

Fact Sheet: Women and Wealth in the United States

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What is Wealth and Why Does it Matter?

Income has conventionally been used by sociologists as the primary indicator of people's economic status. But wealth, or net worth, is a much more comprehensive measure of financial resources. Wealth is the value of one's assets minus debts. Common assets include money in savings or checking accounts, stocks, bonds, retirement accounts, businesses, and the market value of one's home. Common debts include home mortgages, credit card debt, and loans.

Wealth has several important benefits that income does not: it can generate income (dividends, rent, etc.), it can be passed down from generation to generation, it can be used as collateral for loans that increase assets directly (such as to purchase property or businesses) or indirectly (such as by enhancing educational opportunities that increase earnings and future wealth), and it provides economic resources when income is cut or disrupted due to illness, divorce, unemployment, or emergencies. Furthermore, as this fact sheet will show, the gender wealth ratio reveals economic inequalities that are masked by gender income ratios.

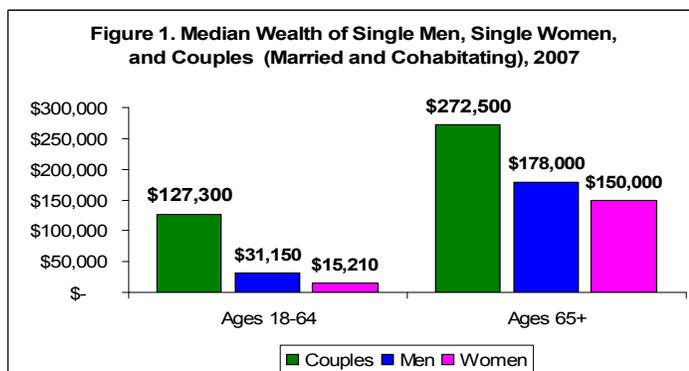
While historical inequities in class-based and race-based opportunities to build wealth are transmitted across generations through inheritance,¹ gender differences in inheritance currently play a more minor role (if any) in the gender wealth gap observed in the United States today.² The women's wealth gap in the U.S. is primarily a result of the gendered division of labor, gendered power dynamics within the household, gender inequalities in the labor market, and the corresponding institutionalized rewards based on these gender differences that make it easier for men to build wealth.

The purpose of this fact sheet is to document the magnitude of the women's wealth gap, demonstrate the importance of wealth for understanding women's economic status, and discuss the likely causes of the women's wealth gap.

Sources of Wealth Data

One reason income has been the conventional indicator of financial status is that it is easy to measure and data on wealth is more scarce. But large datasets that include data on wealth are now more common and include: Consumer Expenditure Survey (CEX), Health and Retirement Study (HRS), National Longitudinal Surveys (NLS), Panel Study of Income Dynamics (PSID), Survey of Consumer Finances (SCF), and Survey of Income and Program Participation (SIPP). Each survey has its own strengths and weaknesses,³ but only the SCF was designed specifically to measure wealth and is considered the most accurate source of information about the *magnitude* of wealth inequality because it oversamples high-income households who are likely to own the most wealth but are less likely to be included in random samples because they comprise such a small percentage of the population.⁴ The data in this fact sheet are derived from the 2007 SCF.⁵ This fact sheet uses the same definition of wealth employed by the Federal Reserve Board⁶ except that the value of vehicles is not included here.⁷

A Substantial Wealth Gap Exists Between Single Women and Single Men

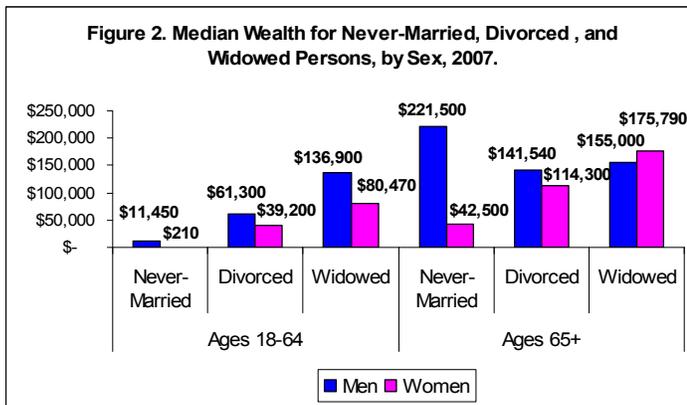


(data not shown) whereas their male counterparts have a median wealth of \$3,800.¹⁰

