


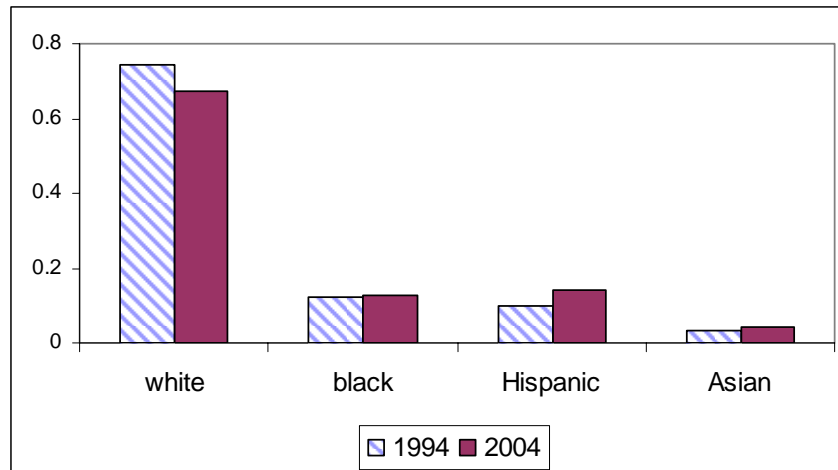
Wealth Gaps by Race and Ethnicity: Patterns and Implications for Asset Building

Closing the Racial Wealth Gap Convening
December 4 - 6, 2006  Santa Barbara, CA
Presentation by Lingxin Hao
Johns Hopkins University

Immigration Has Transformed the U.S. Population

- Growing immigrant population
 - 1990: 7.9%
 - 2000: 10.5%
 - 2003: 11.9%
 - 2004: 12.5%
- Non-white immigrants
 - From Latin America
 - From Asia
- Shifting racial-ethnic composition
 - Rapid growth of Hispanic and Asian groups
 - Emergence of minority majority cities
 - E.g., Miami, LA, NYC, San Diego

Racial-Ethnic Composition Changes in a Decade



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Wealth Data

- Survey of Income and Program Participation by the U.S. Census Bureau
- 2 decades of data: 1984-2003
- Nationally representative
- 22,868 immigrant households and 216,246 native households

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Wealth: Assets, Debts, and Net Worth

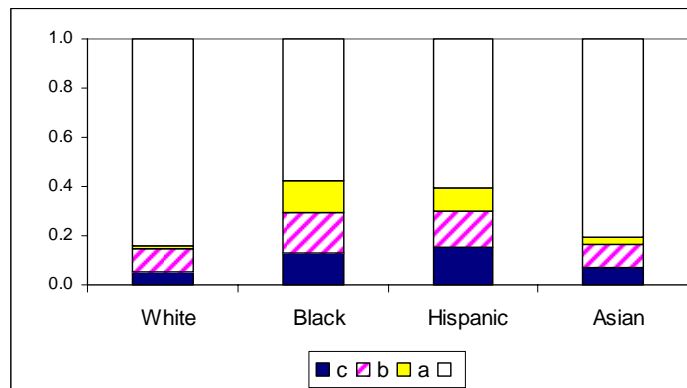
- Assets
 - Home
 - Business
 - Liquid assets (bank accounts, stocks and mutual funds)
 - Real estate
 - Retirement accounts
- Debts
 - Mortgage on the home
 - Business debts
 - Other secured debts
 - Unsecured debts
- Net worth=assets-debts

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Proportion of Asset Poverty

3 situations:

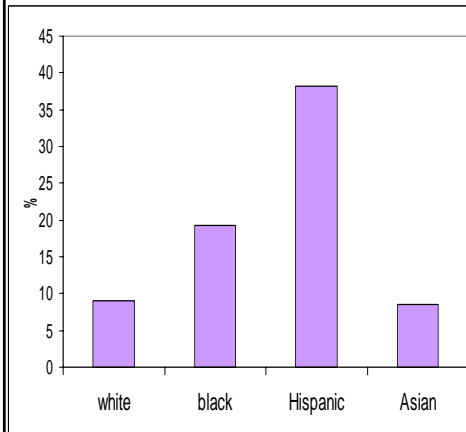
- **a:** asset=debt=0
(paycheck-to-paycheck)
- **b:** assets<debts
(net-debtor)
- **c:** assets>debts
 - But not enough to sustain a household without income for more than 3 months at the official poverty level



