

# Diverging Fortunes: Race & Wealth Inequality in Later Life

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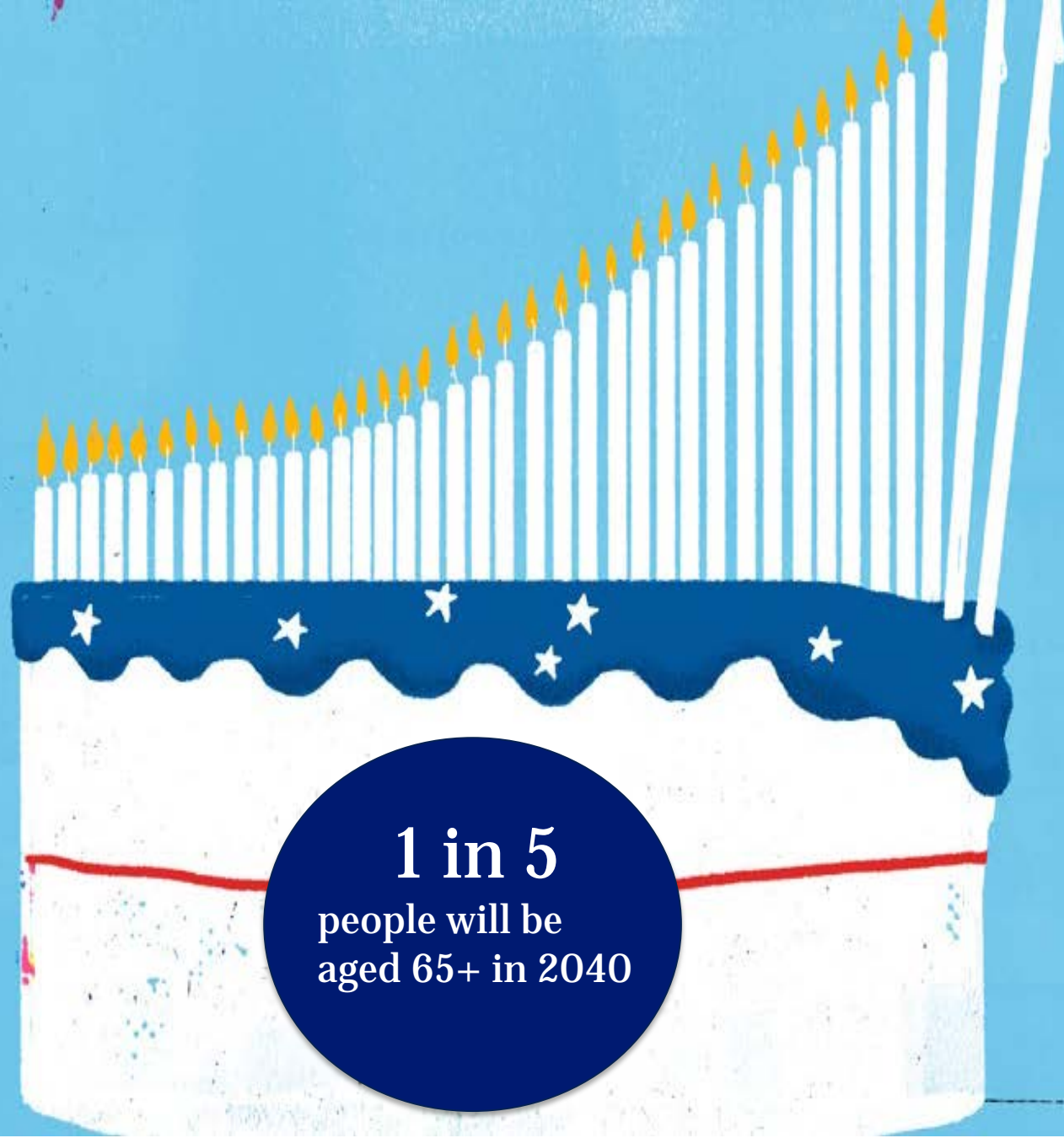