- Couple households (married and cohabiting)⁸ have the highest median wealth and single women have the lowest.
- The median wealth for single women between the ages of 18 and 64 is \$15,210, only 49% of the median wealth of their single male counterparts.
- Single women ages 65 and older have 84% of the median wealth of single men ages 65 and older. The higher gender wealth ratio for older persons may be a result of the larger percentage of widows in this age group (married couples are generally wealthier and upon the death of a spouse marital assets are usually inherited by the surviving spouse).⁹
- The women's wealth gap is not a relic of prior generations. Single women under age 35 have a median wealth of zero

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The Gender Wealth Gap Varies Considerably for People Who are Never-Married, Divorced, and Widowed



- Women who have never married have lower median wealth than single women who were ever married (i.e., divorced or widowed).
- The median wealth for never-married women younger than 65 is \$210, which is only 2% of the median wealth of their male counterparts. Never-married women ages 65 and older have 19% of the wealth of never-married men.
- Divorced women under age 65 have 64% of the wealth of their male counterparts. Divorced women ages 65 and older have 81% of the wealth of their male counterparts.
- Widowed women under age 65 have 59% of the wealth of their male counterparts. But widowed women ages 65 and over have a higher median wealth than widowed men.

Nevertheless, not all widows fare well financially: close to 1 in 5 widows live in poverty, whereas 11% of widowed men and 5% of married couples live in poverty.¹¹

The Gender Wealth Ratio Reveals Economic Inequities that are Masked by Gender Income Ratios

Table 1. Gender Income and Wealth Ratios for Full-Time Workers Ages 18-64, 2007.¹²

Household Type		Median Income	Gender Ratio	Median Wealth	Gender Ratio
Never-Married	Women	\$31,246	100%	\$1,550	8%
	Men	\$31,238		\$20,000	
Divorced	Women	\$38,046	87%	\$63,150	95%
	Men	\$43,621		\$66,300	
Widowed	Women	\$36,016	73%	\$147,950	n/a
	Men	\$49,051		†	
Married	Women	\$37,986	72%		
	Men	\$52,706			

† Unweighted sample size is too small; fewer than 10 widowed men under age 65.

- Wealth inequality is not only more extreme than income inequality, but reveals disparities that are hidden when income is the indicator of economic status. For instance, never-married women working full-time closed the income gap in 2007; however, they owned only 8% of the wealth of never-married men.
- Married women have the largest income gap, but if one assumes married couples have equal ownership of marital assets, then they experience no wealth gap. (But see section below that discusses the sharing of wealth gap by married couples.)
- At every income level, men have more wealth than women.¹³

Single Women of Color¹⁴ and Women with Children are More Likely to Have Little or No Wealth

The legacy of historical policies and practices that prevented people of color from building wealth still impact people of color today through inheritance. Women of color face the compounding negative wealth effects of being both a woman and a person of color.

- Single black and Hispanic women ages 18-64 have a median wealth of \$100 and \$120, respectively, which is less than 1% of the wealth of their same-race single male counterparts (with a median wealth of \$7,900 and \$9,730 respectively).¹⁵
- Nearly half of all single black and Hispanic women under age 65 have zero, or negative wealth (negative wealth occurs when the value of assets is lower than the value of debts). In contrast 23% of single white women, 33% of single black men and 38% of single Hispanic men have zero or negative wealth.¹⁶
- Women of color are disproportionately targeted by subprime lenders.¹⁷

Mothers face tremendous obstacles to building wealth, including the motherhood wage penalty, inadequate child support, and reduced access to the types of benefits (such as employer-sponsored retirement plans) that help people build wealth.

- Single women with children in the household have a median wealth of \$1,000, which is less than 3% of the median wealth of single men with children in the household (\$35,300).¹⁸
- 22% of single men and 42% of single women with children living in the household have zero or negative wealth.¹⁹ Women of color fare even worse: 52% of black and 57% of Hispanic women with children in the household have zero or negative wealth.
- Because of gender differences in responsibilities for caregiving, women are more likely than men to work part-time or to leave the labor force, thus reducing their income trajectories and limiting their retirement wealth.

