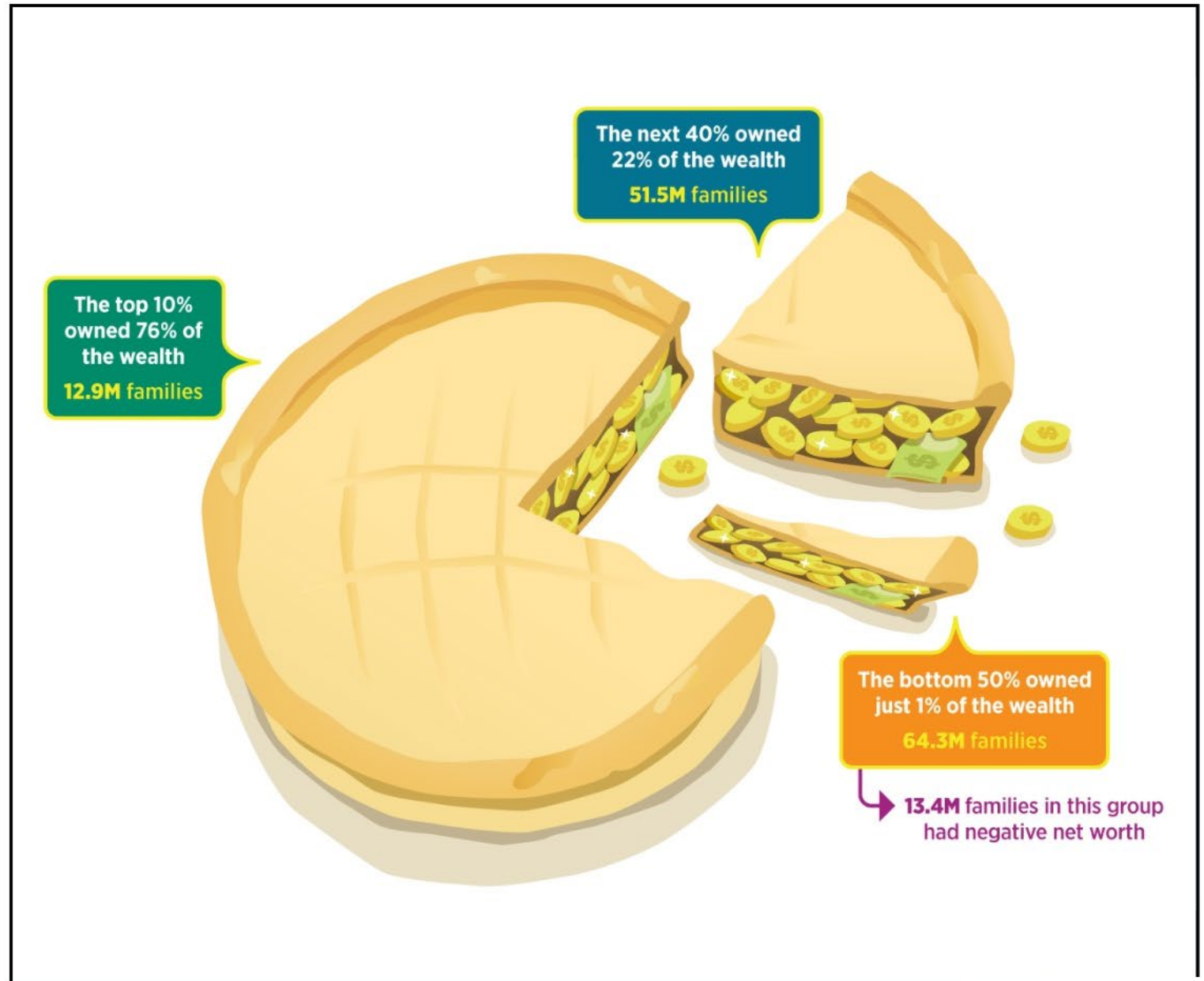


FEDERAL RESERVE BANK of ST. LOUIS



“Wealth inequality in America has grown tremendously... to the point where the top 10% of families... own 76% of the wealth pie. The bottom half... own only 1% of the pie.”

Overall Wealth Inequality



Demographic snapshot: Bottom 50%



75% of Black families; 67% of Hispanic families; 41% of white families



56% of women-headed families (vs. 44% of men)



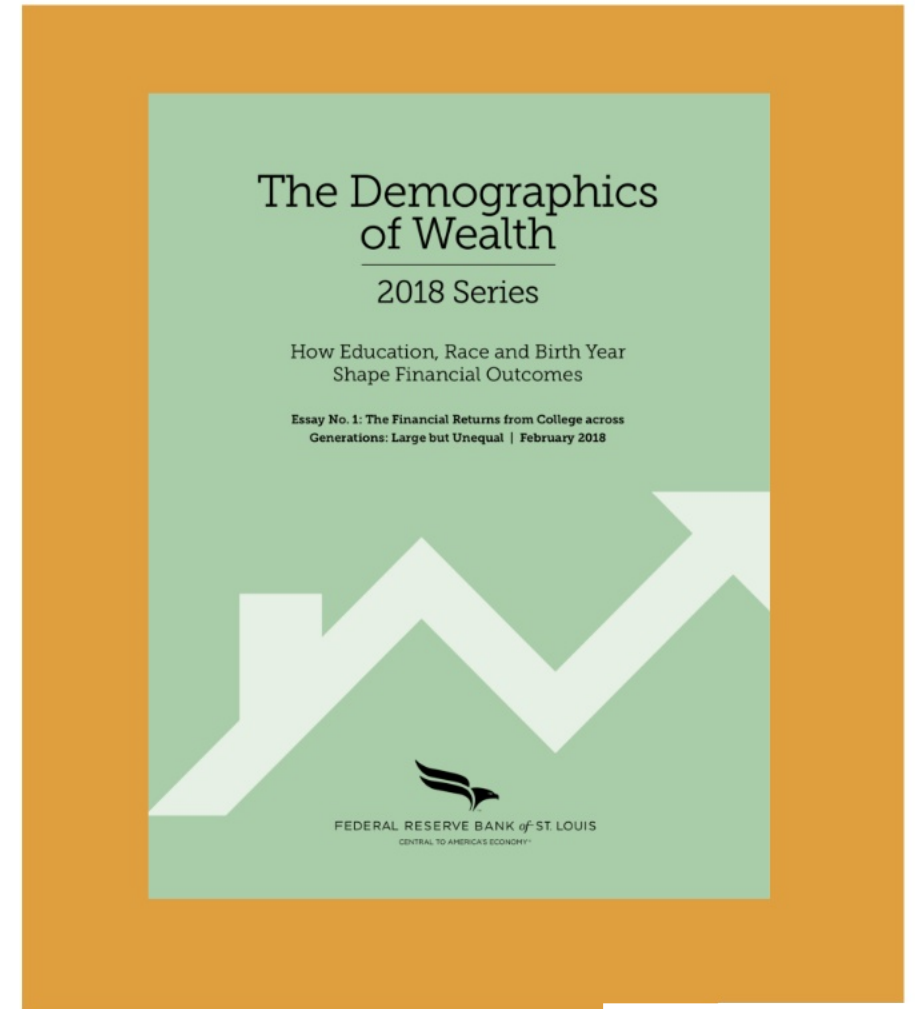
79% of those with GED or < high school; 58% of those with at most high school; 31% with bachelor's or more

