# Wealth Mobility of Families Raising Children in the 21st Century

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# Wealth Mobility – Why Does It Matter?

- Wealth like a pond

- Growing wealth inequality

- Limited study of wealth mobility

# Definitions of Wealth Mobility

- **Inter-generational wealth mobility** – wealth position of children compared with wealth position of parents

- **Intra-generational wealth mobility (relative mobility)** – wealth ranking of household at T1 and T2

- **Intra-generational wealth accumulation (absolute mobility)** – wealth of household at T1 and T2

# Prior Research on Intra-Generational Wealth Mobility

## Trends in Intra-Generational Wealth Mobility

- Stickiness at ends of distribution
- Hard to move up
- Blacks find harder to move up

## Predictors of Wealth Mobility

- Education, inheritance, and white collar – protective/upward
- Divorce, unemployment, children, blue collar, black – downward

## Gaps in Research

- Men or Women
- 1960s, 70s, and up to 2003
- Lack a comprehensive theory of wealth mobility

# Target Population/Research Questions

**Families Raising Children in Twenty-First Century**

- Parental wealth predicts children trajectories
- Unique macro-economic events (two major recessions)
- Associated sharp increase in wealth inequality

**Research Questions**

- What predicts wealth accumulation of families with children in the twenty first century?
- What predicts the wealth mobility of families with children in the twenty-first century?
- How does this differ by race?

# Data Sources and Methods

## IASP Leveraging Mobility Study (LM)

- In-depth interviews in 1998 and 2010 with families, half white, half black, with a young child in 1998 (n=137)

## Panel Study of Income Dynamics (PSID)

- Families of working age (25-55) with children in their home, 1999-2011
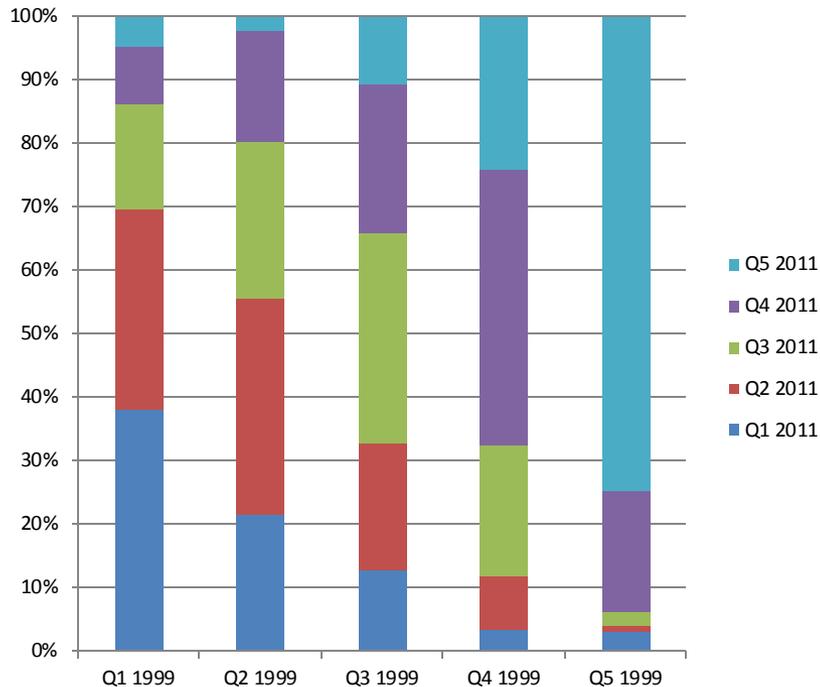
## Integrative Mixed Methods (IMM)

