

Wealth in America:

How Demographics Reveal Economic Divides

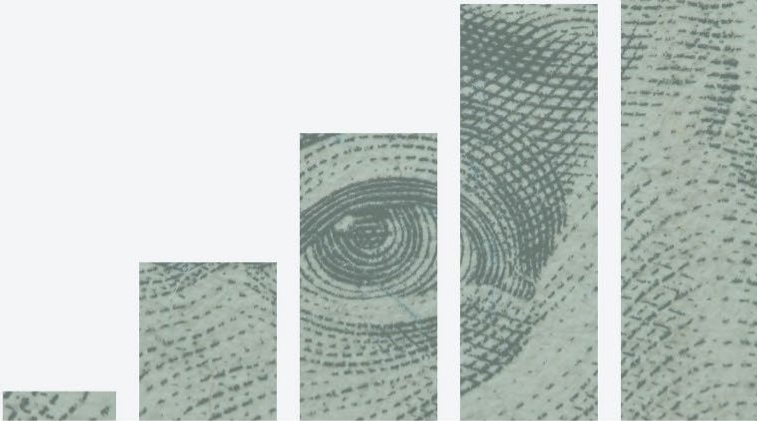
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These views are my own and not necessarily the views of the Federal Reserve Bank of St. Louis, the Federal Reserve System, or the Board of Governors.

Importance of Wealth



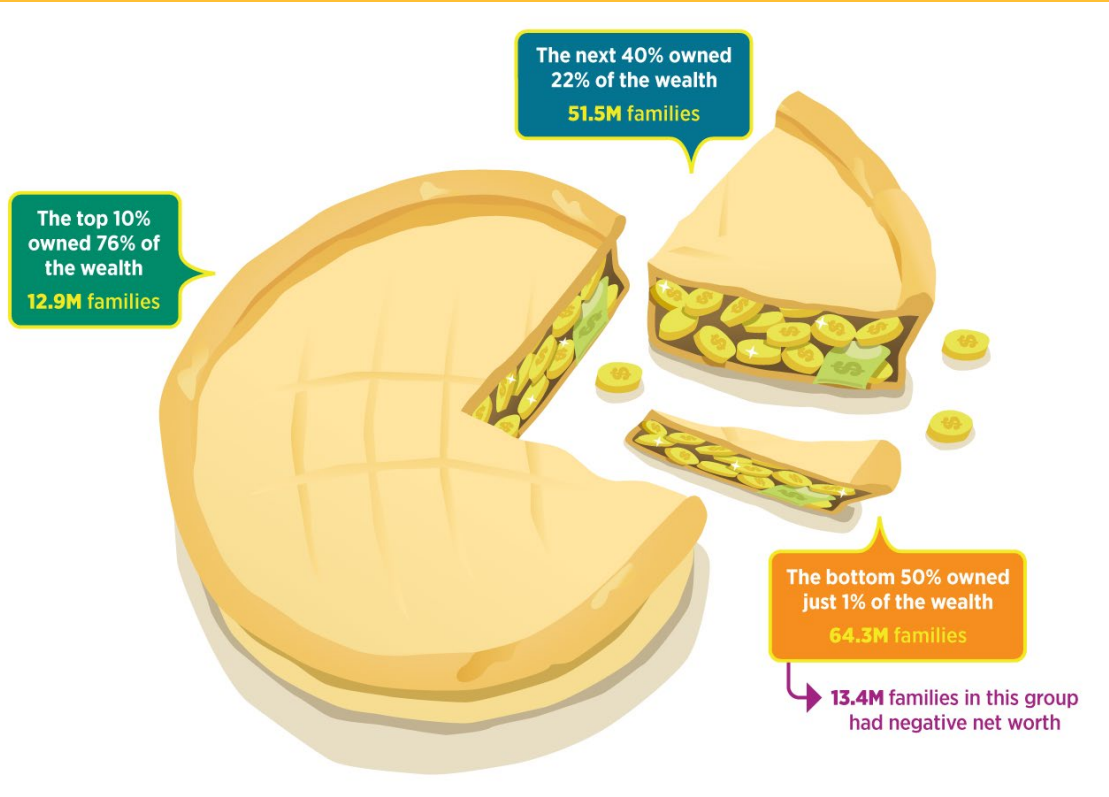
WEALTH



Pictures from Unsplash and Beautiful.ai

Overall Wealth Inequality

In 2019...

