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Financial Security and Immigrants' Legal Status: An Analysis of Net Worth in the United States

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Abstract

Immigration status bears heavily on aspects of everyday life many citizens take for granted, such as the ability to build financial security, including wealth. Using the Survey of Income and Program Participation waves for 1996, 2001, 2004, and 2008, this study provides novel insights into immigrant wealth. First, this study provides national descriptive statistics about differences in levels of wealth between individuals who have different immigration status. Second, this study examines the extent to which immigrants' legal status contributes to wealth inequality between racial-ethnic groups. In particular, I assess the extent to which having an undocumented or precarious immigration status accounts for differences in household wealth between white individuals and Black, Asian, and Latinx individuals. Third, this study shows differences in the relationship between age and wealth by immigration status. Findings show that immigration status accounts for different proportions of the wealth gap within each racial-ethnic group. For instance, immigration status accounts for a substantial portion of the wealth gap in Latinx and Asian communities. Second, this study finds that while age and wealth tend to be correlated for individuals with legal status, this trend is less strong among immigrants who are undocumented or have precarious legal status. Implications for policy and future research are discussed.

Key words: Immigration, inequality, wealth, financial security

Introduction

The economic status of immigrants usually improves throughout their life course. A longer period of time in the United States is associated with increases in wages, for example (Villarreal and Tamborini 2018). However, while some factors, such as time in the United States, have a positive relationship with migrants' socioeconomic status, other factors, such as race/ethnicity and immigration status, may obstruct economic progress for some subgroups of immigrants (Asad and Clair 2018; García 2017; Salgado and Ortiz 2019). Having an undocumented or precarious immigration status, in particular, is one of the most-studied sources of inequality among foreign-born individuals. Yet, we know extremely little about how wealth varies between individuals with different legal statuses. We also lack information about whether the relationship between age and wealth remains positive among those without a legal status (referred to as undocumented/precarious migrants) in the United States.

Precarious immigration statuses include immigration statuses that are irregular, insecure, and fickle (Goldring, Berinstein, and Bernhard 2009). In the context of the United States, they represent statuses such as temporary protected status, deferred action for childhood arrivals, other temporary work permits, and undocumented statuses. A precarious immigration status impacts individuals' everyday lives through exclusion from social programs, deportability (risk of deportation), employment discrimination, limited access to healthcare, and other forces of inequality (Menjívar and Abrego 2012).

Immigration status is likely associated with wealth-building through several direct mechanisms. For instances, immigrants' ability to build wealth can be hampered by low wages, low access to credit and bank accounts, remittances to their home countries, limits on their occupational mobility, risks associated with establishing long-term financial security in the United States, uncertainty, and lack of information (Flippen 2019). Moreover, the effects of a precarious legal status on wealth may be long-lasting, continuing even after individuals are no longer in a precarious status category (Goldring and Landolt 2011). Furthermore, some groups of

immigrants may choose to not establish assets in the United States because of uncertainty (Villegas 2014) and deportation risk.

Wealth matters for several reasons. First, levels of wealth among foreign-born adults have implications for the children of immigrants because access to familial wealth shapes young adults' economic outcomes (Conley 2007). Second, immigrants who grow old in the United States have built deep connections to their communities and families in the United States, and thus a substantial portion may want to remain in the country (Wampler, Chávez, and Pedraza 2009) or engage in transnational aging (Montes de Oca, García, and Sáenz 2013).

If lack of a secure legal status is an impediment to wealth-building across the life course, then it is a force of inequality that may have deep consequences throughout the life course, including in old age, and for immigrants' families. For this reason, the present study examines the wealth of all adults over 25 and explores the relationship between age and wealth across different immigration status categories using pooled cross sections of nationally representative data from 1996 to 2008. This study describes differences in wealth among individuals with different immigration statuses within racial-ethnic groups using multiple waves from the Survey of Income and Program Participation, a survey often used to examine immigration status and inequality (Greenman and Hall 2013; Hall, Greenman, and Farkas 2010). I briefly review literature about immigrant incorporation, immigrant and racial/ethnic minority wealth, and the life course. Then, I present my methods and results. Finally, I interpret the results and discuss implications for future research and policy.

