



# Fact Sheet

IWPR #D509

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## **Wealth Inequality and Asset Depletion among Single Early Baby Boomers: Differences by Gender, Race/Ethnicity and Home Ownership in Retirement Readiness**

Persistent unequal earning power, lack of access to paid sick and family leave, and risky paths to homeownership contribute to wealth gaps between women and men.<sup>1</sup> Working age single women's wealth is approximately 32 percent of working age single males', and substantial disparities in wealth exist between white women and women of color.<sup>2</sup> Less is known about wealth disparities among women in the older adult population, though some evidence suggests that the wealth gap between men and women increases throughout the lifecycle.<sup>3</sup> Time spent out of the workforce, as well as a lifetime of lower wages, typically leaves women with smaller retirement accounts and lower Social Security benefits.<sup>4</sup> Consequently, women rely more heavily on homeownership as a route to financing their future retirement. For a cohort of early Baby Boomer women the housing crisis and Great Recession eroded their assets leaving them financially unstable as older adults. New analyses of the University of Michigan's Health and Retirement Study, a longitudinal, nationally representative data set, collecting annual interviews of different age cohorts of retirees and near retirees, indicate substantial differences in the median wealth of Early Baby Boomers by gender, race/ethnicity, and home ownership.

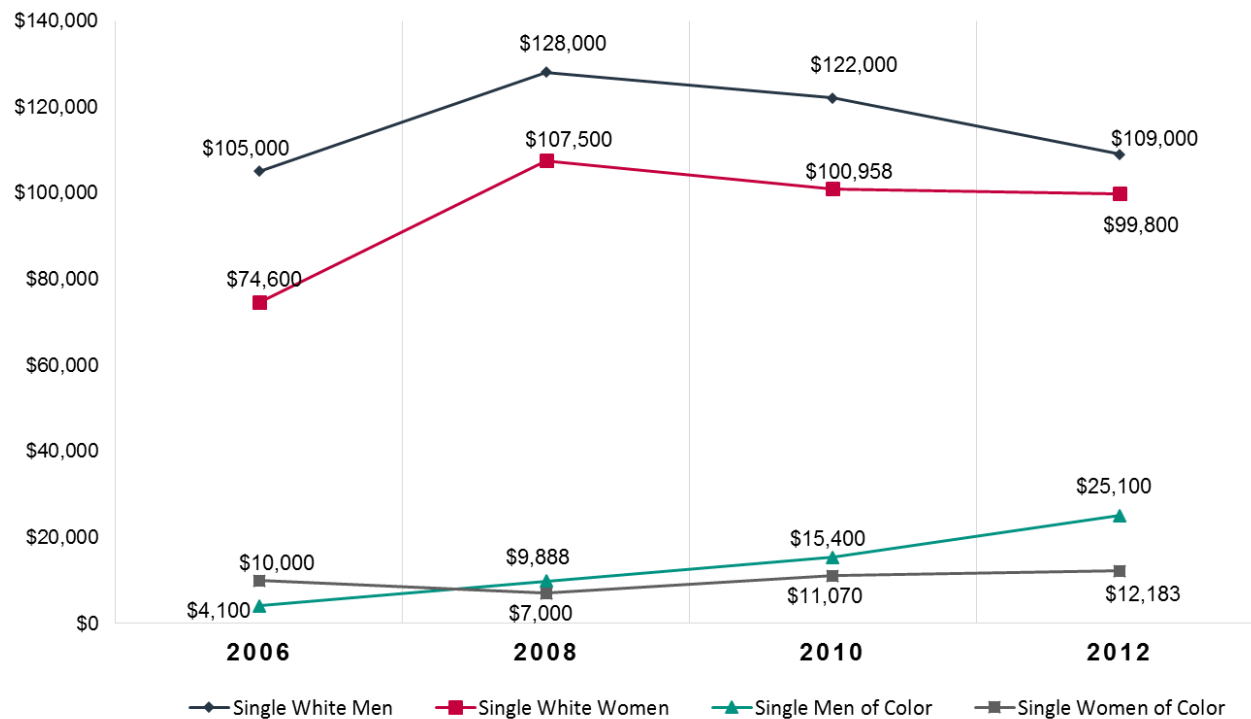
This new research focuses on the group of baby boomers born from 1948-1953, who reached age 62, when workers become eligible for Social Security benefits, between 2010 and 2015. The study follows them through annual waves of interviews from 2006-2012, from two years before the Great Recession to two years after its official end in an effort to see how changes in the housing market specifically may have affected their overall wealth as they neared or entered retirement. In 2006, when the study begins, there were 22.7 million early baby boomers, about 35 percent of whom were single. In order to compare the assets of men and women, research on wealth is typically restricted to single adults because it is difficult to determine asset ownership within married couples. Single status in this study is determined each year; all those single (those not living with a partner or spouse) in any year are included that year. In 2017, members of the cohort are 64-69 years of age.