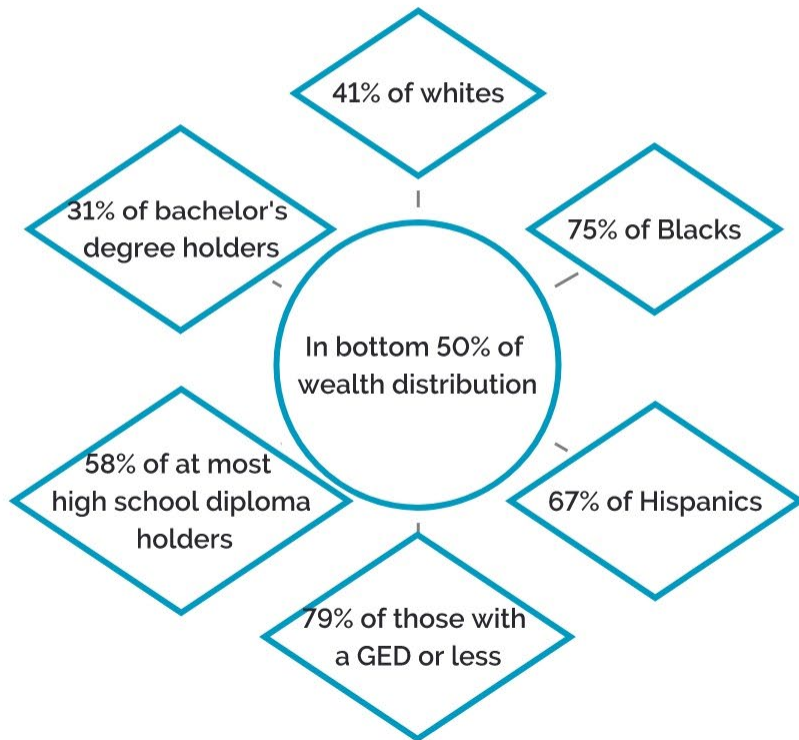


Source: [Kent and Ricketts \(December 2020\)](#), using the Survey of Consumer Finances.

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



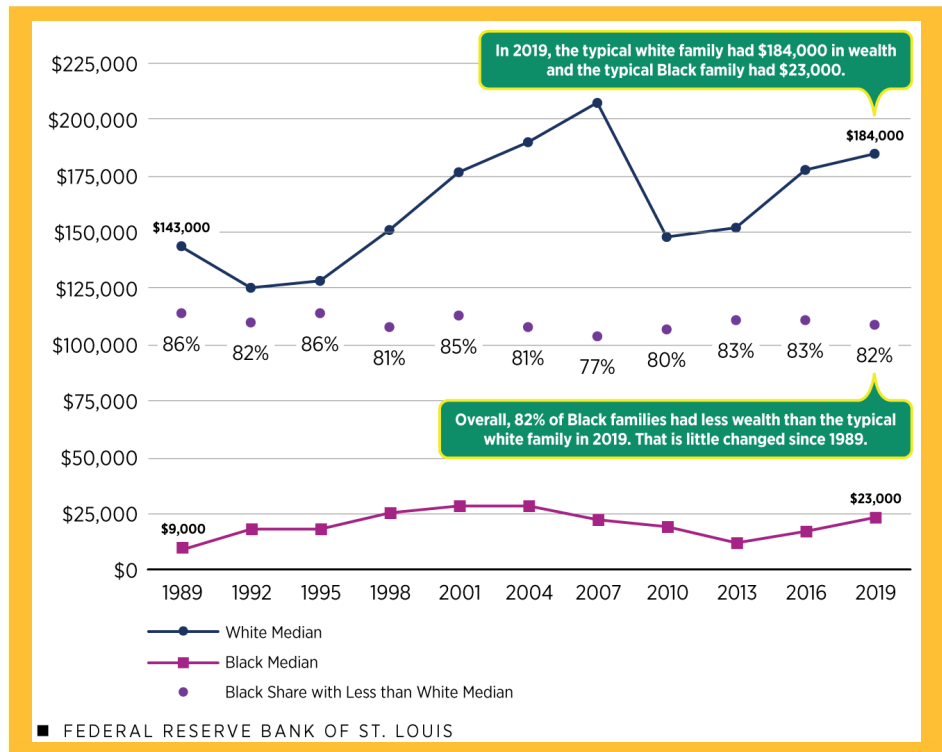
Sources: [Kent and Ricketts \(December 2020\)](#), using the Survey of Consumer Finances, and the Survey of Household Economics and Decisionmaking (2019) and Kent's calculations.