Source: [Kent and Ricketts](#) (December 2020) using the Survey of Consumer Finances.

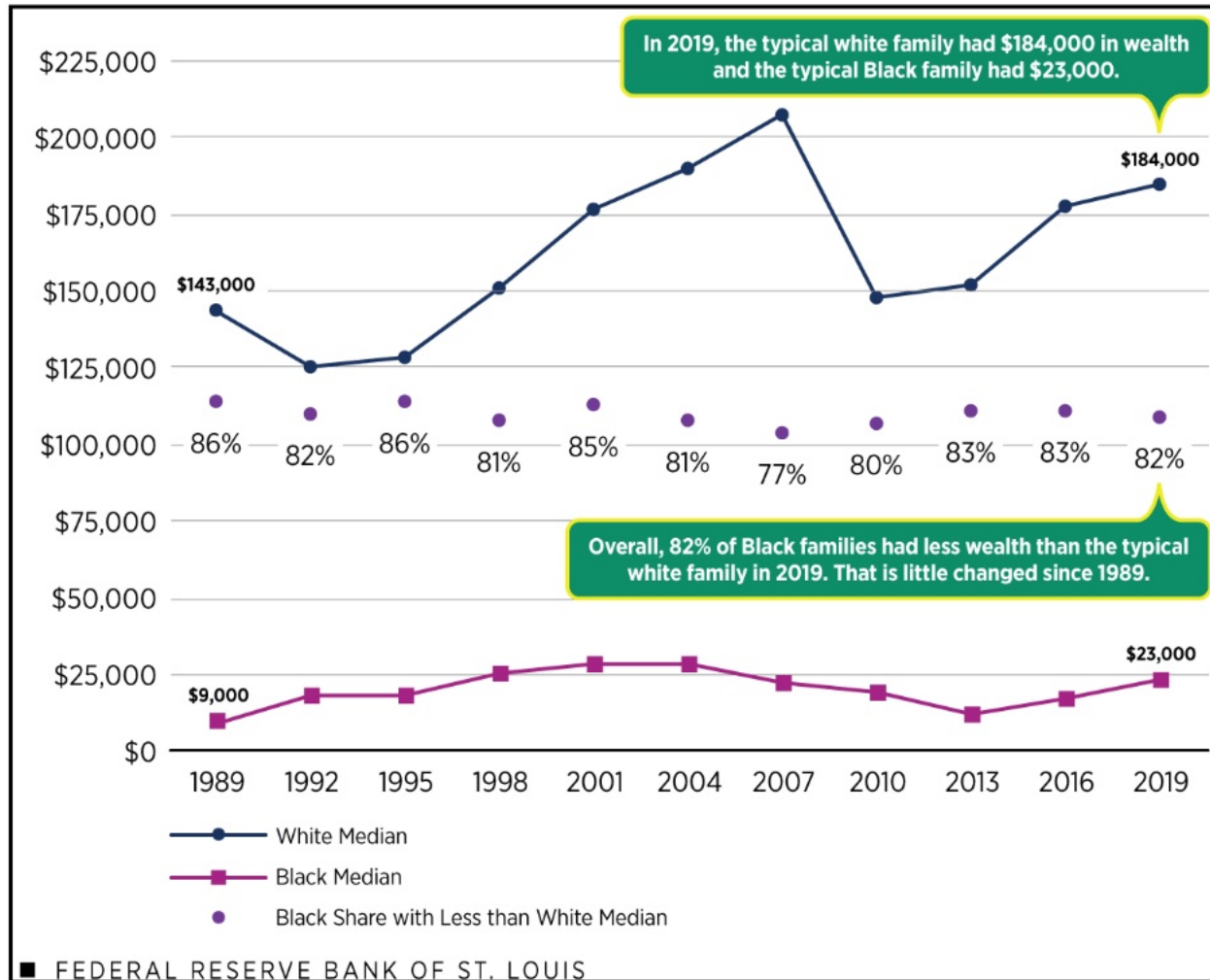
Note: Unit of analysis is families; characteristics are taken from the survey respondent, generally considered to be the most financially knowledgeable person.