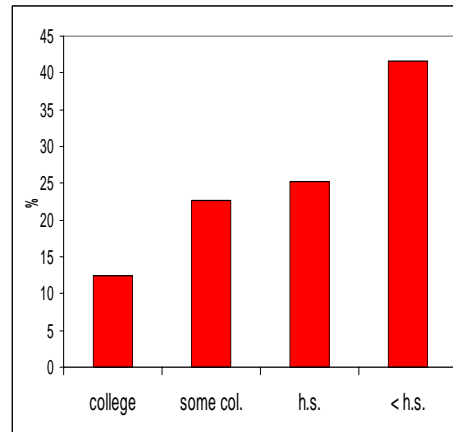
6

The Importance of Education in Wealth

H.S. Dropout by Race



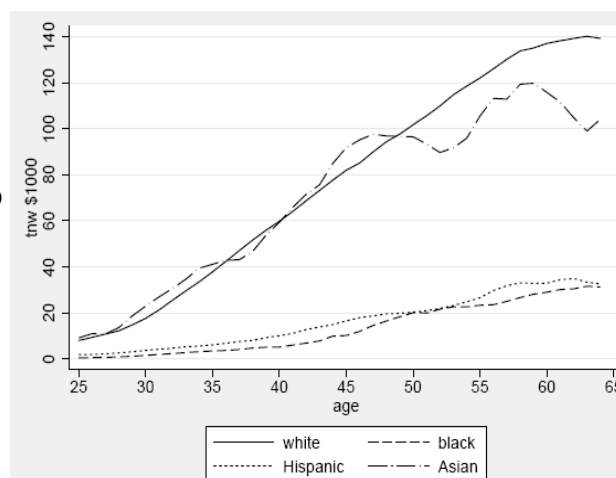
Asset Poverty by Education



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Growing Racial Wealth Gaps over the Life Cycle

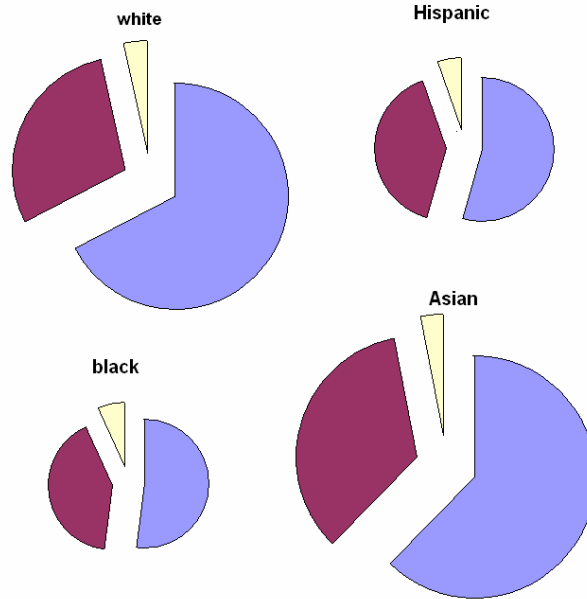
- Wealth is accumulated over the life cycle
- Racial wealth gap is small during young ages
- Gaps grow rapidly until retirement age