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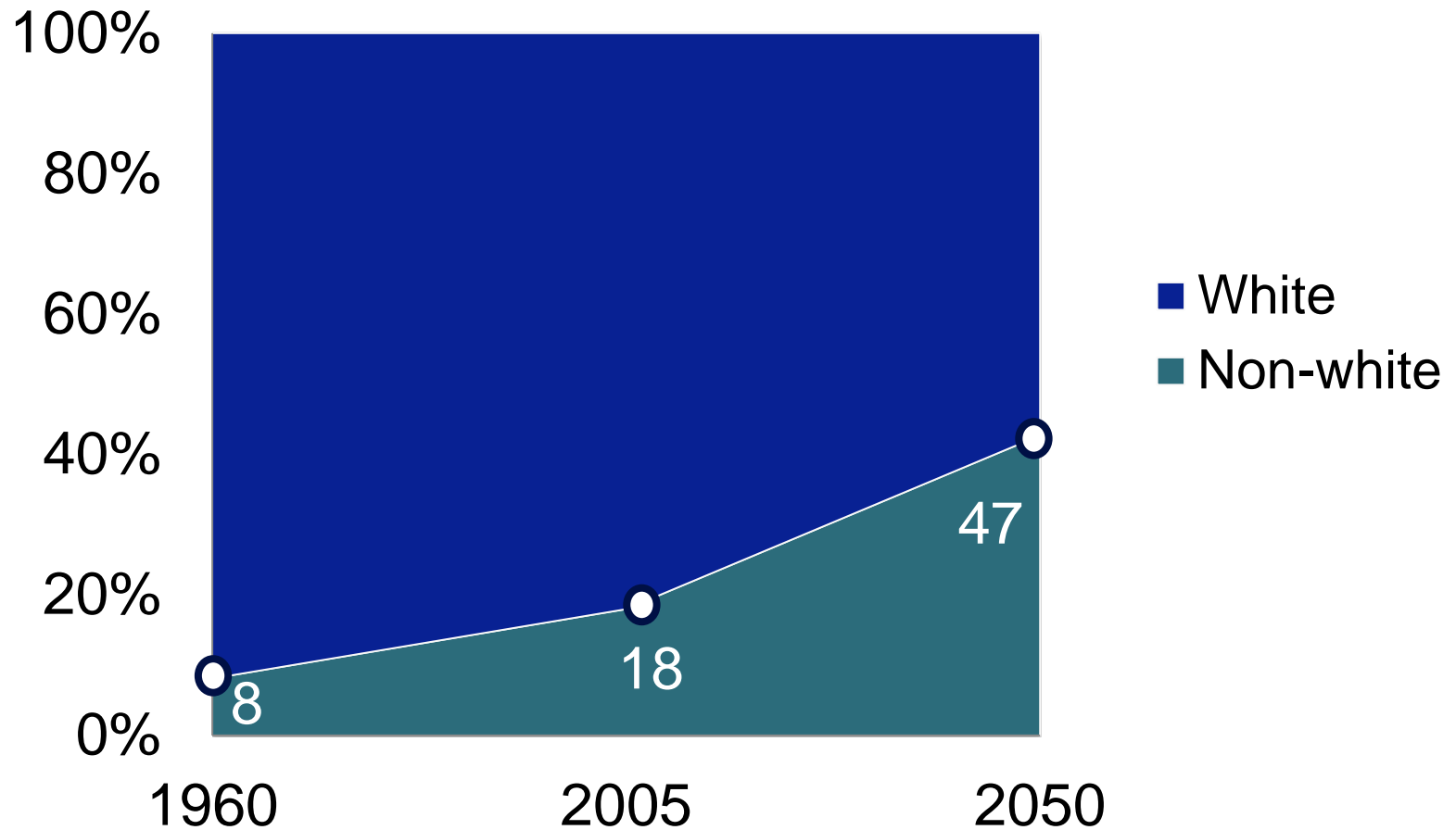
# Three-Legged Stool of Economic Security in Later Life