Wealth through a Demographic Lens

- 1 | Race and Ethnicity
- 2 | Education
- 3 | Age and Generation
- 4 | Gender

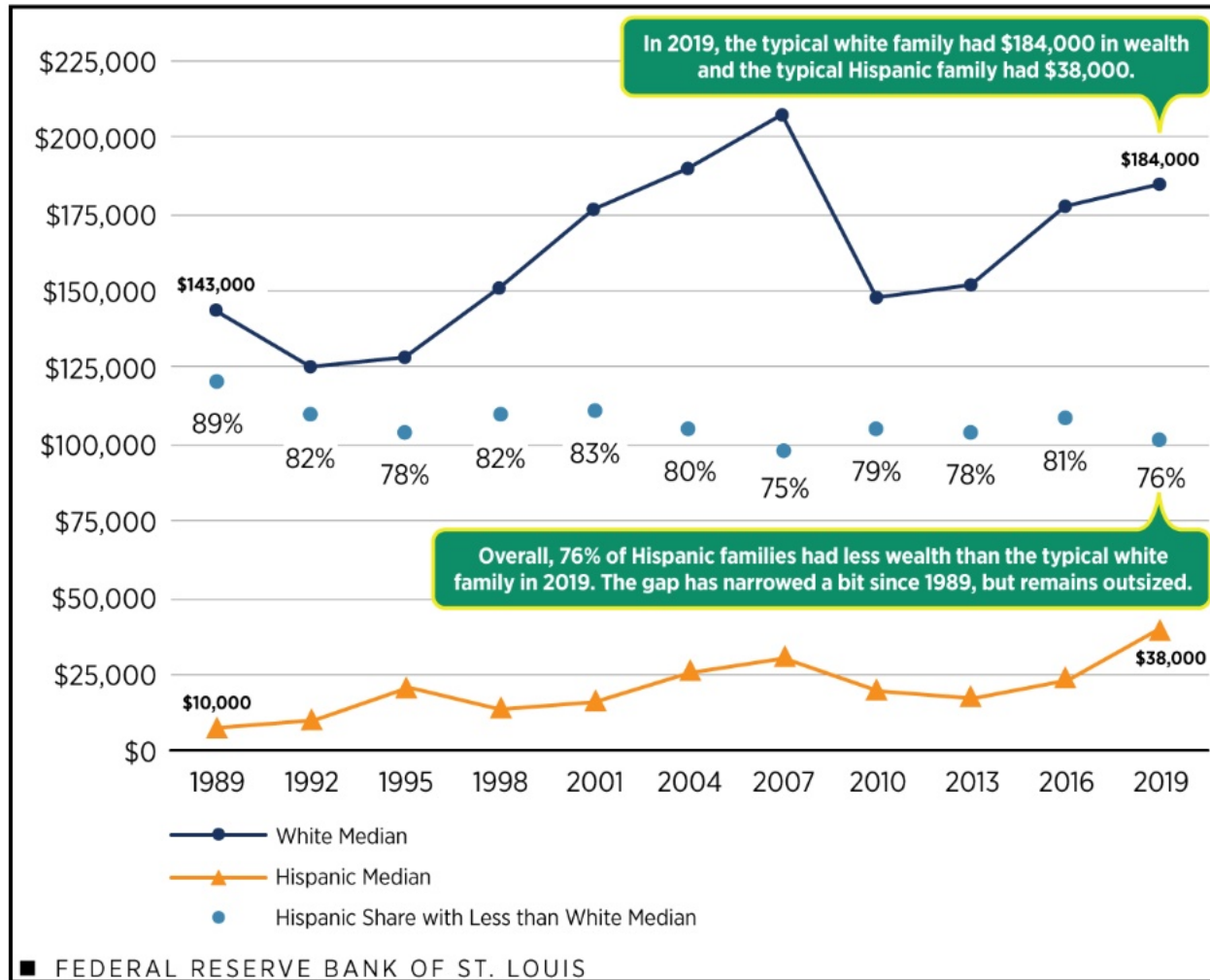


White and Black Family Median Wealth



- 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 Hispanic families owned their house
 - 32% had defined contribution retirement savings
 - 6% owned businesses

How does your community compare?

St. Louis Demographic Snapshot



Race and Ethnicity

- City:
 - White: 44.5%
 - Black: 44.9%
- County:
 - White: 65.2%
 - Black: 24.3%
- US:
 - White: 60.0%
 - Black: 12.4%



Median Household Income

- City: \$47,000
 - White: \$61,000
 - Black: \$31,000
- County: \$70,000
 - White: \$82,000
 - Black: \$42,000
- US: \$66,000
 - White: \$72,000
 - Black: \$44,000