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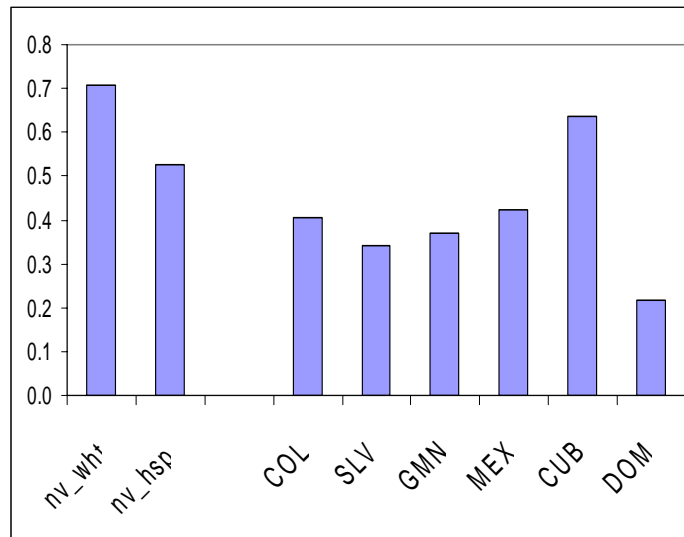
Assets, Net Worth, and Debts

- The entire pie represents assets
- The size of the pie represents the total value of assets
- Key
 - Light blue: net worth
 - Dark red: secured debts
 - Yellow: unsecured debts



Homeownership among **Latino** Groups

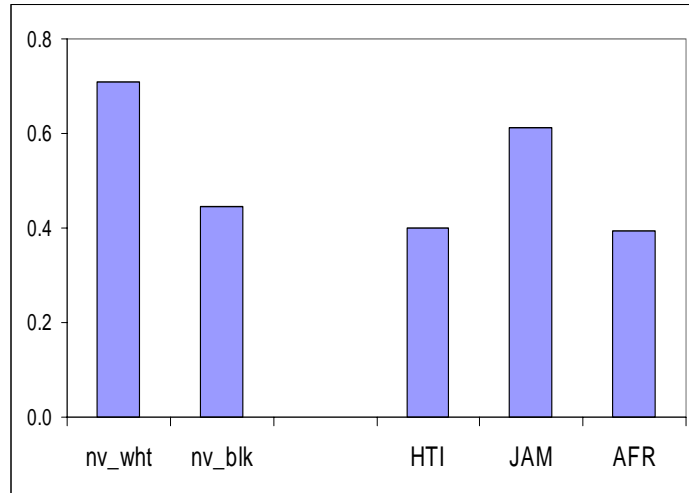
- Compare immigrant groups with native white and native Hispanic



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Homeownership among **Black** Groups

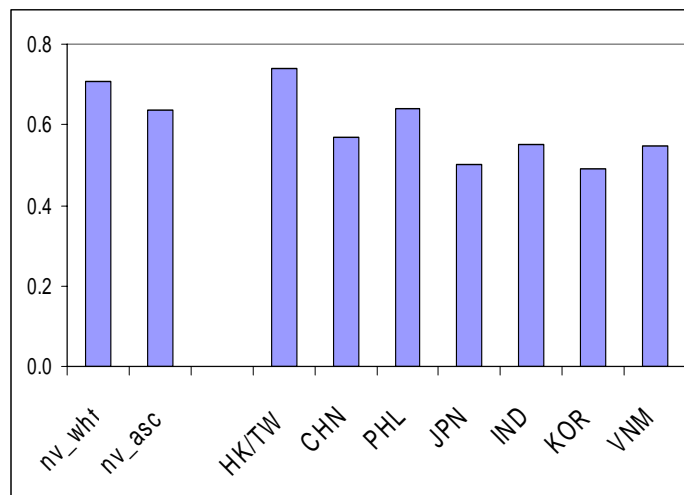
- Compare immigrant groups with native white and native black



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Homeownership among **Asian** Groups

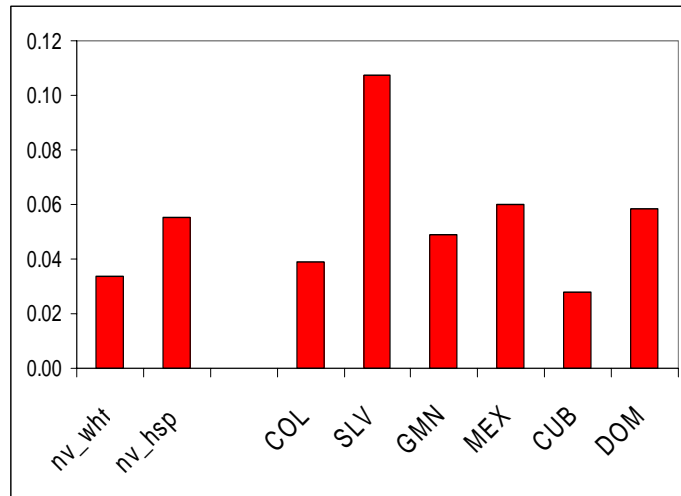
- Compare immigrant groups with native white and native Asian