### **Wealth Disparities among Older Adults, by Gender and Race**

In 2012, older single white men possessed 160 percent greater median wealth than older single women of color and 9 percent greater wealth than single white women.<sup>5</sup> As Figure 1 shows, White single men owned \$109,000 in net assets in 2012, White single women \$99,800, single men of color \$25,100, and single women of color \$12,185. These measures of wealth include the value of all residences, real property, and businesses owned, as well as the reported values of

stocks, bonds, and liquid asset accounts including checking, savings, or money market accounts less any mortgage or other debts.

**Figure 1. Median Wealth of Early Baby Boomers**



**Note:** Data weighted at the household level for each observation year. Data from designated single household level financial respondent for the Early Baby Boomer Cohort. Wealth variable includes total all assets including real property less debts.  
**Source:** 2006-2012 waves of the University of Michigan Health and Retirement Study.

Taking a closer look at wealth measures of single older adult women in 2006 and 2012, substantial disparities were apparent based upon racial or ethnic identity (not shown). Of note, by the aftermath of the Recession, older single White women’s median wealth of \$99,800 was 180 percent greater than that of older single Black women (\$5,000), who lost half of their median wealth from 2006 to 2012. Median wealth among single older adult women of other races or ethnic identities decreased 39 percent during the observation period. For older women of color taken together, Figure 1 shows total assets increasing from \$10,000 in 2006 to \$12,000 in 2012.<sup>6</sup>

### **Gender, Race, and Homeownership and Retirement Readiness**

Women rely on homeownership as a path for building wealth more often than men, leaving them more vulnerable to economic shocks in the housing market. Occupational segregation with its preponderance of low-wage, female-dominated jobs, an overrepresentation of women in jobs lacking retirement benefits including part-time work; and the performance of unpaid care work at home all mean women often have fewer options than men to accrue assets outside of homeownership.<sup>7</sup> Therefore, their financial stability throughout the lifespan is heavily dependent on how well they fare in housing and lending markets, which are marked with racial and gender

disparities.<sup>8</sup> Historically excluding women and people of color from homeownership followed by the dense concentration of risky lending among female headed households in the build-up to the financial crisis that characterized the Great Recession may have threatened the very possibility of financial security in older adulthood, particularly if the majority of a woman’s total wealth portfolio consists of the value of her home and her access to credit depends on her status as a homeowner.<sup>9</sup>

Among homeowners, although all single females in the study lost wealth from 2006-2012, women of color experienced greater declines than white women. As shown below, both male and female homeowners of color experienced substantial losses in total wealth in the years during and after the Great Recession (Table 1). From 2006 to 2012, the median total wealth of Early Baby Boomer single women of color who owned their homes declined by 48 percent, while white women homeowners’ median wealth declined by 11 percent. Single men of color who owned their homes experienced a 77 percent decline in median total wealth during the same time frame. In contrast, median total wealth decreased by only 7 percent among single White male homeowners.