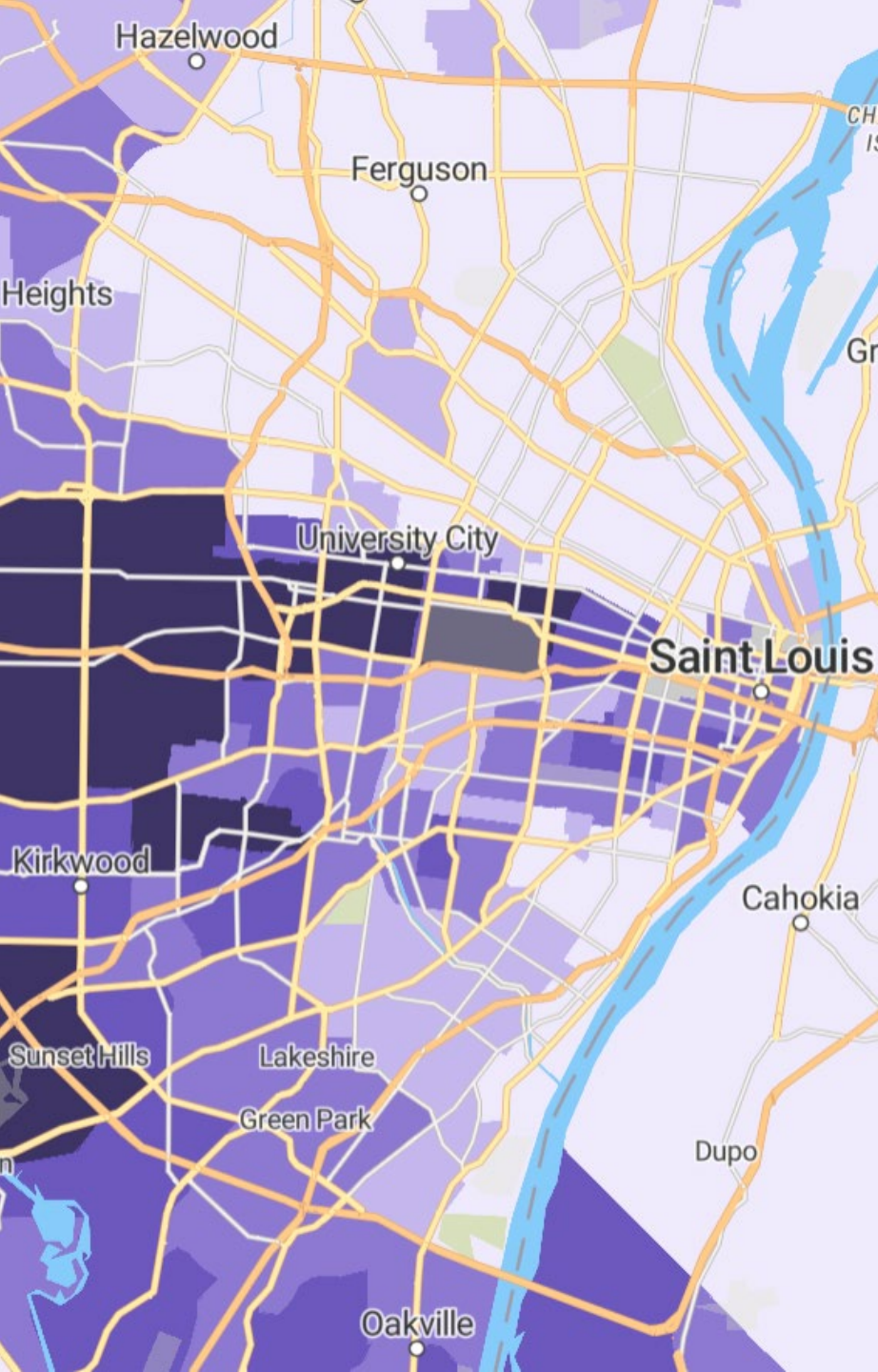
Education: Bachelor's +

- City: 38.6%
 - White: 54.7%
 - Black: 16.5%
- County: 45.6%
 - White: 51.9%
 - Black: 20.3%
- US: 33.1%
 - White: 34.4%
 - Black: 22.5%

Source: PolicyMap, Census, American Community Survey, and Ana Kent's calculations.

Note: Hispanic, Asian, and other represent 5% or less of the demographic makeup. Income is rounded to the nearest \$1,000.

Photo credit: Arch City Religion



How does your community compare?

St. Louis Housing Snapshot



Homeownership Rate

- City: 48.2%
 - White: 64.3%
 - Black: 35.5%
- County: 71.6%
 - White: 80.8%
 - Black: 46.4%
- US: 64.8%
 - White: 73.7%
 - Black: 43.2%



Housing Affordability*

- City: 74.0%
- County: 52.5%
- Missouri: 67.1%



Median House Value

- City: \$149,000
 - White: \$170,000
 - Black: \$65,000
- County: \$230,000
 - White: \$250,000
 - Black: \$100,000
- US: \$250,000
 - White: \$250,000
 - Black: \$185,000

Source: PolicyMap, Census, American Community Survey, HUD, and Ana Kent's calculations.
Note: Housing affordability indicates the share of homes in a block group that are likely affordable for a four-person family earning the area median income. House value is rounded to the nearest \$1,000.
*Unable to disaggregate by race.

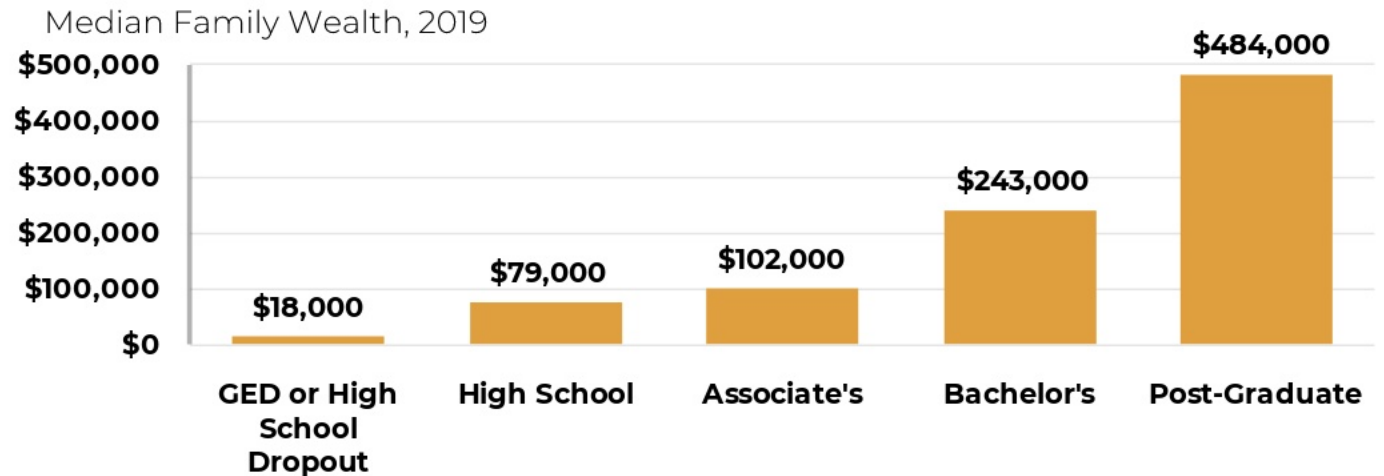
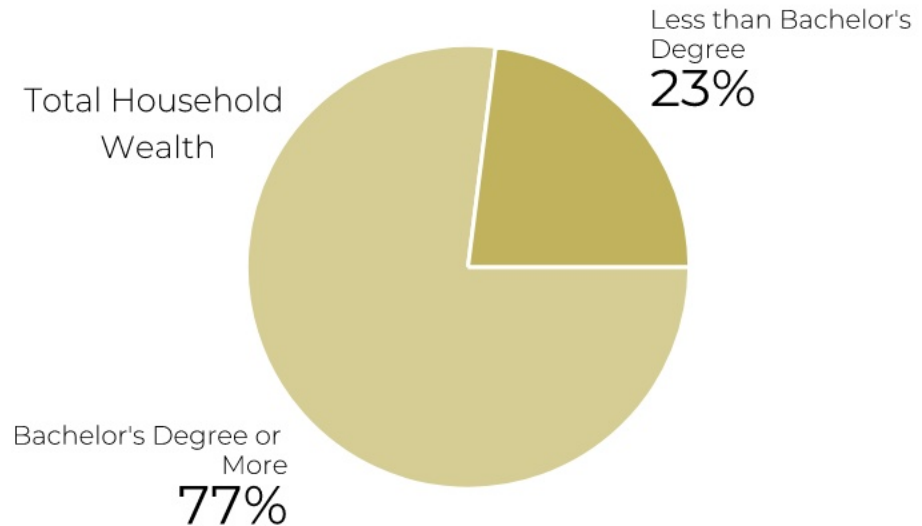
Large Educational Divisions