Literature Review

Theories of Immigrant Incorporation and Race/Ethnicity

Theories of incorporation explain processes of adaptation that immigrants undergo when they are new residents in a society. These theories aim to explain eventual social outcomes for immigrants who spend periods of time in a new place. Since the early and mid-20th century, researchers have developed several theories of incorporation or assimilation to make sense of how immigrant groups (at the time mainly white, European immigrants) interact with other people, institutions, and each other and how those interactions lead to social outcomes similar or dissimilar to those of U.S.-born individuals. Incorporation refers both to intergenerational

assimilation and to the process by which individual immigrants assimilate within their lifetime. Among the earliest iterations of assimilation theory is classical or straight-line assimilation theory. Classical assimilation theory states that assimilation can be measured by several dimensions: cultural assimilation, structural assimilation, marital assimilation, identification assimilation, attitude assimilation, behavioral assimilation, and civic assimilation (Gordon 1964). According to Gordon (1964), assimilation will have taken place when the migrant is no longer met with discrimination and prejudiced attitudes.

Alba and Nee (1997), critiquing classical assimilation theory for assuming that migrants would assimilate into the mainstream of society, offered a revised assimilation theory. Assimilation, they argued, presents the question of who has full membership in American society, and thus any attempts to understand it must address the social forces that facilitate or obstruct incorporation (Drouhot and Nee 2019). In this study, immigration status is understood as a force that may disrupt migrant incorporation in different ways. Incorporation or assimilation theories are relevant to this study because immigration status is an active force that limits wealth-building and therefore may hamper economic incorporation. However, incorporation is more complex than classical and assimilation theories would suggest, as these theories often fail to acknowledge the role of race and ethnicity, which shape access to economic resources.

Segmented assimilation theory helps address this gap by offering the idea that immigrants are subject to existing racial structures, highlighting how immigrants' contexts of reception and racialization influence migrant incorporation (Ortiz and Telles 2012; Portes and Hao 2004; Portes and Rumbaut 2001). Segmented assimilation explains why some migrant groups become incorporated into U.S. society (often measured by economic outcomes) while others struggle to achieve the American Dream. Race and ethnicity are important to study in relation to immigration status because access to legal status in the United States has been racialized throughout history (García 2017; Ngai 2004).

Currently, a majority of individuals in precarious and undocumented migration statuses are from Latin America, the Caribbean, and Asian countries (Passel and Cohn 2019). This fact has two main implications from the perspective of segmented assimilation theory. First, as a theoretical frame, segmented assimilation allows for the possibility that subpopulations within the United States (e.g., Black and other minority populations) do not reap the socioeconomic and social benefits of citizenship. Racial-ethnic migrant groups who may have relatively more access

to legal status may be more incorporated economically, and their social experiences may diverge from other individuals within their racial ethnic group. Since wealth in the United States is stratified on the basis of race/ethnicity, this study focuses on the extent to which immigration status can explain racial-ethnic disparities in wealth. Although the body of empirical research on immigration status is growing, few studies have examined the nexus of immigration status and race/ethnicity in relation to wealth.

Empirical Studies on Wealth

Wealth gaps by racial ethnic and immigrant groups

Wealth is an important indicator of financial security for several reasons. For one, it is a critical indicator of financial inequality because wealth gaps between racial ethnic groups are more extreme than income gaps (Pew Research Center 2011). Wealth differences between racial-ethnic groups are substantial. For example, one-quarter of Black and Latino individuals in the United States report having no financial assets other than a vehicle; just 6 percent of white individuals fall into this category (Pew Research Center 2011). Studies in geographic regions with high proportions of immigrants show a similar trend, even though these regions have historically been places where immigrant communities have lived. For instance, an analysis of Miami's population found that the likelihood of having a retirement account was higher among white individuals (39 percent) than among Black (22.7 percent), Black Caribbean (16 percent), and non-Cuban Latinx (20 percent) individuals (Aja et al. 2019). A similar trend has been found in Los Angeles (De la Cruz-Viesca et al. 2016). Similar racial divides in wealth levels exist within immigrant groups. For example, Cobb-Clark and Hildebrand (2006) found that Latin American immigrants have lower levels of wealth compared with Asian and European immigrants. The role of immigration status in these wealth gaps, especially in racial-ethnic groups with higher proportions of undocumented or precarious immigrants, remains understudied.