**Table 1. Median total Wealth by year among single Early Baby Boomer Homeowners**

All who were homeowners in 2006: Median Total Wealth including house: * Weight on 2006	2006	2008	2010	2012
Single White Men	\$209,000.00	\$280,000.00	\$205,000.00	\$195,000.00
Single White Women	\$180,900.00	\$176,000.00	\$144,450.00	\$161,500.00
Single Men of Color	\$113,000.00	\$76,000.00	\$77,000.00	\$50,000.00
Single Women of Color	\$104,000.00	\$55,000.00	\$69,000.00	\$64,025.00

**Note:** Data weighted at the household level for each observation year. Data from designated household level financial respondent for the Early Baby Boomer Cohort. Wealth variable includes total all assets including real property less debts.

**Source:** 2006-2012 waves of the University of Michigan Health and Retirement Study.

When single Early Baby Boomers were asked about their mortgages in 2010, 28 percent of women of color, 15 percent of men of color, 8 percent of White women, and 9 percent of White men reported being behind on their payments.<sup>10</sup> The consequences of those late or missed mortgage payments led some older adults to property loss when entering retirement age. As these households likely also drained their resources in order to keep their homes, their opportunities for financial security in later life moved further out of reach.<sup>11</sup>

Additionally, older single black women who transitioned out of homeownership, presumably to the rental market, experienced extreme asset depletion during the Recession, losing 96 percent of their total non-housing financial wealth in a six-year period.<sup>12</sup> This leaves these older single black women, and those who rely on them, with virtually no assets as they approach the end of their working years (or had already stopped working).

## Total Financial Wealth

The depletion of assets is not only a substantial concern for single Early Baby Boomer homeowners who weathered the Recession, but for all single members of this cohort. As shown in Figure 2, median total non-housing financial wealth among single older adult women and men of color was \$0 from 2006-2012 (They are shown in Figure 2 on the same line; each group had \$0 financial assets all years shown). By comparison, single older white men experienced a \$2,000 net increase and single older white women saw a \$2,500 net increase, from 2006 to 2012. Although the gains in non-housing financial wealth seem similar for older White women and men, they are likely reflective of women’s comparatively longer life expectancy and prior marital status. Since older cohorts contain a greater proportion of widowed women who have often inherited some wealth from marriage, the slightly larger net increase in wealth among White women is potentially misleading for single women who are divorced or never married.<sup>13</sup>

**Figure 2. Median non-housing financial wealth for single Early Baby Boomer cohort**



**Note:** Data weighted at the household level for each observation year. Data from designated single household level financial respondent for the Early Baby Boomer Cohort. Non-housing financial wealth includes all stocks, bonds, transaction, and savings accounts less debts.

**Source:** 2006-2012 waves of the University of Michigan Health and Retirement Study.

The lack of financial wealth for older people of color and the lesser and small gains for White men and women likely also affected many of the Baby Boomers following this early cohort into retirement.

## Notes

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<sup>1</sup> Ariane Hegewisch and Asha DuMonthier, “The Gender Wage Gap: 2015; Earnings Differences by Race and Ethnicity” (Fact Sheet), *Institute for Women’s Policy Research*, 2016, <http://www.iwpr.org/publications/pubs/the-gender-wage-gap-2015-earnings-differences-by-race-and-ethnicity>; Institute for Women’s Policy Research, “Work & Family” in *Status of Women in the States 2015*, 2015, <http://www.iwpr.org/publications/pubs/the-status-of-women-in-the-states-2015-work-and-family>; Amy C. Baker, “Eroding the wealth of women: Gender and the Subprime Foreclosure Crisis,” *Social Service Review* 88, no. 1 (2014): 59-91.

<sup>2</sup> Mariko Chang, *Women and Wealth: Insights for Grantmakers*, 2015, [http://www.marikochang.com/AFN\\_Women\\_and\\_Wealth\\_Brief\\_2015.pdf](http://www.marikochang.com/AFN_Women_and_Wealth_Brief_2015.pdf)

<sup>3</sup> Ibid.