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

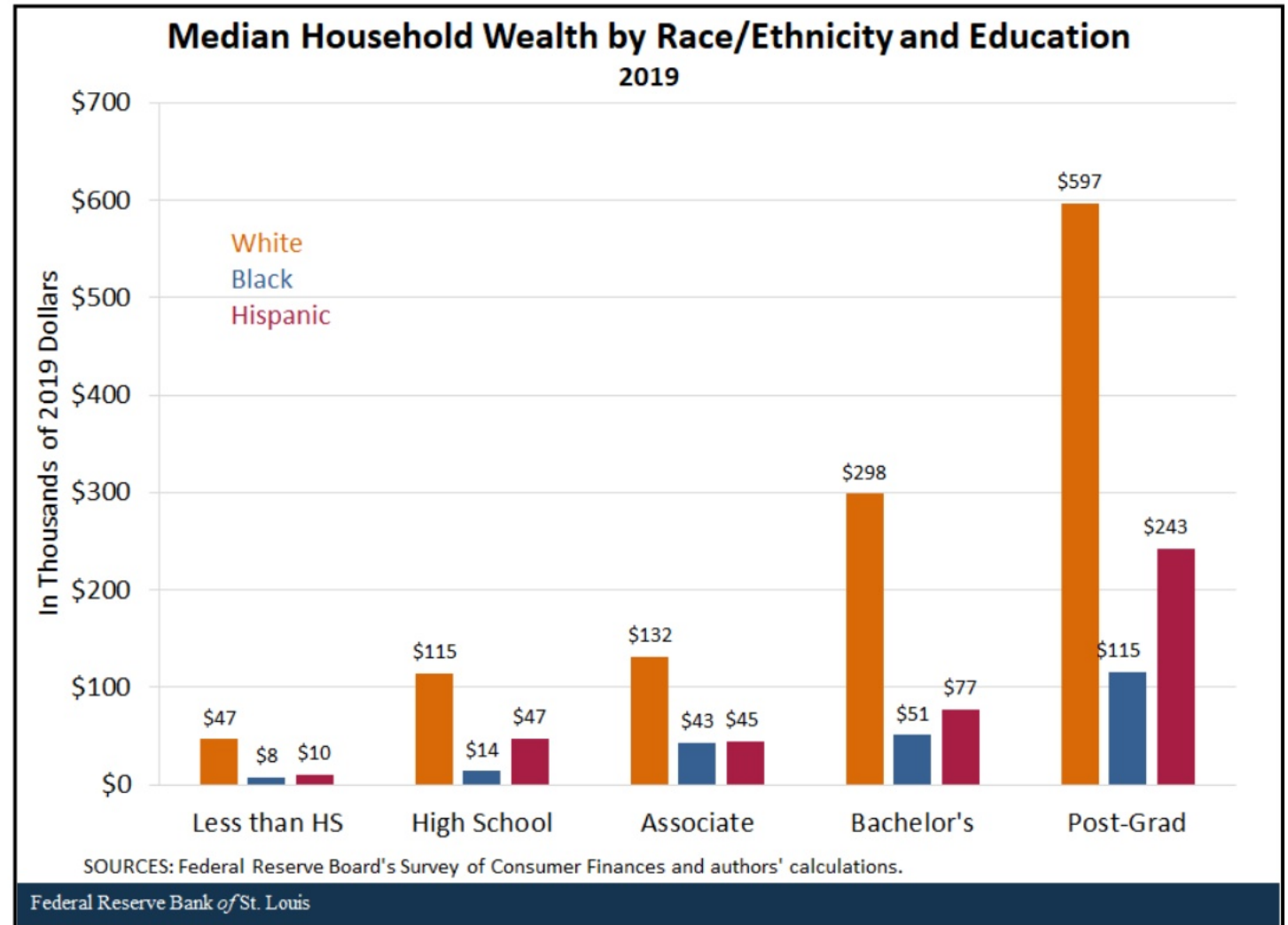
Gains (between 2016 and 2019) were largest in percentage terms for those with at most a high school diploma

College “sticks” across generations:

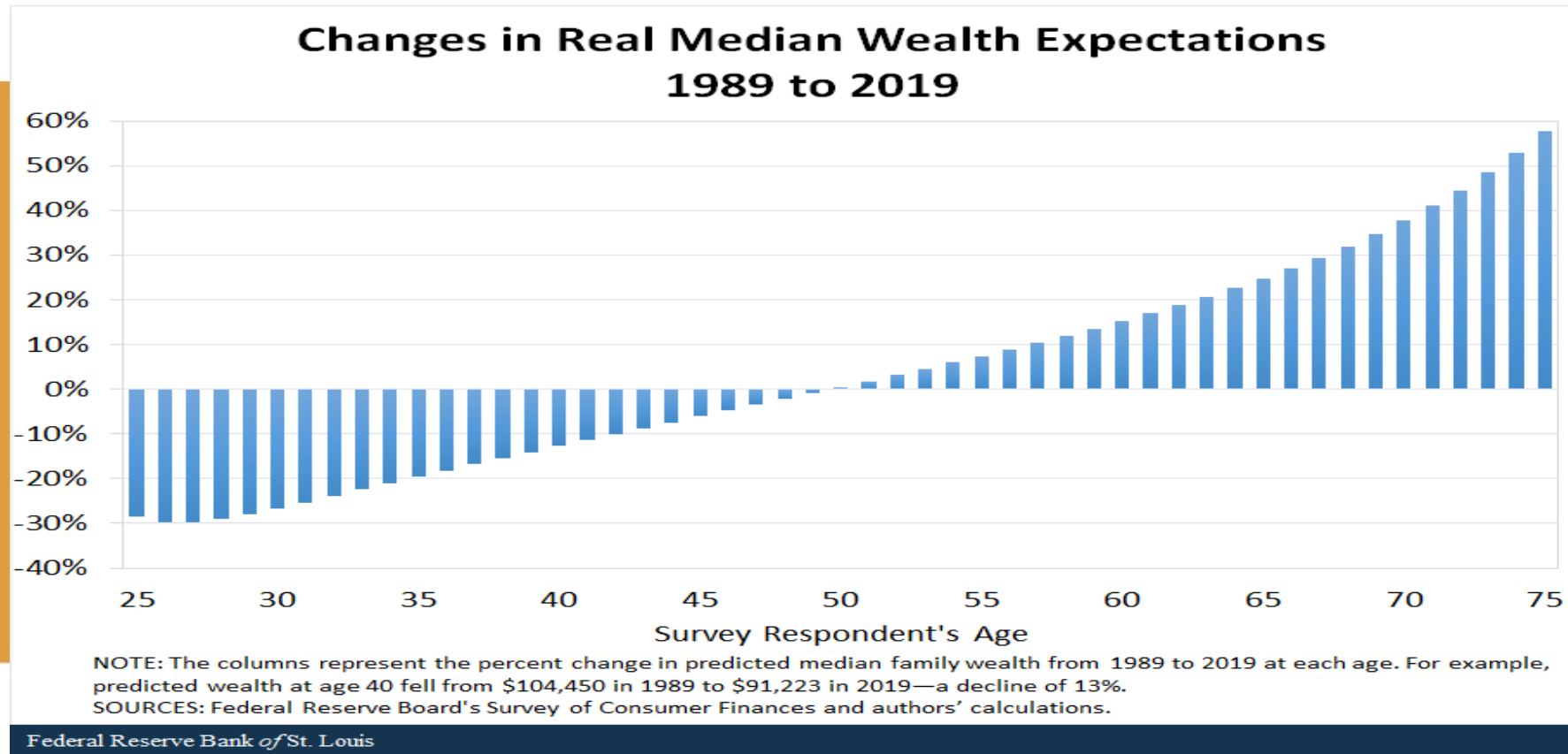
61% of respondents have a bachelor's degree if a parent does too, but only about 1/4 are first-generation graduates