Gender, Wealth, and Married Households

- Nine states are community property states, in which all assets acquired during marriage are equally co-owned by spouses.²⁰
- In developing countries, married women have more bargaining power if they have their own source of wealth.²¹
- Gendered power differentials and women's economic dependency often limit women's control over financial resources and make it more difficult for women to leave relationships.²²
- Men are likely to enter marriage with greater financial resources (due to gender wage gap and because women are more likely to marry men who are older than they are and have had more years to build wealth before marriage), which contributes to women's economic dependency and gender differences in marital power.
- Married and cohabitating couples do not always control or share financial resources equally.²³ Couples sometimes keep their incomes and finances separate and devise strategies for meeting household expenses.²⁴
- Due to gendered perceptions of financial expertise, men often make major saving and investment decisions.

Why Do Women Have Less Wealth than Men?

The gender income gap no doubt contributes to the wealth gap, but even if women and men had the same incomes, women would have less wealth for several reasons:

- Single women are more likely than single men to have the financial burden of custodial parenthood.
- Women lack wealth-building fringe benefits (such as employer-sponsored retirement plans) because they are more likely to work in jobs (such as service occupations) that are least likely to provide fringe benefits and because women are more likely to work part-time and such benefits are often denied to part-time workers.²⁵
- Because women bear a greater responsibility for caregiving than men, they are more likely to work part-time and to leave the labor force, reducing their earnings and retirement assets.
- Women generally experience steeper economic declines than men when they divorce.²⁶
- Even with similar credit profiles, women are 32% more likely to receive subprime mortgages than men, typically adding \$85,000 to \$186,000 more in interest over the life of the loan.²⁷

Consequences of the Women's Wealth Gap

- Women experience greater economic vulnerability than men. Women have less wealth to support themselves in retirement and to help them weather economic, familial, and medical crises.
- Children receive fewer financial resources and educational opportunities. Women are more likely to use economic resources to benefit children.²⁸ In addition, children of single mothers with assets have higher educational achievement, even when controlling for other important factors that predict children's educational attainment.²⁹
- Women have less bargaining power in marriage.
- Women's financial dependency makes it more difficult for them to leave abusive relationships.
- Because black and Hispanic women are less likely to marry and more likely to be single parents than white women, *the racial wealth gap cannot close unless the gender wealth gap closes.*

Sample of Organizations that Focus on Asset-Building Policies

Assets Alliance (assetsalliance.org), Corporation for Enterprise Development (cfed.org), Demos (demos.org), Insight Center for Community Economic Development (insightcced.org), Institute on Assets and Social Policy, Brandeis University (iasp.brandeis.edu), Institute for Women's Policy Research (iwpr.org), National Association for Latino Community Asset Builders (nalcab.org), National Council of La Raza (nclr.org), National Women's Law Center (nwlrc.org), New America Foundation (newamerica.net), United for a Fair Economy (faireconomy.org), Woodstock Institute (woodstockinst.org), Women's Institute for a Secure Retirement (wiserwomen.org)

Suggested Readings on Women and Wealth

- Chang, M. L. 2010. *Shortchanged: Why women have less wealth and what can be done about it*. NY: Oxford Univ. Press.
- Chang, M. L. "Lifting as we Climb: Women of Color, Wealth, and America's Future." Insight Center for Community Economic Development, Spring 2010.
- Conley, D. and M. Ryvicker. 2004. "The Price of Female Hardship: Gender, Inheritance, and Wealth Accumulation in the United States." *Journal of Income Distribution* 13:41-56.
- Deere, C. D. and C. R. Doss. 2007. *Women and the Distribution of Wealth: Feminist Economics*. NY: Routledge.
- Edlund, L. and W. Kopczuk. 2009. "Women, Wealth, and Mobility." *American Economic Review* 99:146-178.
- Gornick, J. C., T. Munzi, E. Sierminska, and T. Smeeding. 2006. "Older Women's Income and Wealth Packages: The Five-Legged Stool in Cross-National Perspective." Luxembourg Wealth Study Working Paper No. 3.
- Joyce, J. A. 2007. *Women, Marriage and Wealth*. NY: Gordian Knot Books.
- Warren, T., K. Rowlingson, and C. Whyley. 2001. "Female Finances: Gender Wage Gaps, Gender Asset Gaps." *Work, Employment and Society* 15:465-488.

Teaching Resource: Rose, S. J. 2007. *Social Stratification in the United States: The American Profile Poster, Revised and Updated Edition*. NY: Free Press. (Focuses on income but poster also provides a striking representation of wealth inequality.)