Wealth through a Demographic Lens

- 1 Race and Ethnicity
- 2 Education
- 3 Generations
- 4 Gender



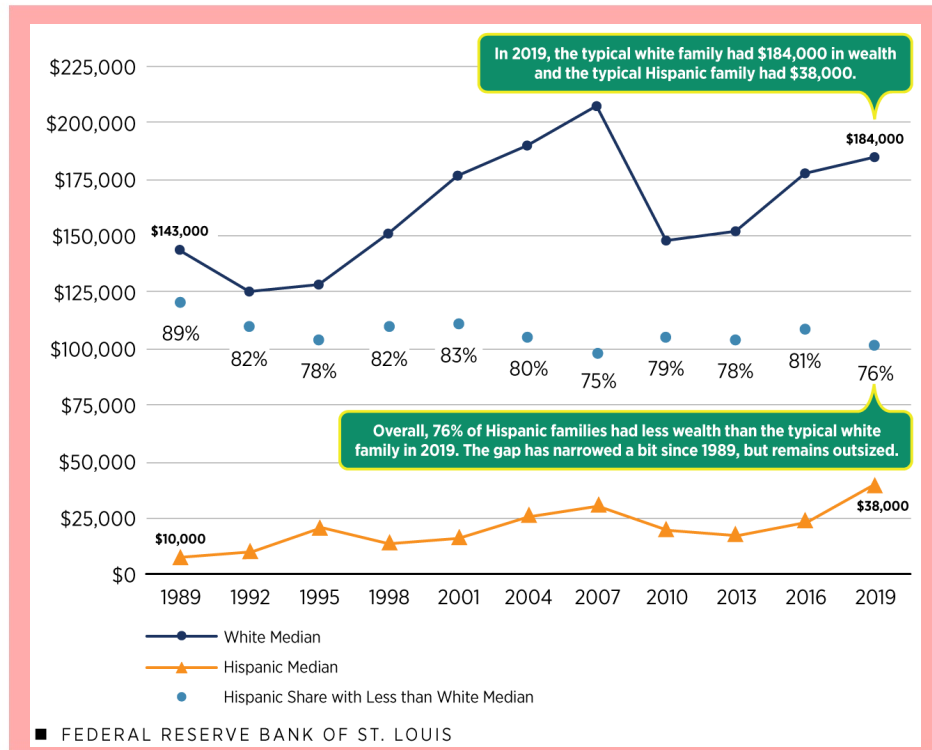
White and Black Family Median Wealth



- **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

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