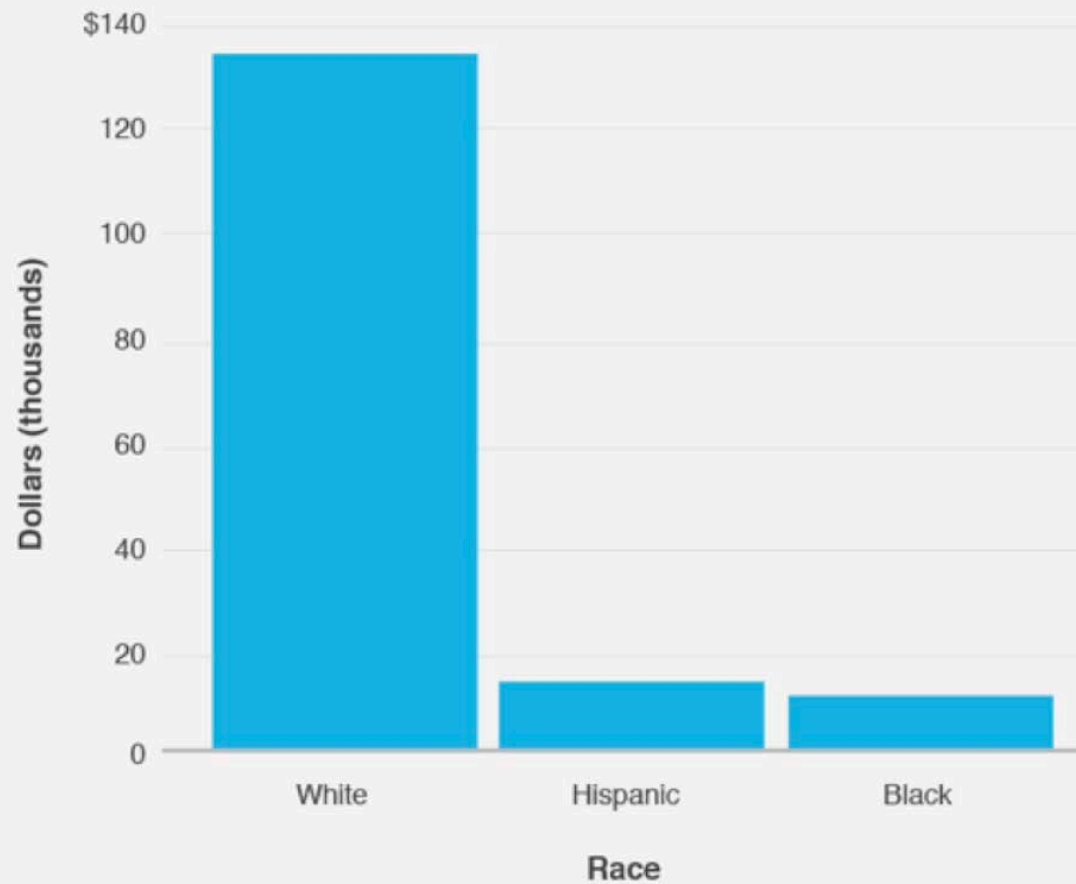


1 in 5  
people will be  
aged 65+ in 2040

# Increasing Racial Diversity of age 65+ Population



## Median Family Wealth by Race (2013)



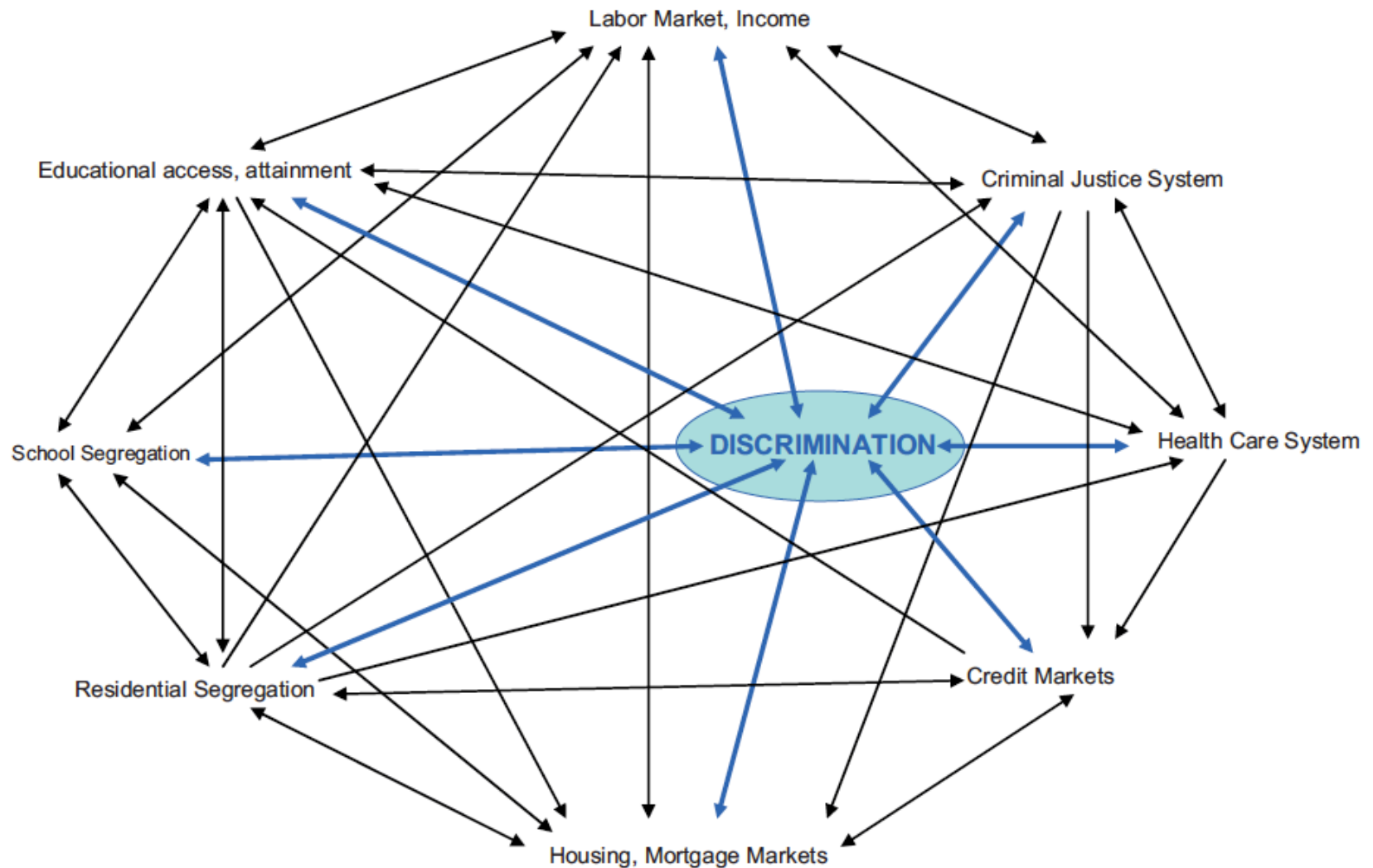
Dēmos

Source: [demos.org](http://demos.org)

# Explanations for Racial Inequality in Wealth

- ~~Behavioral economic factors~~ (Gittleman & Wolff 2004)
  - e.g., savings, investment and consumption
- Human capital and class account for a modest proportion of racial/ethnic wealth inequality (Hamilton et al., 2015; Killewald & Bryan 2018; Shapiro 2017)
- Legacy of historical discrimination (Katzneslson 2005; Taylor 2019)
  - e.g., slavery, Jim Crow, exclusion from New Deal & GI Bill benefits, redlining , and restrictive covenants.
- Present-day discrimination (Brown 2016; Darity & Mullen 2020)
  - e.g, segregation (housing, schools, and jobs), predatory lending, unequal treatment in health care & criminal justice systems, etc.

# Race Discrimination System



Source: Reskin (2012)