Additional Information: Website containing fact sheets and other information about wealth inequality, including differences across demographic groups and details on the types of assets and debts owned: www.mariko-chang.com/wealthdata

- ¹ Elmelech, Y. 2008. *Transmitting Inequality*. MD: Rowman Littlefield; Gordon Nembhard, J. and N. Chiteji. (Eds). 2006. *Wealth Accumulation and Communities of Color in the United States*. MI: University of Michigan Press; Hao, L. 2007. *Color Lines, Country Lines*. NY: Russell Sage Foundation; Keister, L. 2005. *Getting Rich*. NY: Cambridge University Press; Lui, M., B. Robles, B. Leondar-Wright, R. Brewer, and R. Adamson, with United for a Fair Economy. 2006. *The Color of Wealth*. NY: The New Press; Oliver, M. L. and T. M. Shapiro. 2006. *Black Wealth/White Wealth*. (10th Anniversary Edition). NY: Routledge; Shapiro, T. M. 2004. *The Hidden Cost of Being African American*. NY: Oxford University Press.
- ² Conley, D. and M. Ryvicker. 2004. "The Price of Female Hardship: Gender, Inheritance, and Wealth Accumulation in the United States." *Journal of Income Distribution* 13:41-56.
- ³ Leigh, W. A. 2006. "Wealth Measurement: Issues for People of Color in the United States." Chapter 1 in J. Gordon Nembhard and N. Chiteji. (Eds.) *Wealth Accumulation and Communities of Color in the United States: Current Issues*. MI: University of Michigan Press.
- ⁴ However the SCF may underestimate the number of households with zero net worth. For information on how the SCF compares with other household surveys of wealth, see: Citro, C. F. and J. K. Scholz. (Eds.) 2009. *Reengineering the Survey of Income and Program Participation*. Washington D.C., The National Academies Press; Curtin, R. F., T. Juster, and J. Morgan. 1989. "Survey Estimates of Wealth: An Assessment of Quality." Pp. 473-551 in R. Lipsey and H.S. Tice (Eds.) *The Measurement of Savings, Investment, and Wealth*. IL: University of Chicago Press; Di, Z. X. 2001. *The Role of Housing as a Component of Household Wealth*. MA: Joint Center for Housing Studies, Harvard University; Oliver, M. L. and T. M. Shapiro. 2006. *Black Wealth/White Wealth* (10th Anniversary Edition). NY: Routledge; Wolff, E. N. 2002. *Top Heavy*. NY: The New Press.
- ⁵ The SCF is a triennial national survey sponsored by the Federal Reserve Board: www.federalreserve.gov/pubs/oss/oss2/2007/scf2007home.html. I excluded 18 households in which the respondent was separated, but assets were shared or owned primarily by one's spouse. (Other separated individuals with distinguishable assets were included in the "divorced" category.) With this restriction, the final sample included 4400 households, or "primary economic units," of which 2984 were married or cohabitating, 878 were single women, and 538 were single men.
- ⁶ See the 2007 SCF Codebook for details pertaining to the calculation of wealth: www.federalreserve.gov/PUBS/oss/oss2/2007/codebk2007.txt
- ⁷ Unlike other assets, vehicles (with few exceptions) do not hold their value or provide the opportunity for interest or capital gains.
- ⁸ The design of the SCF makes it difficult to separate the assets of couple households, whether married or cohabitating. I combined married and cohabitating couples here for simplicity since the focus is on the wealth gap for non-couple households. However, it is important to note that married couples are generally much wealthier than cohabitating couples. To classify couples into an age group, the age of the older spouse or partner was used.
- ⁹ However, the death of a spouse is often accompanied by large out-of-pocket medical expenses incurred prior to death, which drain savings. McGarry, K. and R. F. Schoeni. 2005. "Widow(er) Poverty and Out-of-Pocket Medical Expenditures near the End of Life." *The Journals of Gerontology Series B: Psychological Sciences and Social Sciences* 60:S160-S168.
- ¹⁰ Author's calculations of the 2007 Survey of Consumer Finances.
- ¹¹ www.ssa.gov/history/pdf/sswomen.pdf
- ¹² Income data are from the U.S. Census Bureau, Current Population Survey, 2008 Annual Social and Economic Supplement. Data on wealth is from author's calculations of the 2007 Survey of Consumer Finances. The "Divorced" category contains separated individuals with distinguishable assets for the data on wealth whereas the data on income contain only divorced people.