Mechanisms driving the relationship between wealth gaps and precarious immigration status

Research about immigrants in the United States has explored various indicators of wealth using different measures of wealth, such as home ownership (Emeka 2019; Rugh 2019), wealth abroad and in the United States (Flippen 2019), and net worth (Hao 2004). These studies have increased our understanding of the mechanisms that drive the relationship between precarious immigration status and wealth. Although this study does not test specific mechanisms, it does describe trends relevant to these mechanisms.

One mechanism that may drive the wealth gap is that immigrants who have a precarious immigrant status may engage in strategies that limit their development of formal financial profiles. In a study in Durham, North Carolina, for instance, Flippen (2019) found that undocumented Latinx immigrants had substantial assets and wealth in their home countries and few assets in the United States compared with their documented counterparts. This work suggests that establishing U.S.-based assets may not be a priority for immigrants with a precarious immigration status. In addition, immigrants who have precarious status might be dissuaded to engage in wealth building in the United States because their deportability means they cannot be sure they will be able to reap the benefits of their wealth-building activity. The conditions associated with precarity may also hinder their ability to see their future and therefore to plan for it (Villegas 2014).

Another hypothesis that may explain why wealth differences exist among immigrants with different status is that undocumented or precarious immigrants do not gain returns on their educational and social capital to the extent that their more secure counterparts do. This hypothesis is based on research by Hao (2003). Hao (2003), using the Survey of Income and Program Participation to examine wealth among immigrants, found that inequality among immigrants' socioeconomic status was primarily driven not by their sociodemographic characteristics but by uneven returns to human capital characteristics.

Previous studies have substantially improved our understanding about wealth and the financial status of immigrants, and they have all found non-negligible differences in wealth between racial-ethnic minorities in the United States. However, the extent to which immigration status may dampen the wealth of racial-ethnic minorities remains unclear. This study fills this research gap and further examines how age influences wealth gaps.

Age effects in wealth gaps

Documented immigrants may have access to relatively better wages, more rights in the workplace, and more access to credit building relative to undocumented or precarious immigrants; as a result, they may be able to make some economic progress as they age. On the other hand, a lack of wealth in the United States combined with ineligibility for social program benefits may mean that a precarious immigration status perpetuates stratification in older age. Granted, because of racialization, opportunities to accumulate substantial levels of wealth may continue to be limited among racialized groups, regardless of immigration status (Salgado and Ortiz 2019). Nevertheless, compared with individuals who have a precarious immigration status, those with a more permanent status may have relatively more opportunities to build wealth. Not unlike other social forces associated with economic disparities among older individuals, such as race/ethnicity, gender, sexual orientation, class, disability, and employment history, an undocumented or precarious immigration status may influence individuals' access to critical sources of income and wealth building across their life course. Moreover, wealth gaps between immigrants who have a precarious immigration status and those who do not may increase with age.

Research on the life course has long documented the fact that socioeconomic resources tend to grow over time (Mincer 1979). Because racial/ethnic group membership and country of origin delimit the extent of growth in economic resources an individual may expect, racial wealth gaps increase over the life course (Thomas et al. 2020; Villarreal and Tamborini 2018). In fact, wealth gaps between racial groups have worsened in recent decades (Thomas et al. 2020). This trend suggests that if some groups of individuals have a higher ability to create and maintain (or inherit) wealth and others experience structural limitations to wealth building, differences will also increase over the life course, as those who have access accumulate resources and those who lack access do not accumulate resources.

The relationship between age and wealth also varies by race/ethnicity. Brown (2016) shows that the relationship between net worth and age is stronger for white individuals and than for Black or Mexican American individuals. Similarly, Latinx individuals over the age of 65 have less wealth and are poorer than white individuals (Gubernskaya and Tang 2017; Sandoval, Rank, and Hirschl 2009). While 70 percent of white households own their homes, just 49 percent of Latinx households do. Even among home-owning households, the value of home equity (the difference between a home's market value and the outstanding mortgage balance) is lower for

Latinx and Black households compared to white and Asian households (Krivo and Kaufman 2004). For individuals who reach older age in an undocumented or precarious immigration status, economic stagnation is likely to have been present along their life course. Thus, the relationship between age and wealth is likely to be weaker among individuals who do not have a secure immigration status.