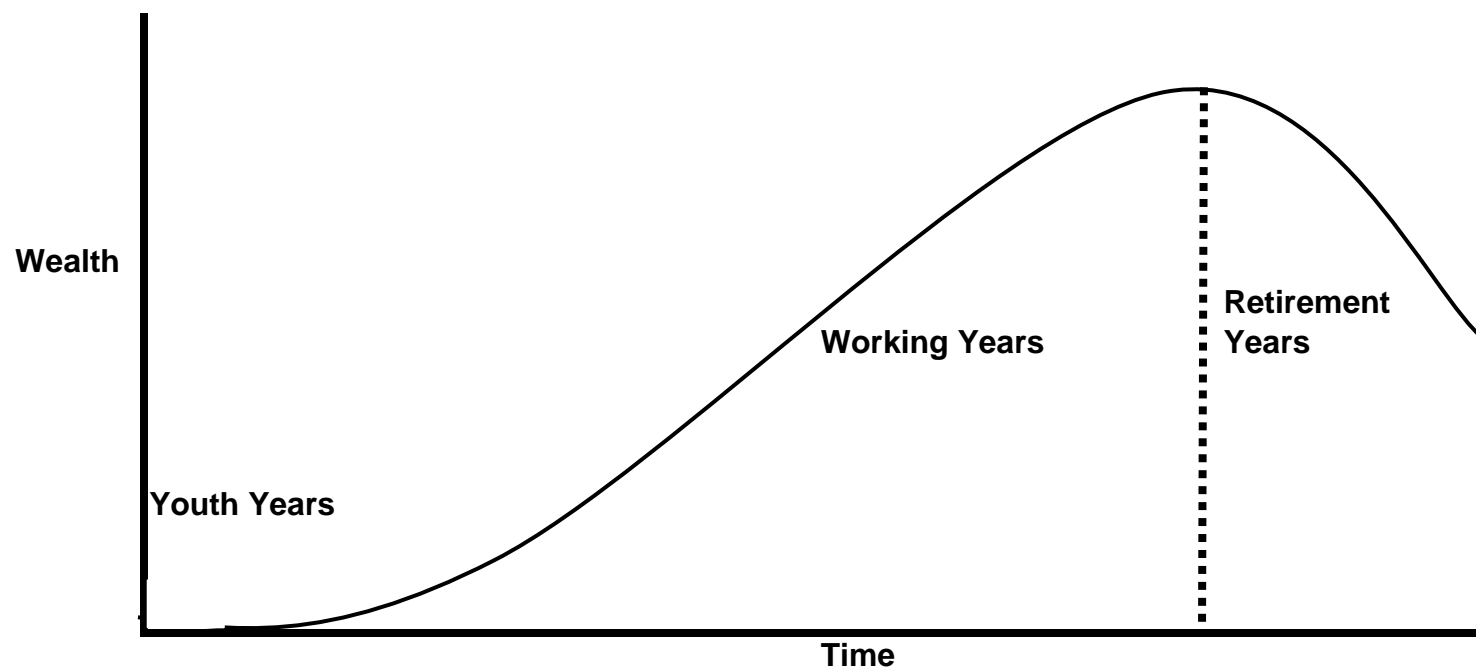
# Cumulative Effects of Inequality

Wealth in late life is a strategic site for study





# Life Cycle Hypothesis of Wealth Accumulation



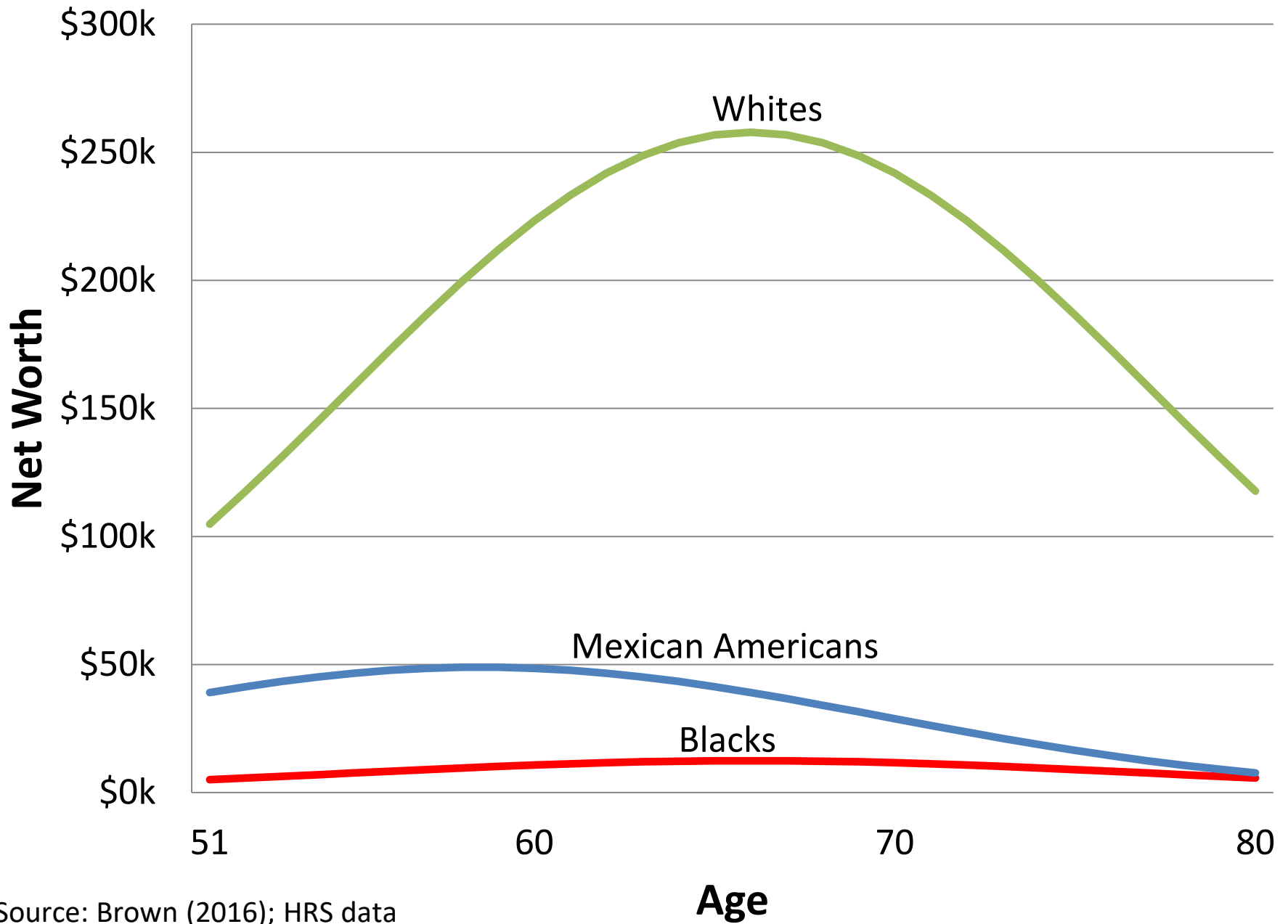
# How do wealth accumulation processes vary across racial/ethnic lines leading up to retirement?

Brown, Tyson H. 2016. “Diverging Fortunes: Racial/Ethnic Inequality in Wealth Trajectories in Middle and Late Life.” *Race and Social Problems*, 8(1):29-41.