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

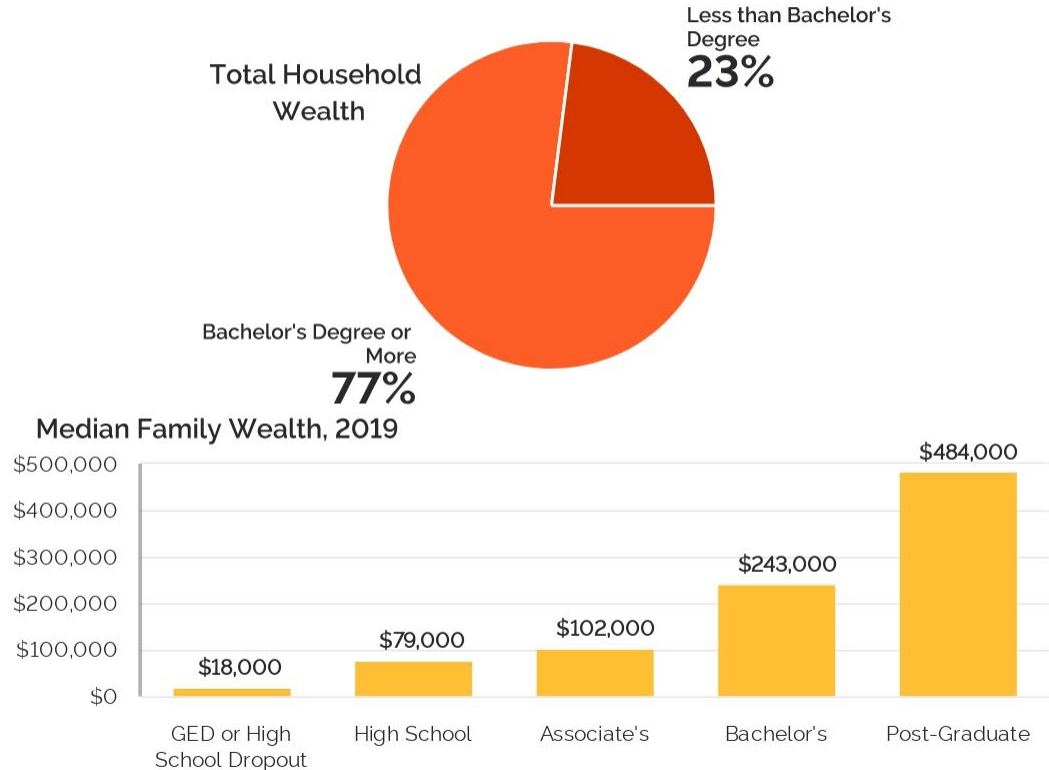
Large Educational Divisions

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

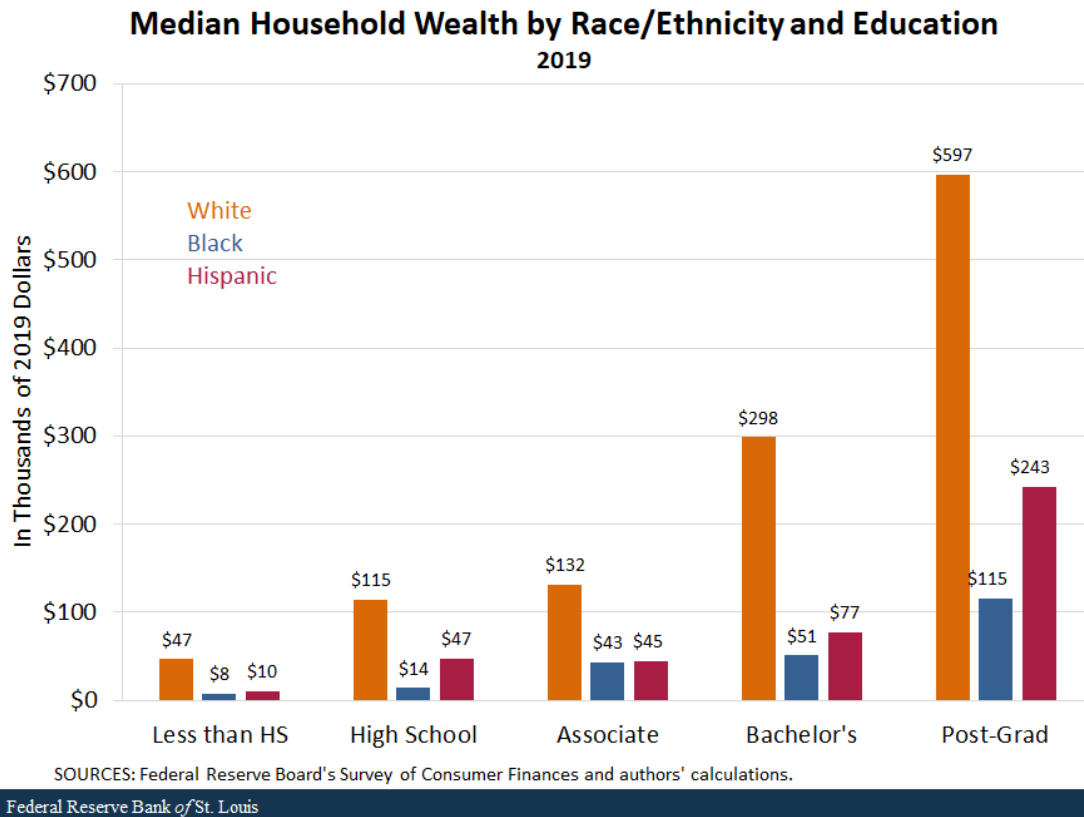