Research Questions and Hypotheses

This paper addresses three research questions:

- 1) How does wealth vary by immigration status among older adults within racial-ethnic groups (ages 65+)?
- 2) To what extent does legal status explain differences in wealth between white and minority groups (Asian, Black, and Latinx)?
- 3) Does the relationship between age and wealth differ on the basis of immigration status?

I hypothesize that, given the extent of their exclusion from key resources during critical wealth-building years, immigrants who are undocumented or have a precarious status will have lower levels of wealth compared to legal permanent residents and naturalized as well as U.S.-born citizens. I also hypothesize that immigration status will shape the wealth of Latinx and Asian individuals in particular, because they comprise a substantial portion of the undocumented or precarious population in the United States. Finally, I believe that the relationship between age and wealth will be weaker among undocumented and precarious immigrants compared with those who have a permanent immigration status.

Data and Methods

I draw my analytic sample from multiple cross sections of the Survey of Income and Program Participation (SIPP). The SIPP is a rotating-panel household survey that has been conducted by the U.S. Census Bureau since 1984. The SIPP contains detailed immigration variables that I use to impute immigration status. The immigration measure is based on a series of survey questions that asks respondents about their immigration status when they first entered the United States and

whether they have gained legal status since entering. These measures have been used by other scholars to calculate a variable that indicates immigration status (Greenman and Hall 2013; Hall, Greenman, and Farkas 2010). I combine a cross section of multiple survey waves (1994, 1996, 2004, 2008) to increase the sample size of respondents who are neither citizens nor legal permanent residents and limit the sample to individuals over 25 because only respondents older than 25 were asked about retirement/pension accounts.

I construct a measure of household net wealth, total assets minus total liabilities, using data from respondents' reports about their assets, including having Individual Retirement Accounts (IRAs) and the value of checking accounts, other accounts, bonds, savings bonds, stocks and mutual funds, business equity, other assets, 401k accounts, vehicles, other retirement accounts, primary residence, and other properties, and liabilities, including mortgages, rental property debt, credit cards, vehicle debt, and residual debt. To address the skewness of the wealth distribution, I use a hyperbolic sine transformation, which allows wealth values to be defined at negative and zero values. Importantly, the SIPP does not specify the location of most components of respondents' wealth, although it is likely that offshore wealth is underreported (Cobb-Clark and Hildebrand 2006). To isolate the relationship between immigration status and wealth, I include in my analysis several covariates that have been shown to be associated with wealth accumulation: race/ethnic group, education, marital status, family composition, gender, and survey year.

First, I show descriptively how levels of wealth as measured in the SIPP differ between U.S. citizens, documented immigrants, and undocumented immigrants. These trends are cross sectional and capture for individuals at one point in time. I will then apply a Oaxaca-Blinder decomposition approach to assess the contributions of immigration status to differentials in wealth within racial-ethnic groups. This method will permit me to explore multiple comparisons, including wealth differences between white and Latinx respondents, white and Asian respondents, and white and Black respondents. I estimate the contribution of individual covariates to the wealth gap. This decomposition model yields the magnitude of the mean differences in wealth, which is decomposed into observed and unobserved components. Such a decomposition will yield an apportioning of the mean differences across groups, represented in the model below:

$$\bar{Y}_W - \bar{Y}_L = \bar{X}_L(\hat{\beta}_L - \hat{\beta}_W) + (\bar{X}_L - \bar{X}_W)\hat{\beta}_W$$

Where W and L signify racial-ethnic group (for instance white and Latinx). On the left side of the equation is the difference of mean wealth. On the right side of the equation, the first term, $\bar{X}_L(\hat{\beta}_L - \hat{\beta}_W)$, represents the coefficient component, the amount the wealth difference would shrink if Latinx and white individuals had the same *returns* on the independent variables of interest (e.g., immigration status, education). The second term, $(\bar{X}_L - \bar{X}_W)\hat{\beta}_W$, represents the portion of the gap in mean wealth that is due to compositional differences—that is, the amount by which wealth would change if the *levels* or distributions of the independent variables of interest were the same across the two groups of comparison. A Oaxaca-Blinder decomposition is useful in this case because it approximates the extent to which the gap in wealth would be closed if two racial-ethnic groups had similar distributions of immigration status variables. However, the traditional Oaxaca Blinder decomposition, shown above, is likely dependent on the reference group of categorical variables. As a result, this study reports normalized coefficients of the decomposition using the *mvdcmp* command in Stata (Powers, Yoshioka, and Tun 2011). Decomposition is a common method for analyzing gender and racial disparities in wage, wealth, and health; it was used in a previous article to explain health utilization differences by legal status (Bustamante et al. 2012). All analyses will be conducted within racial and ethnic groups because immigration status is related to policies about who can and cannot become a citizen, which vary by region of origin and ethnic lines.