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Proportion Having Negative Home Equity among **Latino** Homeowners

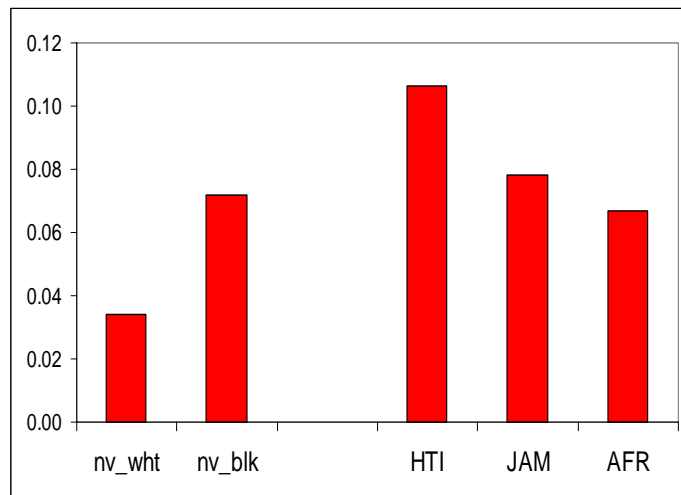
- Compare immigrant groups with native white and native Hispanic



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Proportion Having Negative Home Equity among **Black** Homeowners

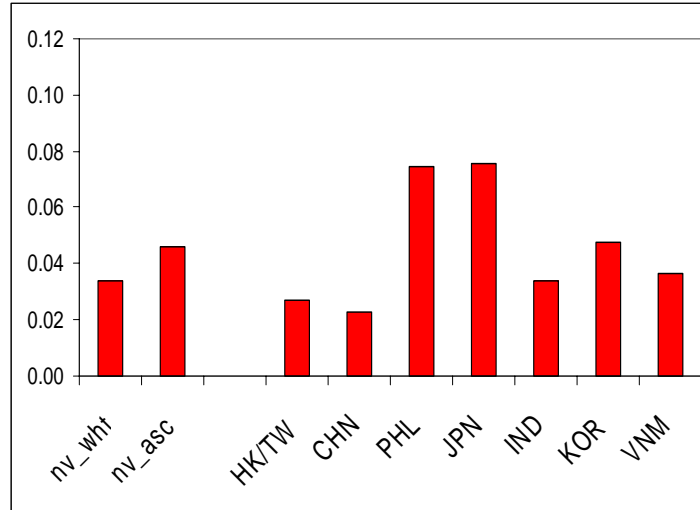
- Compare immigrant groups with native white and native black



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Proportion Having Negative Home Equity among **Asian** Homeowners

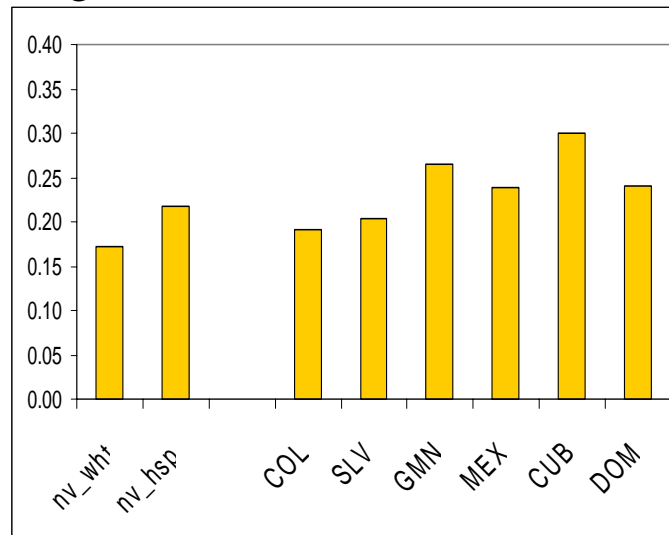
- Compare immigrant groups with native white and native Asian