- Sequential analysis

# Wealth Mobility by Race
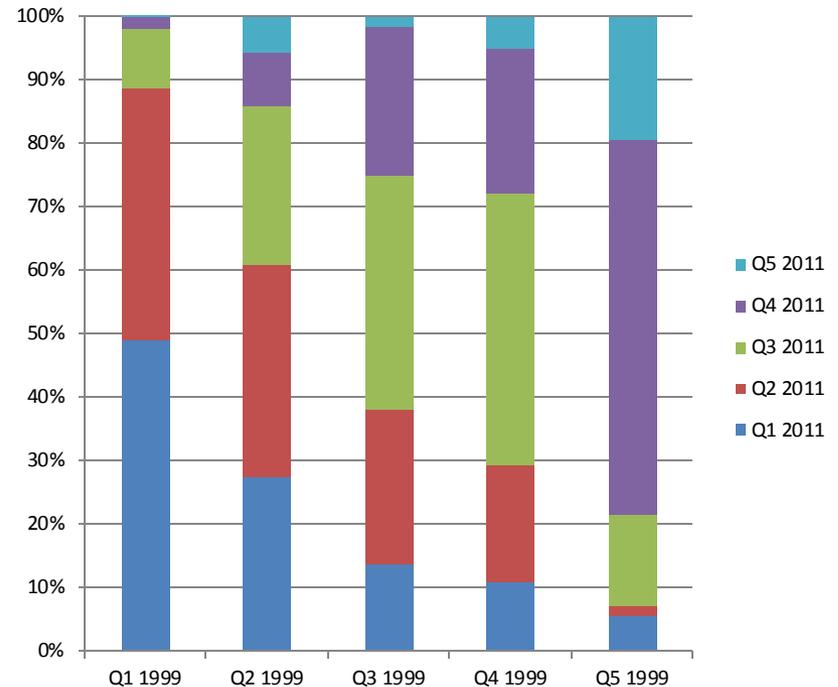
**All Families:** 62% wealth growth, $20,855  at median

**White Families:**
- 64% wealth growth
- $41,850 at median

**Black Families:**
- 52% wealth growth
- $600 at

# Analytic Approach

- **Step 1:** Identified and labeled thematic categories by conducting open coding of LM data:
  - Extended family wealth
  - Neighborhood and housing wealth
  - Employment characteristics,
  - Negative life events
- **Step 2:** Multi-variate analyses of PSID subsample

| Demographics | Model 1 Likelihood of Absolute WM (OR) | Model 2 Amount of Absolute WM (Coefficient) | Model 3a Relative Upward WM (Risk Ratio) | Model 3b Relative Downward WM (Risk Ratio) |
|---|---|---|---|---|
| Age (head) | 0.99 | 0.02** | 0.96*** | 0.99 |
| Married in 1999 | 1.26 | 0.64*** | 0.94 | 1.34 |
| Education(head) in 1999 | 1 | 0.67*** | 1.01 | 1.18 |
| **Race** | | | | |
| Black (head) | 0.9 | -0.26+ | 1.19 | 1.31* |
| **Employment** | | | | |
| Change in Income, 1998-2010 | 1.00*** | 0.00*** | 1 | .99*** |
| Occupation (head), white collar, 1999 | 1.11 | 0.42*** | 0.85 | 0.81 |
| **Financial Factors** | | | | |
| Inheritance ($ value) | 1.00*** | 0.00*** | 1 | .99** |
| Homeowner all years | 1.67*** | 0.47*** | 0.78 | 0.67*** |
| **Negative life events** | | | | |
| Onset of new disability (head/wife) | 0.73*** | -0.28* | 0.78* | 1.30* |
| Any Unemployment (head/wife) | 0.79* | -0.45*** | 1 | 1.14 |
| Loss of spouse | 0.50*** | -0.02 | 1.07 | 1.90*** |
| **Neighborhood** | | | | |
| Neighborhood Poverty(2000) | 0.44 | -2.90*** | 0.69 | 0.27* |
| Pseudo R2 | 0.061 | 0.35 | 0.032 | 0.032 |
| N | 1942 | 1003 | 1942 | 1942 |

+p=.058, *p<05; **p<.001; ***p<.001

- What do these results mean in the lives of the Leveraging Mobility families?

- How and when does employment play a role in wealth building?

- How do family gifts happen?

- How does homeownership provide access to wealth?

- Why are negative life events so important?

- And why does neighborhood matter so much?

# RECONTEXTUALIZATION

# Recontextualization

**Sharisse Perkins: cancer and work**

*"Luckily I had this big illness but I could take a short-term disability and get my full paycheck, just a huge benefit. But if I didn't have this job, and I got sick, it's like you always just worry one little thing could happen and you would be in deep trouble."*

**Bzdells: Receiving a large inheritance**

*"So we have this cushion now that's more like… twelve mattresses piled on top of each other."*

# Recontextualizing...

**Owning a home in a gentrifying neighborhood**

Home equity provided a cushion after they sold their home because "*we really were living hand to mouth... We really had exhausted our savings.*"

**Important during a negative life event**

They used this cushion during unemployment and a health event.

# Summary/Conclusions

- **Builds** a more **comprehensive understanding** of drivers of wealth mobility

- **Brings** it back to **people's real lives** to illustrate how manifest themselves

- **Underscores** the **importance of wealth** for families with children in the twenty first century