Results

This section provides descriptive patterns by race/ethnicity, foreign-born status, and immigration status (Tables 1–3) and a decomposition of wealth (Table 4). Table 1 reports sample characteristics for all adults over the age of 25 in the combined SIPP waves. Table 1 also presents the distribution of immigration statuses in the full sample and in each racial-ethnic group. The Asian and Latinx groups have a higher proportion of members in a precarious and potentially undocumented statuses than other groups. For example, while less than 3 percent of white or Black respondents are in the precarious status category, about 12 percent and 18 percent of Asian and Latinx respondents, respectively, fall into this category. Other demographic characteristics are worth noting. First, the average age of Latinx respondents is lower than the

other groups; Latinx respondents are also the group with the lowest percent of college-educated individuals.

Are there differences in wealth by immigration status within racial ethnic groups?

Table 2 presents summary statistics for adults over 25 years old in the SIPP across the years of the study, including the mean and standard deviation of net worth, the percent of individuals with property in the United States, and property value for those who have property. These statistics are provided for each ethnic group and for each immigration status within racial-ethnic groups. For simplicity, both the net worth (in dollars) and the log of net worth are shown. Among Black individuals, those who had a precarious immigration status had the lowest mean net worth. This trend persists in all racial-ethnic groups: individuals in precarious immigration statuses tended to have the lowest levels of reported net worth in the United States.

Importantly, stratification patterns for net worth vary within racial-ethnic groups across the different immigration statuses. For example, U.S.-born Black individuals had the second lowest levels of net worth within the Black subgroup. Foreign-born naturalized citizens had the highest levels of net worth among Black individuals. For Latinx respondents, net worth levels follow a more linear pattern; as individuals' immigration status becomes more stable, their reported net worth increases. For white individuals, the relationship between immigration status and net worth seems to be similar to that among Latinx individuals. Among Asian individuals, those in a precarious status have the lowest levels of reported net worth; U.S.-born individuals are next, then legal permanent residents. Naturalized U.S. citizens have the highest reported net worth.

In addition, I present differences in net worth within each racial/ethnic group by foreign-born status. Table 3 shows net worth means, the differences in mean net worth on the basis of U.S.-born status, and t-tests of net worth differences. The second to last column of Table 3 includes the inverse hyperbolic sine transformation of wealth, which is the outcome variable on which the decompositions are based. In terms of dollar value of net worth, among white and Latinx respondents, foreign-born individuals have higher levels of net worth compared to U.S.-born individuals. The trend is the opposite among Black and Asian individuals. However, when negative values and values of zero are accounted for, U.S.-born individuals have higher levels of net worth than foreign-born individuals for all groups except Asians.

Decomposition analysis of foreign-born and U.S.-born net worth gap

Table 4 shows the decomposition of the inverse hyperbolic sine transformed wealth between white respondents and Asian, Black, and Latinx respondents, respectively. Table 4 shows three distinct regressions. Panel A summarizes the decomposition estimates and Panel B contains the detailed decomposition estimates.

For brevity, only the decomposition coefficients for precarious status are discussed in the results section, as these are the focus of the paper. First, as shown in Panel A, the decomposition of the wealth gap between white individuals and Asian individuals shows that endowment or compositional factors contribute a substantial amount of the wealth gap (over three-fourths of the gap). Asian individuals have slightly lower wealth than white individuals, on average. The detailed decomposition results (in Panel B) of the first model can be interpreted as the expected reduction in the gap if white and Asian respondents had similar distributions of the variable. If white and Asian individuals had similar distributions of precarious migrants, the wealth gap between these two groups would be reduced by 5 percent. Equalizing naturalized citizenship status would increase the gap by 7 percent, and equalizing the legal permanent status distribution would increase the white–Asian gap by 27 percent. Equalizing the distribution of U.S. -born citizens between the white and Asian groups would reduce the gap by 96 percent. In terms of the coefficient estimates, if Asian and white individuals had similar returns to being a U.S.-born citizen, the wealth gap would be reduced by 13.87 percent.