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Proportion Having High Mortgage Rates among **Latino** Homeowners

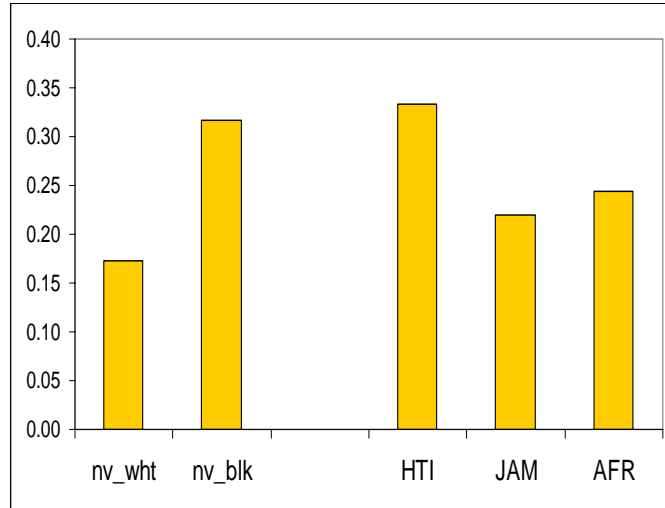
- Mortgage rate $\geq 8.5\%$
- Compare immigrant groups with native white and native Hispanic



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Proportion Having High Mortgage Rates among **Black** Homeowners

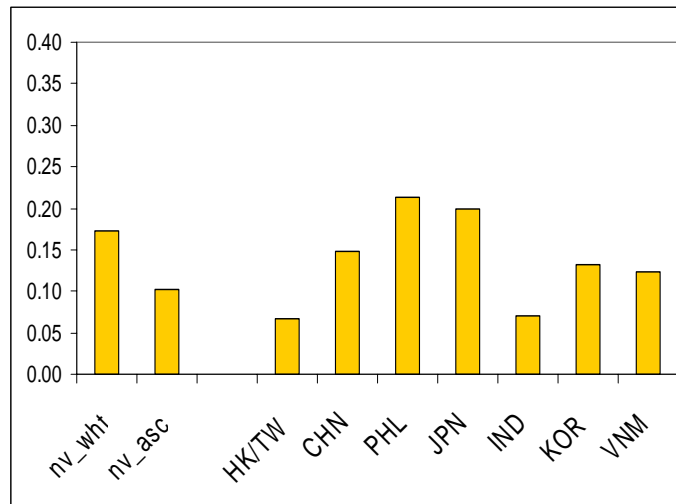
- Mortgage rate $\geq 8.5\%$
- Compare immigrant groups with native white and native black



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Proportion Having High Mortgage Rates among **Asian** Homeowners

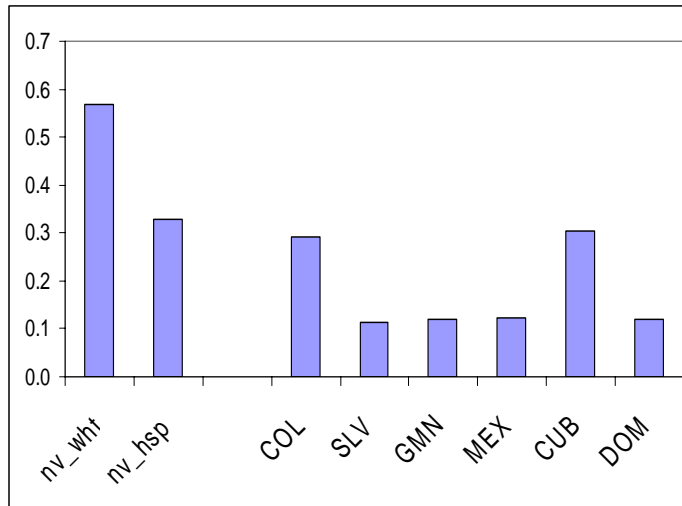
- Mortgage rate $\geq 8.5\%$
- Compare immigrant groups with native white and native black