Gains (between 2016 and 2019) were largest in percentage terms for those with at most a high school diploma

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

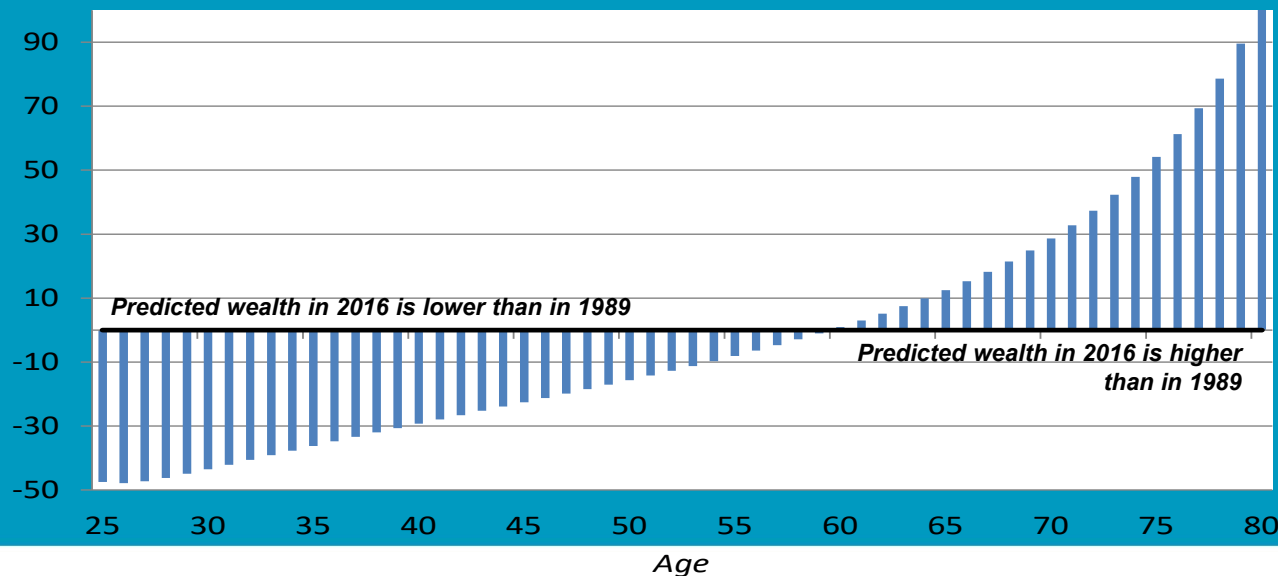


Source: [Kent and Ricketts \(January 2021\)](#), using the Survey of Consumer Finances.

