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
<table>
<thead>
<tr>
<th>Demographics</th>
<th>Model 1 Likelihood of Absolute WM (OR)</th>
<th>Model 2 Amount of Absolute WM (Coefficient)</th>
<th>Model 3a Relative Upward WM (Risk Ratio)</th>
<th>Model 3b Relative Downward WM (Risk Ratio)</th>
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<tbody>
<tr>
<td>Age (head)</td>
<td>0.99</td>
<td>0.02**</td>
<td>0.96***</td>
<td>0.99</td>
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<td>Married in 1999</td>
<td>1.26</td>
<td>0.64***</td>
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<td>Education (head) in 1999</td>
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<td>Black (head)</td>
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<td>-0.26+</td>
<td>1.19</td>
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<td>Employment</td>
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<td>Change in Income, 1998-2010</td>
<td>1.00***</td>
<td>0.00***</td>
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<td>.99***</td>
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<td>Occupation (head), white collar, 1999</td>
<td>1.11</td>
<td>0.42***</td>
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<td>Financial Factors</td>
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<td>Inheritance ($ value)</td>
<td>1.00***</td>
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<td>.99**</td>
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<td>Homeowner all years</td>
<td>1.67***</td>
<td>0.47***</td>
<td>0.78</td>
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<td>Negative life events</td>
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<td>Onset of new disability (head/wife)</td>
<td>0.73***</td>
<td>-0.28*</td>
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<td>Any Unemployment (head/wife)</td>
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<td>-0.45***</td>
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<td>Loss of spouse</td>
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<td>Neighborhood</td>
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<td>Neighborhood Poverty (2000)</td>
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<td>Pseudo R2</td>
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+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

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