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Proportion Having Retirement Accounts among **Latino** Groups

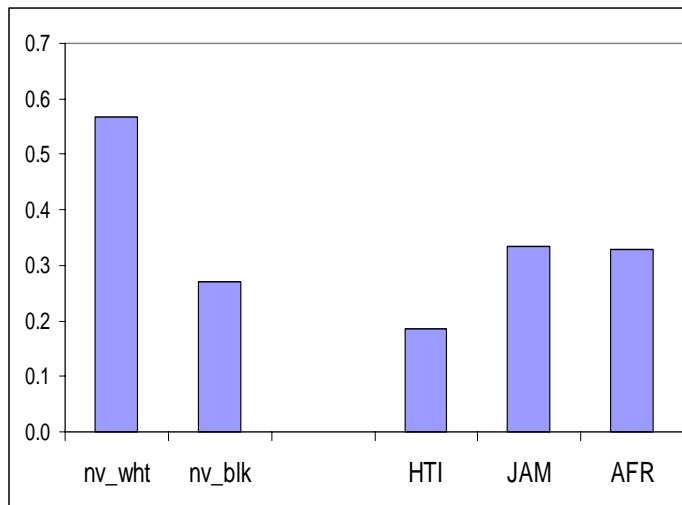
- IRA/Keogh
401K
- Compare
immigrant
groups
with native
white and
native
Hispanic



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Proportion Having Retirement Accounts among **Black** Groups

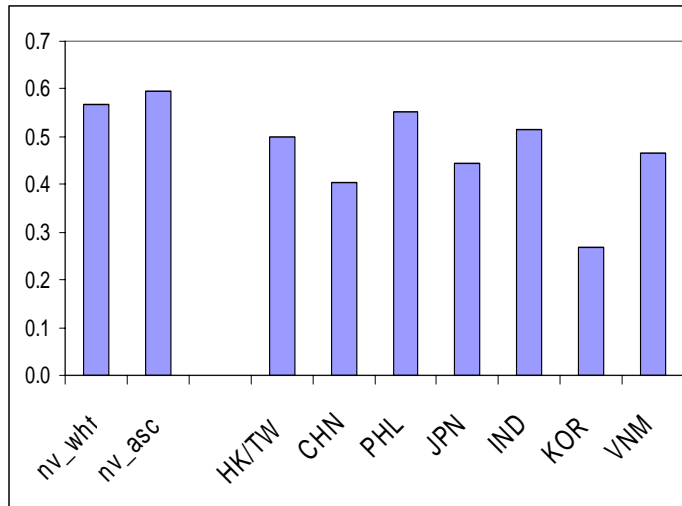
- IRA/Keogh
401K
- Compare
immigrant
groups
with native
white and
native
black



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Proportion Having Retirement Accounts among **Asian** Groups

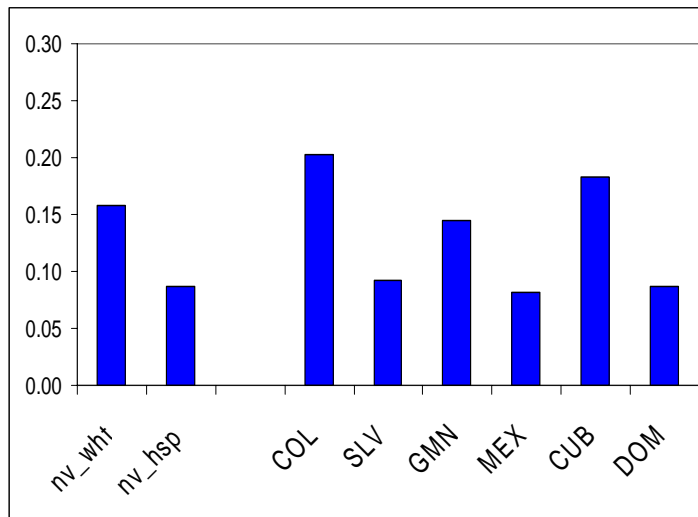
- IRA/Keogh
401K
- Compare
immigrant
groups
with native
white and
native
Asian