# Data & Methods

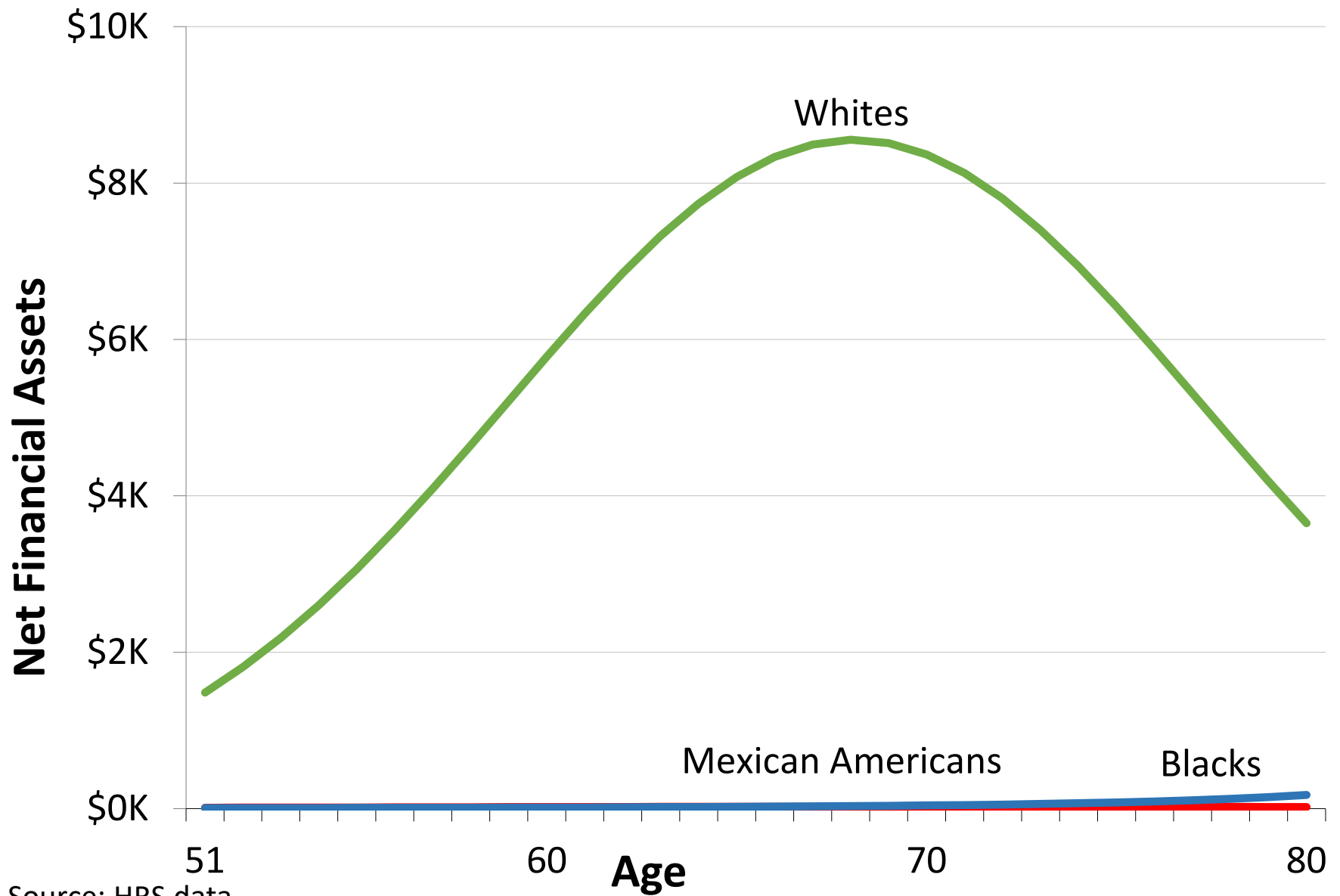
- Health and Retirement Study (HRS)
  - Waves 1-10, spanning years 1992 to 2010
- NH Whites (6,554), NH Blacks (1,553), & Mexican Americans (290)
- Dependent Variables:
  - Net Worth (total assets minus liabilities)
  - Net Financial Assets (financial assets minus debts)
- Random coefficient growth curve models (quadratic) of wealth trajectories (ages 51-80)
- Controls: gender, marital status, number of children in HH, region, recession periods, and number of waves.

# NET WORTH



Source: Brown (2016); HRS data

# NET FINANCIAL ASSETS



Source: HRS data

# Discussion

- Life cycle model of wealth accumulation does not fit the experiences of Black and Mexican American households
- Racialized economic precarity and increasing wealth inequality with age
- Implications for retirement
- Consequences for future generations
- Racial/ethnic inequalities in wealth persist, net of human capital and behavioral economic factors—pointing to the role of discrimination (Brown 2016)



# Structural Racism

## Political

Legislative  
representation  
Voting

## Economic

Unemployment  
Poverty  
Home ownership

## Legal

Police treatment  
Incarceration  
Death row

## Social

Segregation  
Education  
Ideology

Systematic exclusion from resources, opportunities, and well-being

# Future Research

- Investigate how historical and contemporary structural discrimination at macro and meso levels undermines wealth accumulation for minority households
- Examine racial/ethnic inequalities in wealth across the life course & generations
- Quantify the effects of recent recessions on wealth trajectories across racial/ethnic groups
- Investigate heterogeneity in patterns with racial/ethnic groups
- Estimate the magnitude of financial reparations that would be sufficient to eliminate racial/ethnic wealth inequalities (Darity & Mullen 2020)

THANK YOU