Next, I discuss the Latinx decomposition in the last column of Table 4; those results are somewhat similar to those for Asian individuals. Equalizing the precarious status distribution between white and Latinx individuals would reduce the wealth gap by 4 percent. Equalizing the naturalized citizenship distribution would increase the gap by 3 percent. Equalizing the distribution of legal permanent residents would increase the gap by 8 percent. Equalizing the distribution of U.S.-born citizens would decrease the gap by 22 percent. To place these results in context, equalizing the high school education distribution would decrease the wealth gap by 16 percent.

Among Black individuals, immigration status is not as salient to wealth building as it is Asian and Latinx individuals. In terms of compositional effects among Black individuals, the estimates for precarious immigration status, naturalized citizenship, and legal permanent resident variables were relatively small in size. Results showed that if the white and Black groups had

similar distributions of U.S.-born citizens, the gap would decrease by 5 percent. In terms of the coefficient estimates, if Black and white individuals had similar returns to being a U.S.-born citizen, the wealth gap would be reduced by about 29 percent.

These results indicate that which immigration status variables matter for wealth depends on which racial-ethnic group is the focus.

Age Effects and Wealth

To gain insights about age trends in wealth and immigration status, I predicted wealth levels (the hyperbolic sine transformed wealth) using age, race/ethnicity, and immigration status. Figures 1–4 display predicted values by age for precarious and undocumented migrants, naturalized U.S. citizens, legal permanent residents, and U.S.-born individuals, respectively, with age categories on the x-axis and predicted wealth values on the y-axis. These figures, while descriptive in nature, tell an important story. The relationship between age and wealth is weakest for precarious and undocumented migrants, as hypothesized. The relationship between age and wealth is strikingly similar among those who have stable immigration statuses. Unsurprisingly, the relationship between age and wealth is the sharpest among U.S.-born individuals.

Discussion

This study has two principal aims. First, using the SIPP, this study describes wealth patterns among individuals of different immigration statuses within different racial-ethnic groups. Second, this study provides estimates of the extent to which immigration status accounts for wealth gaps between white and Asian individuals, white and Black individuals, and white and Latinx individuals. Additionally, due to the correlation between wealth and age, I examine whether the relationship between age and wealth is similar across individuals with different immigration statuses. Results suggest that immigration status matters for wealth, and that immigration status has different explanatory power for wealth gaps in different racial-ethnic groups. Thus, immigration status explains some of the gap between foreign-born and U.S.-born citizens, but how much of the gap is accounted for by immigration status varies for different racial-ethnic groups. Immigration status is much more salient for Latinx and Asian individuals

than for Black or white respondents. Results also indicate that the relationship between wealth and age is stronger among those with a more stable immigration status. This study supports previous research on the role of legal status as a racialized force of inequality (Asad and Clair 2018) and adds novel insights about one of the potential mechanisms behind wealth inequality by revealing non-negligible differences in the ability for individuals to secure their future depending on immigration status.

Previous studies about immigrants who have undocumented and precarious immigration statuses have largely focused on differences in income and occupational status (Steigleder and Sparber 2017; Takei, Sáenz, and Li 2009). These socioeconomic indicators are important to consider. However, throughout the life course, wealth is a substantively important socioeconomic outcome because it provides information about financial security and the resources an individual can access in retirement or disability. Moreover, racial-ethnic differences in wealth are larger and more pervasive than income differences. For these reasons, insights about wealth are necessary to better understand the relationship between immigration status and economic status across the life course.

The relationship between immigration status and wealth has been examined previously in studies of specific regions within the United States (Flippen 2019). We find similar results at the national level. Findings in this study build on previous research in important ways. First, few studies in the past have examined the role of immigration status within racial-ethnic groups. Given that immigration status itself is a product of a racialized immigration system based on exclusion of unwanted minorities (Ngai 2004), an analysis of the function of immigration status within groups is particularly valuable. Moreover, the dimension of age and increasing inequality among those who reach older ages while having a precarious immigration status is often overlooked in studies that focus on working-age immigrants.