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Proportion Having Business Assets among **Latino** Groups

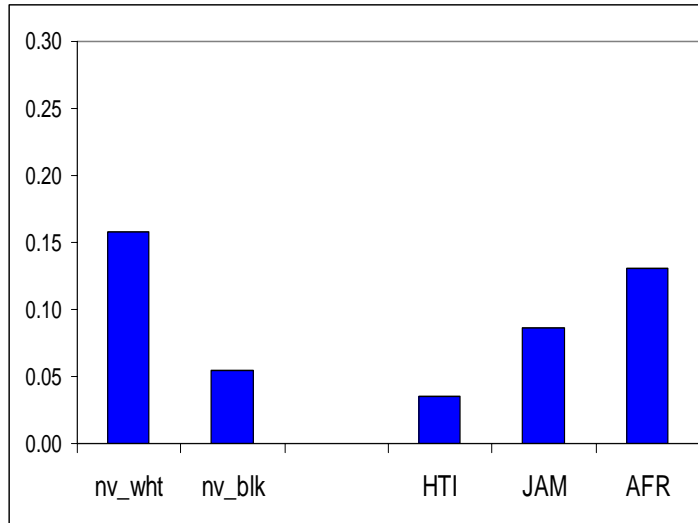
- Business
assets minus
business
debts
- Compare
immigrant
groups with
native white
and native
Hispanic



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Proportion Having Business Assets among **Black** Groups

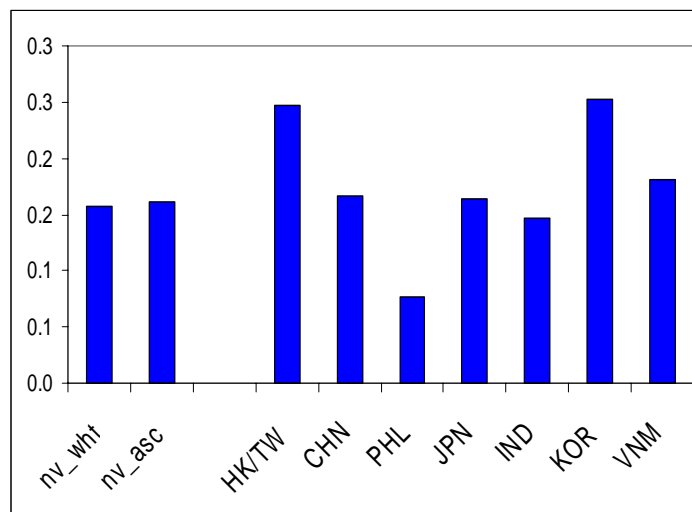
- Business assets minus business debts
- Compare immigrant groups with native white and native black



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Proportion Having Business Assets among **Asian** Groups

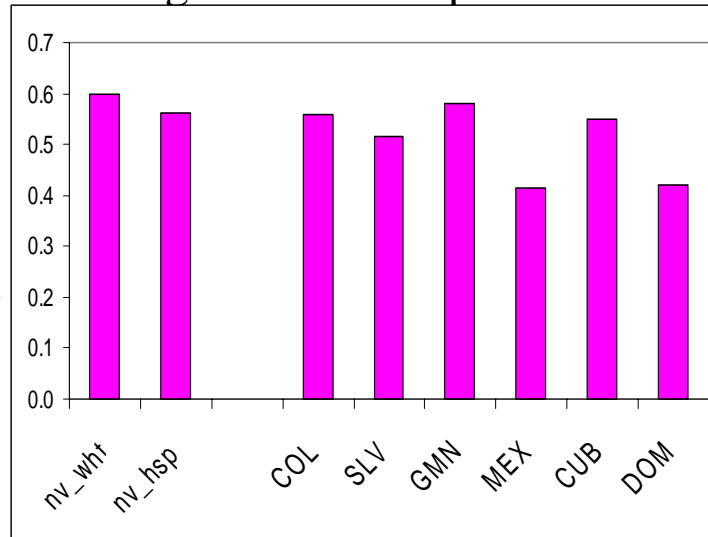
- Business assets minus business debts
- Compare immigrant groups with native white and native Asian