- ¹³ Chang, M. L. 2010. *Shortchanged: Why women have less wealth and what can be done about it*. NY: Oxford University Press.
- ¹⁴ The SCF data combines Asians and other races into a single category. For this reason, only data on blacks and Hispanics are presented here.
- ¹⁵ Chang, M.L. "Lifting as we Climb: Women of Color, Wealth, and America's Future." Insight Center for Community Economic Development, Spring 2010. www.insightcced.org/uploads/CRWG/LiftingAsWeClimb-InsightCenter-Spring2010.pdf
- ¹⁶ Ibid.
- ¹⁷ Fishbein, A. J. and P. Woodall. December 2006. "Women are Prime Targets for Subprime Lending: Women are Disproportionately Represented in High-Cost Mortgage Market." Washington, D.C.: Consumer Federation of America; National Council of Negro Women. "Income is No Shield, Part III-Assessing the Double Burden: Examining Racial and Gender Disparities in Mortgage Lending." June 2009.
- ¹⁸ Author's calculations of the 2007 Survey of Consumer Finances.
- ¹⁹ Author's calculations of the 2007 Survey of Consumer Finances.
- ²⁰ The nine community property states are: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. In addition, the Alaska Community Property Law (passed in 1998) gives couples the option to designate that assets are held as community property. Assets owned prior to marriage and inheritances received during marriage are sometimes excluded from the definition of community property.
- ²¹ Brown, P. H. 2009. "Dowry and Intra-household Bargaining: Evidence from China." *Journal of Human Resources*, 44:25-46; Doss, C. 2006. "The Effects of Intra-household Property Ownership on Expenditure Patterns in Ghana." *Journal of African Economies*: 15:149-180; Quisumbing, A. R. and J. A. Maluccio. 2003. "Resources at Marriage and Intra-household Allocation: Evidence from Bangladesh, Ethiopia, Indonesia, and South Africa." *Oxford Bulletin of Economics and Statistics* 65:283-327.
- ²² Bittman, M., P. England, L. Sayer, N. Folbre and G. Matheson. 2003. "When Does Gender Trump Money? Bargaining and Time in Household Work." *American Journal of Sociology* 109:186-214; Brines, J. 1994. "Economic Dependency, Gender, and the Division of Labor at Home." *American Journal of Sociology* 100:652-688; England, P. and B. S. Kilbourne. 1990. "Markets, Marriage and Other Mates: The Problem of Power." Chapter 6 in R. Friedland and A. Robertson. (Eds.). *Beyond the Marketplace*. NY: Aldine de Gruyter; Sorensen, A. and S. McLanahan. 1987. "Married Women's Economic Dependency, 1940-1980." *American Journal of Sociology* 93:659-687.
- ²³ Blumstein, P. and P. Schwartz. 1985. *American Couples*. NY: Pocket Books; Burgoyne, C. B. 1990. "Money in Marriage: How Patterns of Allocation Both Reflect and Conceal Power." *Sociological Review* 634-665; Hertz, R. 1986. *More Equal than Others*. CA: University of California Press; Pahl, J. 1983. "The Allocation of Money and the Structuring of Inequality Within Marriage." *The Sociological Review* 31:237-262; Tichenor, V. J. 2005. *Earning More and Getting Less*. NJ: Rutgers University Press; Zelizer, V. 1997. *The Social Meaning of Money*. NJ: Princeton University Press.
- ²⁴ Chang, M. L. 2010. *Shortchanged: Why women have less wealth and what can be done about it*. NY: Oxford University Press.
- ²⁵ Ibid.
- ²⁶ For a review see: Holden, K. C. and P. J. Smock. 1991. "The Economic Costs of Marital Dissolution: Why Do Women Bear a Disproportionate Cost?" *Annual Review of Sociology* 17:51-78
- ²⁷ Fishbein, A. J. and P. Woodall. December 2006. "Women are Prime Targets for Subprime Lending: Women are Disproportionately Represented in High-Cost Mortgage Market." Washington, D.C.: Consumer Federation of America.
- ²⁸ Kenney, C. T. 2008. "Father Doesn't Know Best? Parents' Control of Money and Children's Food Insecurity." *Journal of Marriage and Family* 70: 654-669.
- ²⁹ Zhan, M. and M. Sherraden. 2003. "Assets, Expectations, and Children's Educational Achievement in Female-Headed Households." *Social Service Review* 77: 191-211.