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

Change Between 1989 and 2016 in Predicted Wealth

Percentage Difference



Sources: [Emmons, Kent, and Ricketts \(2019\)](#) using the Survey of Consumer Finances.

Gender Wealth Gap



55 \$ \$ \$ \$ \$ \$

Overall gap; female median wealth per \$100 of male survey respondent wealth

Never-Married: \$34 per \$100

Divorced, separated, or widowed: \$85 per \$100

Partnered: \$72 per \$100

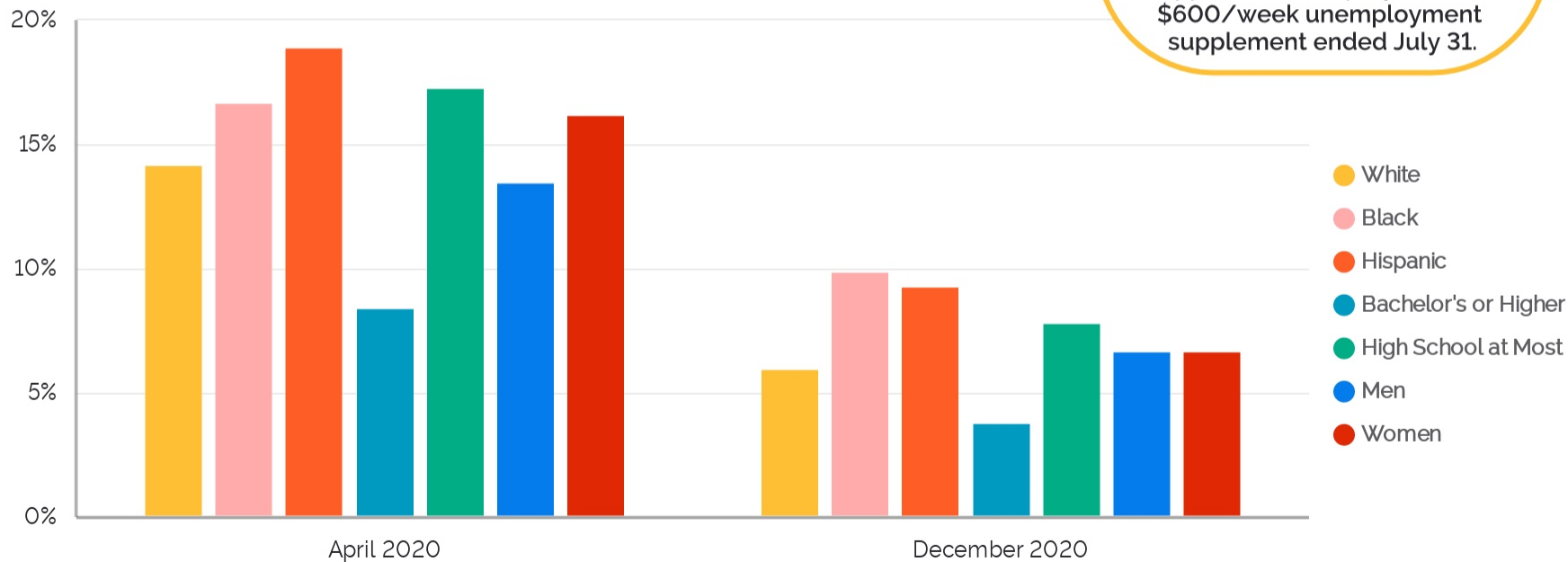
Married: \$63 per \$100

Sources: [Kent and Ricketts \(January 2021\)](#), using the Survey of Consumer Finances.

High Unemployment, Financial Uncertainty

Unemployment Rates

Seasonally Adjusted



All groups were better able to handle a \$400 emergency in July 2020 than in October 2019.