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Proportion Having Credit Card Debts among **Latino** Groups

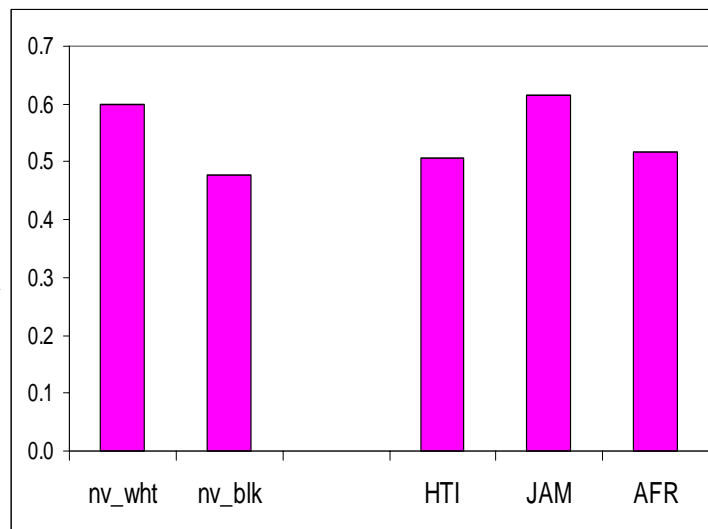
- Major item of unsecured debts
- Compare immigrant groups with native white and native Hispanic



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Proportion Having Credit Card Debts among **Black** Groups

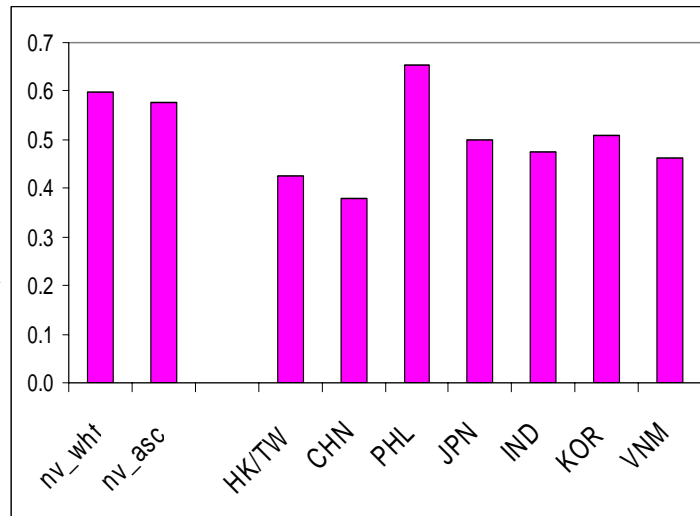
- Major item of unsecured debts
- Compare immigrant groups with native white and native black



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Proportion Having Credit Card Debts among Asian Groups

- Major item of unsecured debts
- Compare immigrant groups with native white and native Asian



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Open Forum

- Large wealth gaps between white/Asian and black/Hispanic
- Substantial wealth gaps among ethnic groups within race
 - Particularly origin-country groups among immigrants
- Components of assets and debts
 - Home is a major type of assets
 - Fewer blacks and Hispanics are homeowners
 - More black and Hispanic homeowners have negative home equity
 - More black and Hispanic homeowners have high mortgage interest rates
 - Retirement account is another major type of assets
 - Fewer blacks and Hispanics have retirement accounts
 - Blacks and Hispanics have similar credit card debts as whites
- The double disadvantages among blacks and Hispanics
 - Blacks and Hispanics have fewer assets
 - Blacks and Hispanics have greater debts relative to their assets
 - As a results, blacks and Hispanics have low wealth

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