Racial and Ethnic Wealth Gaps Persist Despite Educational Gains

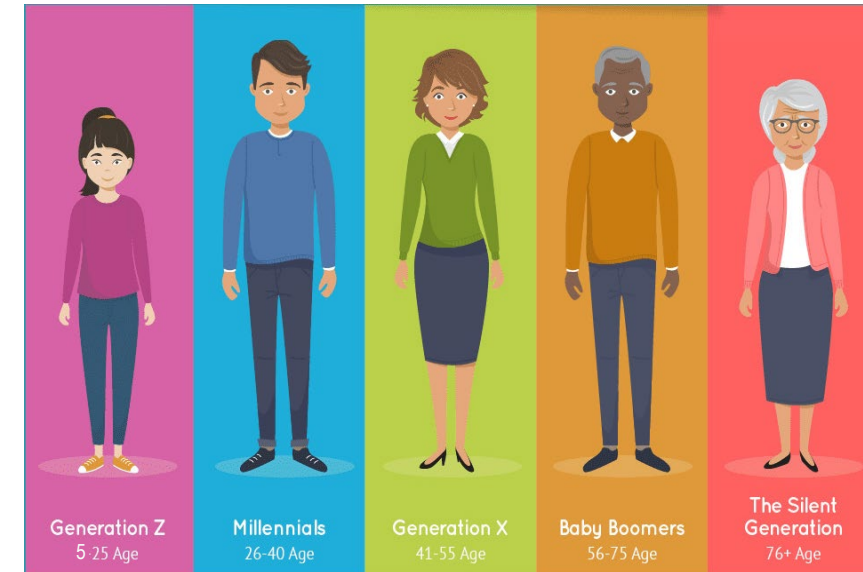
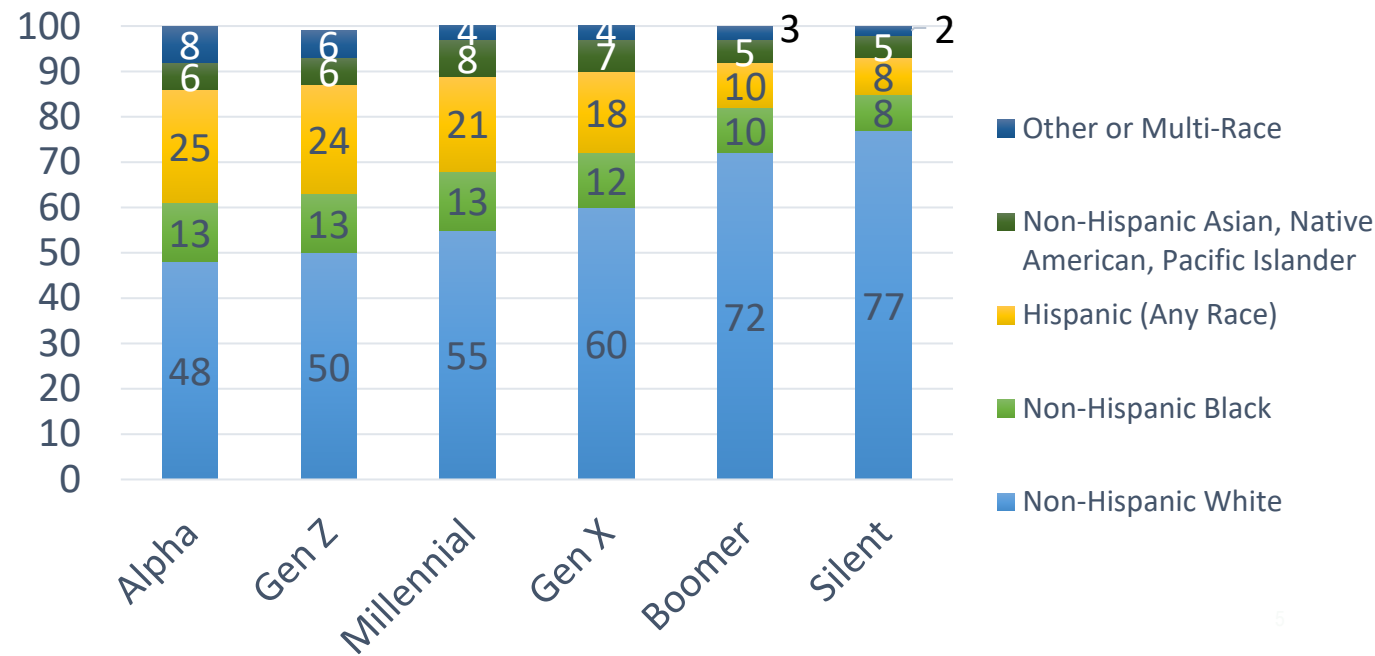


Older (Younger) Families of Today Have More (Less) than Families of the Same Age 30 Years Ago



Sources: Kent and Ricketts (coming next week!) using the Survey of Consumer Finances.