However, savings and spending dipped for unemployed after \$600/week unemployment supplement ended July 31.



How does your community compare?

Fort Collins Demographic Snapshot



Race/Ethnicity

- 79.6% white
- 1.3% Black
- 12.6% Hispanic
- 3.1% Asian
- Age: 30.5



Household Income

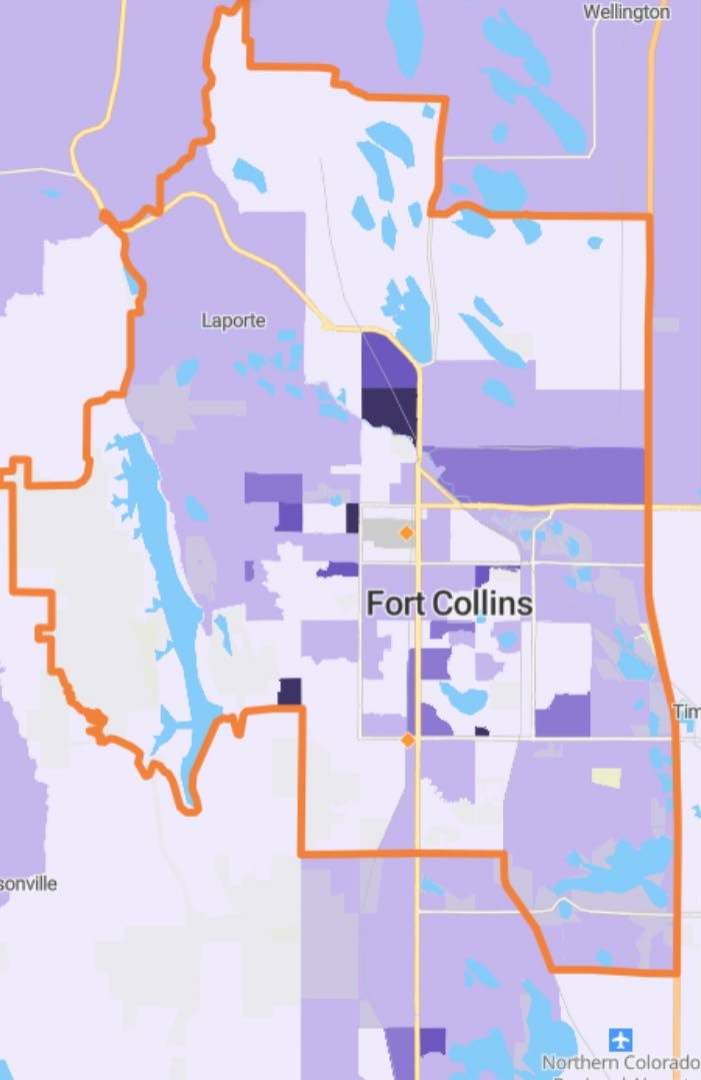
- \$65,500 (median)
- \$68,400 (white)
- \$50,800 (Black)
- \$50,700 (Hispanic)
- \$60,000 (Asian)



Educ: Bachelor's+

- 54% (all)
- 54% (white)
- 39% (Black)
- 29% (Hispanic)
- 72% (Asian)

Data sources: PolicyMap, Census, American Community Survey (5-year and 1-year estimates), HUD, and Kent's calculations. Note: Statistics are for the Fort Collins county subdivision of Larimer County.



How does your community compare?