<sup>4</sup> Joan Entmacher and Katherine Gallagher Robbins, “Women and Social Security,” *National Women’s Law Center*, 2015, <http://nwlc.org/resources/women-and-social-security>

<sup>5</sup> Women and men of color include respondents who identified as Black, Hispanic, or other race or ethnicity. Racial categories exclude Hispanics in the HRS and Hispanics may be of any race.

<sup>6</sup> This asset increase is caused by including women who identify as Hispanic or Latino. Hispanic and Latino communities experienced a 66% loss in total wealth and assets during the Recession, which was the highest rate of loss experienced by any group (Kochhar et. al 2011). As such, we anticipate that future research will likely show a decline in assets among Baby Boom Hispanic women as most of their wealth is tied to homeownership and other research indicates families will exhaust all other resources to pay their mortgage before eventually experiencing asset depletion or negative equity (Thomas 2013). Although both Black and Hispanic women began the crisis with less wealth than their White counterparts, Hispanic women held slightly more wealth than Black women and in an emergency they have more financial resources to draw from in their extended social and familial networks than Black women, thus potentially delaying asset loss tied to housing (Chang 2015; Lusardi et. al 2011).

Sources: Rakesh Kochhar, Richard Fry, and Paul Taylor, “Hispanic Household Wealth Fell by 66% from 2005 to 2009,” *Pew Research Center*, 2011, <http://www.pewhispanic.org/2011/07/26/the-toll-of-the-great-recession/>; Hannah Thomas, “The Financial Crisis Hits Home: Foreclosures and Asset Exhaustion in Boston,” *Housing Policy Debate* 23, no. 4 (2013): 738-764; Mariko Chang, *Women and Wealth: Insights for Grantmakers*, 2015, [http://www.marikochang.com/AFN\\_Women\\_and\\_Wealth\\_Brief\\_2015.pdf](http://www.marikochang.com/AFN_Women_and_Wealth_Brief_2015.pdf); Annamaria Lusardi, Daniel J. Schneider, and Peter Tufano, “Financially Fragile Households: Evidence and Implications,” *The National Bureau for Economic Research*, 2011, <http://www.nber.org/papers/w17072.pdfsi>.

<sup>7</sup> Heidi Hartmann, “Women and Wealth: How to Build It” in *What It’s Worth: Strengthening the Financial Future of Families, Communities, and the Nation* (San Francisco: Federal Reserve Bank of San Francisco and the Corporation for Enterprise Development, 2015); Elyse Shaw, Ariane Hegewisch, Emma Williams-Baron, and Barbara Gault, *Undervalued and Underpaid in America: Women in Low-Wage, Female-Dominated Jobs*, Institute for Women’s Policy Research, 2016, <http://iwpr.org/publications/pubs/undervalued-and-underpaid-in-america-women-in-low-wage-female-dominated-jobs/>

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<sup>8</sup> Amy C. Baker, “Eroding the Wealth of Women: Gender and the Subprime Foreclosure Crisis,” *Social Service Review* 88, no. 1 (2014): 59-91.

<sup>9</sup> Ibid.

<sup>10</sup> Authors calculations from the 2010 of the University of Michigan Health and Retirement Study. Data weighted at the household level for observation year. Data from designated household level financial respondent for the Early Baby Boomer Cohort.

<sup>11</sup> Hannah Thomas, “The Financial Crisis Hits Home: Foreclosures and Asset Exhaustion in Boston,” *Housing Policy Debate* 23, no. 4 (2013): 738-764.

<sup>12</sup> Total non-housing financial wealth includes the net value of all stocks, bonds, checking, savings, money market, CDs, and other savings account less any debts (but excluding mortgage debt).

<sup>13</sup> Mariko Chang, *Women and Wealth: Insights for Grantmakers*, 2015, [http://www.marikochang.com/AFN\\_Women\\_and\\_Wealth\\_Brief\\_2015.pdf](http://www.marikochang.com/AFN_Women_and_Wealth_Brief_2015.pdf)

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