Changing Demographics: Race and Ethnicity



Source: American Community Survey, 2020, IPUMS microdata and Kent's calculations.

Gender Wealth Gap



7% of women-headed families are millionaires
(17% of men)

55 \$\$\$\$

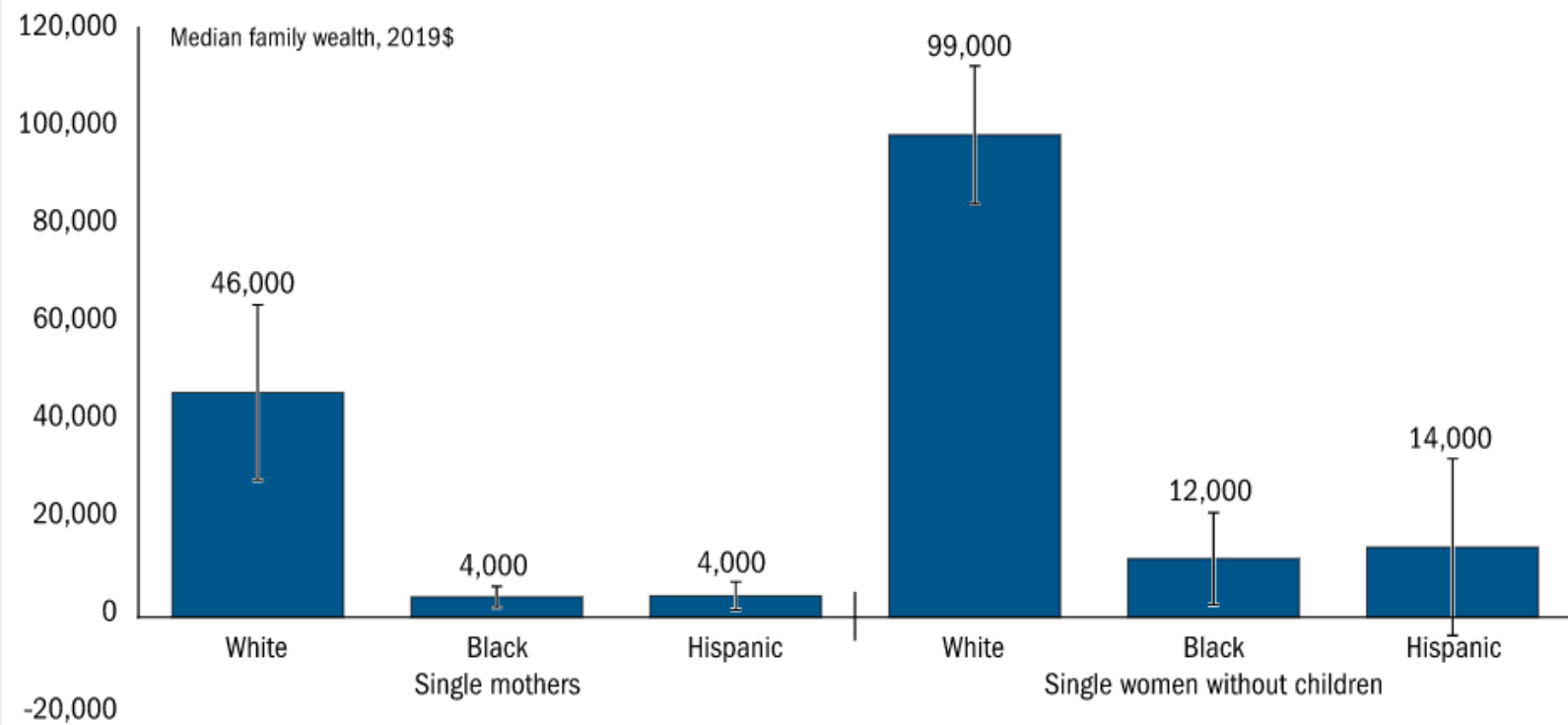
Overall gap; female median wealth per \$100 of male survey respondent wealth, regardless of marital status.



14% of women-headed families have no wealth or
are in debt (8% of men)

Note: Unit of analysis is families; characteristics are taken from the survey respondent, generally considered to be the most financially knowledgeable person.

Figure 2. Wealth of single mothers of color much lower than that of single White mothers