Fort Collins Housing Snapshot



Homeownership Rate

- 53% Fort Collins
- 65% Larimer
- 65% Colorado
- 64% USA



Housing Affordability

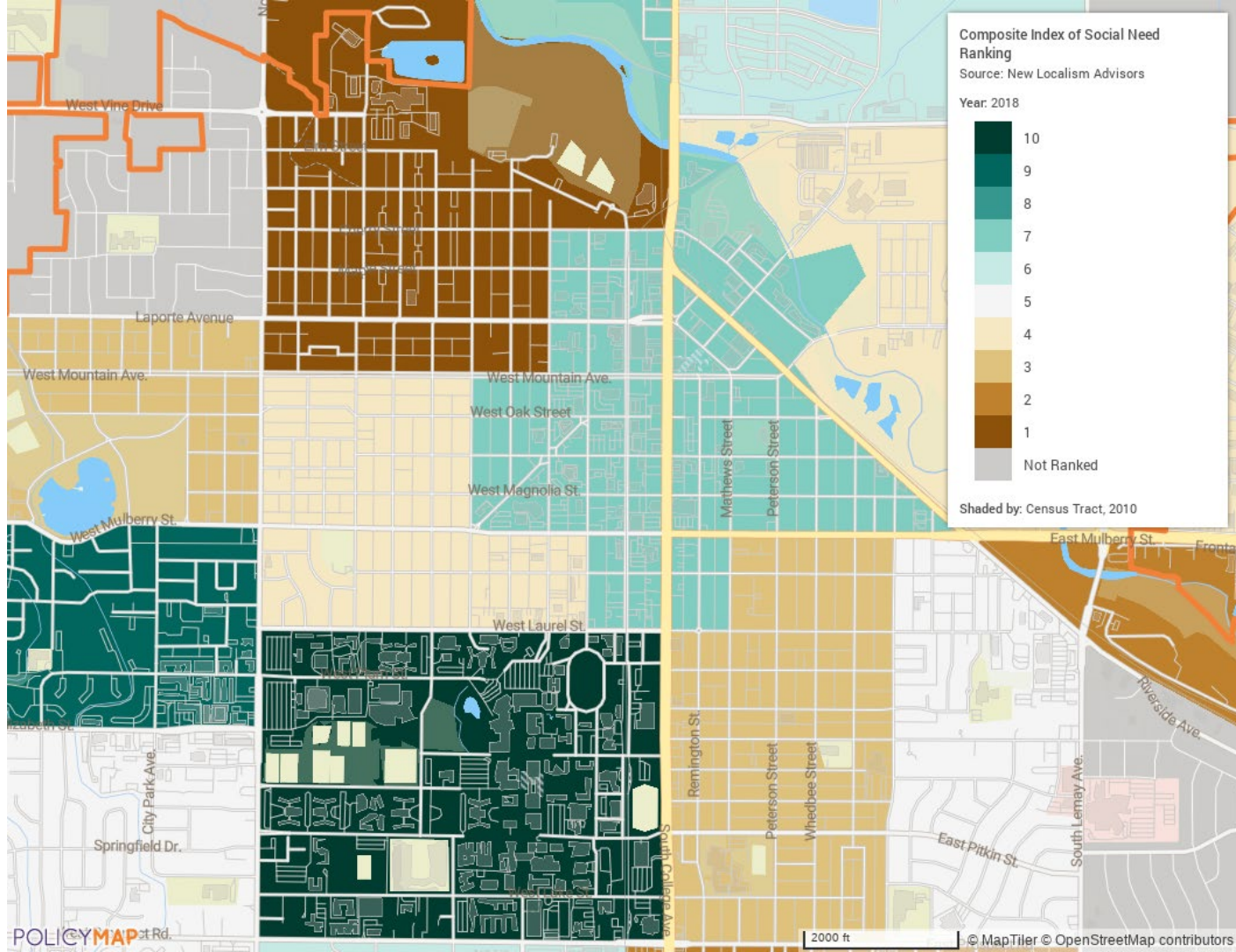
- 15% Larimer
- 24% Colorado



Median House Value

- \$368,000 Fort Collins
- \$364,000 Larimer
- \$343,000 Colorado
- \$218,000 USA

Data sources: PolicyMap, Census, American Community Survey (5-year and 1-year estimates), HUD, and 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.



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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- Many thanks to colleagues Lowell Ricketts and Ray Boshara for comments and suggestions on these slides.
 - Pictures from Unsplash, Beautiful.ai, and PolicyMap.