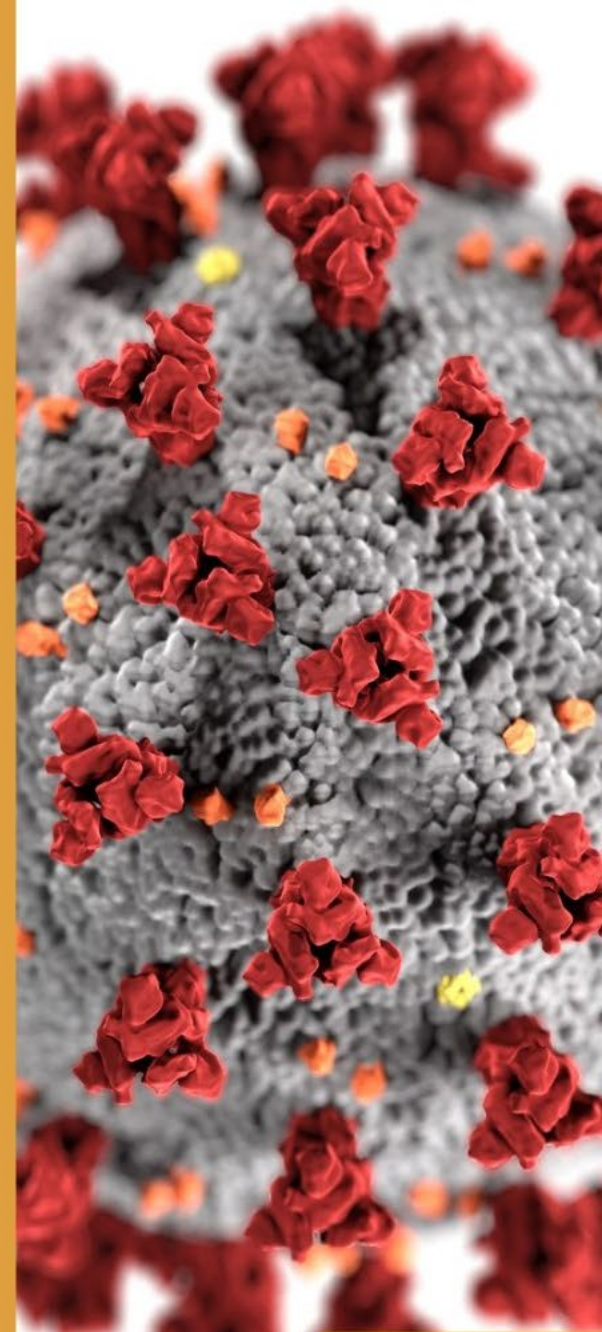


Source: Kent (November 2021)

Let's test your knowledge!

COVID-19 Recession

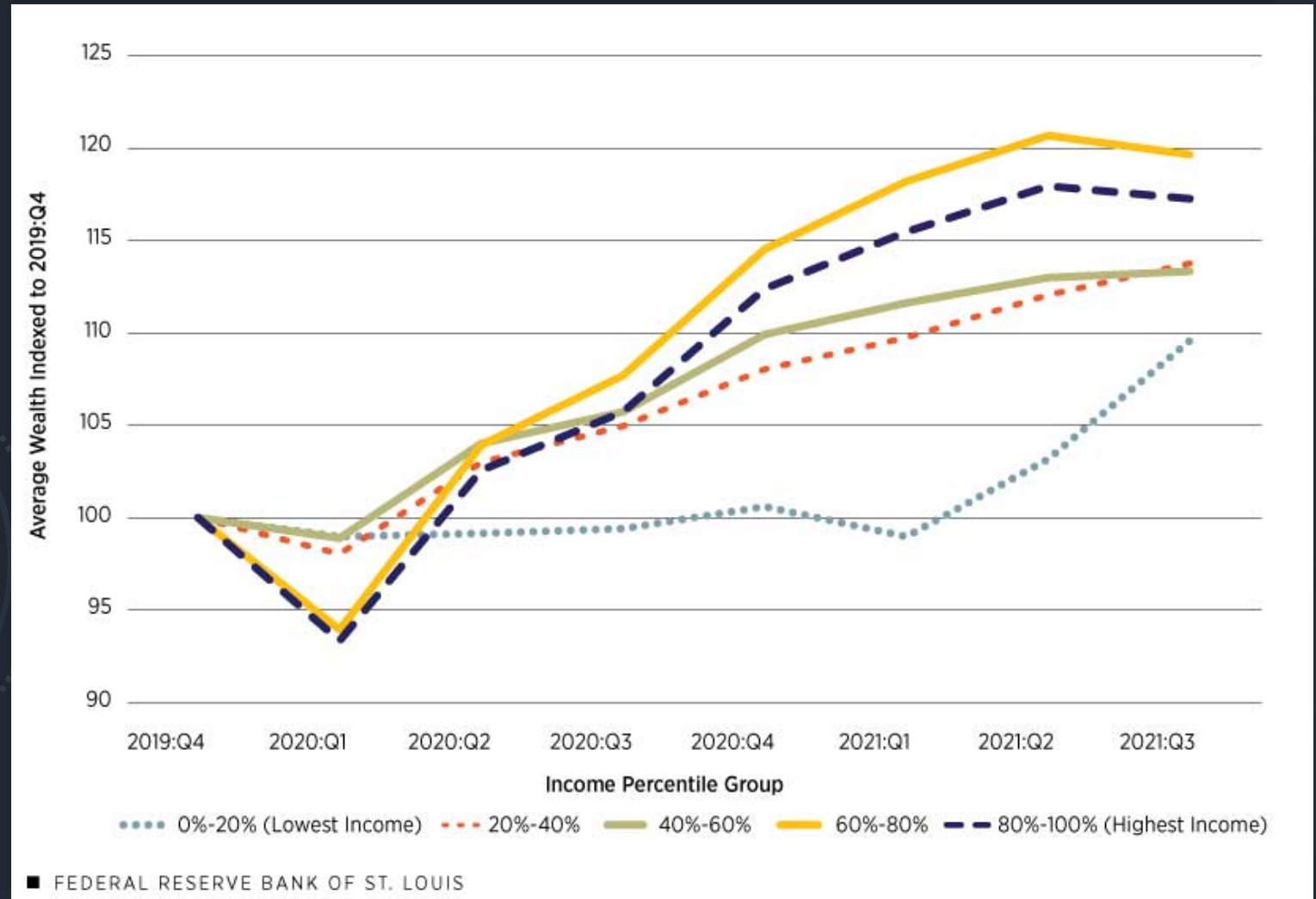
- 1 Who has been more affected by job loss, men or women?
- 2 Economists often refer to recoveries in alphabetic terms. Is the current recovery most like a K, L, V or other?
- 3 How has families' wealth been affected?



Increasing Wealth Inequality Since 2019

Responses to COVID-19 Recession

- Stimulus payments helped many families, particularly lower income
- Moratoriums on evictions and foreclosures
- Suspension of student loan payments and 0% interest rate
- Tight labor market



Why do gaps exist?

- Exclusion and Discriminatory policies: Redlining, GI Bill, wealth capture/stripping, historical discrimination from education, housing, capital, and credit.
- Example of eventual inclusion for women: Equal Credit Opportunity Act of 1974
- Intergenerational component of wealth
- Current disinvestment and discrimination: labor market, wages, NIMBY, lack of benefits, etc.
- Ultimately, constrains choices



Strengthening Families Through Inclusion



Centering those that were harder-hit is critical for an inclusive recovery, but recovering to pre-pandemic levels is not enough

A stronger safety net and greater workplace benefits/flexibility

Investing in future generations
– A \$1 investment yields returns of \$7-\$13. High-quality child care, baby bonds, etc.

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Ana H. Kent, Ph.D.

Senior Researcher

Institute for Economic Equity

Federal Reserve Bank of St. Louis

ana.kent@stls.frb.org

Twitter: ana_h_kent