While recent studies about immigration status have begun to examine wealth (Flippen 2019), a focus on the life course and on national estimates remain scarce. We currently lack information about wealth differences by immigration status at the national level and further lack an understanding about differences in wealth across the life course. This article builds on past research by describing the extent to which immigration status matters for wealth gaps within and across racial-ethnic groups.

This study holds implications for immigrant incorporation, because it points to the range of consequences of long-term exclusion from a stable immigration status. If immigrants with a stable permanent status acquire resources across their life course that are unavailable to residents who are undocumented or have a precarious immigration status, then differences in inequality might widen in older age. Instead of time in the U.S. correlating with a better socioeconomic position, it might correlate with increasing economic disparities for a subset of immigrants. Barriers to wealth building for immigrants who do not have a legal status, such as the ones discussed in this paper, not only prevents their own economic incorporation and financial security; it may also have consequences for the economic status of their children. Wealth, thus, may be a mechanism behind segmented assimilation.

This study contributes novel information that can push future scholarship forward. Future researchers may wish to explore variation by migration-year cohort because the last immigration reform occurred in 1986. Foreign-born immigrants who arrived undocumented to the United States after the reform may be most impacted by the consequences of immigration status for wealth. Since migration patterns and undocumented status are intertwined with country of origin due to immigration laws, countries of origin also are important aspects of this wealth story. However, the data in the SIPP are limited because of the unavailability of specific country of birth in recent years of the survey.

Future scholars may also wish to examine the consequences of having relatively lower levels of financial security in older age. A recent study of older undocumented adults in Southern California found that this population may experience high out-of-pocket costs for chronic and degenerative conditions (Ayón, Ramos Santiago, and López Torres 2020). The lack of wealth may have multiple consequences beyond socioeconomic status.

This study holds implications for policy-makers and practitioners. Because a majority of older adults rely on state-based programs such as social security for retirement, and because individuals who have a precarious immigration status are less likely to access these programs, the lack of financial security throughout the life course may have devastating effects in older age. Retirement options in older age have increasingly put the onus on individuals to accumulate sufficient resources; in the absence of state-based supports, immigrants who have a precarious immigration status may have to rely on their own resources to survive. Given the role of family in the lives of older individuals, the wealth of family members of these individuals may also be

implicated in their long-term and life course economic circumstances (Gubernskaya and Tang 2017).

Limitations

Although the SIPP is more comprehensive than most datasets, it provides limited wealth information. A recent working paper found that SIPP estimates differed from estimates from the Survey of Consumer Finances (the gold standard for household wealth data in the United States); however, the differences did not significantly alter racial wealth-gap analyses.¹⁰ While wealth estimates may differ between surveys, analyses from the SIPP are still informative because between-group differences will still be accurately captured.

Another potential challenge is measurement error due to the inability to capture unreported wealth. Undocumented migrants may have unreported wealth in their countries of origin. Finally, the SIPP has a relatively small number of older-age minority adults who do not have permanent immigration status in any given survey year. Future studies may use the 2008 American Community Survey, which has a larger sample size than any given year of the SIPP, as a robustness check and use home ownership as a proxy for wealth.

The SIPP also presents wealth within racial-ethnic groups as heterogeneous. One study in Miami disaggregated these groups and found substantial differences within Latinx groups (Aja et al. 2019). Due to limitations in the data, the measure for legal status is imperfect and may be too relaxed. Nevertheless, a similar approach has been taken in previous studies that use the SIPP (Greenman and Hall 2013; Hall, Greenman, and Farkas 2010). If legal immigrants are included in my definition of *undocumented*, then the effects in this study will underestimate the true effect. In spite of these limitations, this study contributes important insights to the study of immigration and inequality. Lifetime occupation is not included. SIPP does not have the history of individuals. As many of the older persons in this study are not employed, occupation was not included as a main variable in this study.

Another limitation is the issue of endogeneity. Individuals who have a permanent legal status may also have characteristics associated with stronger financial profiles. One strategy to partially address this challenge is a two-stage regression in which the propensity to be in a precarious immigration status is modeled first (by regressing sociodemographic variables on the

precarious status variable), and then the predicted values of this model are regressed into the second model to predict wealth.

Finally, immigration status is not static (Goldring and Landolt 2011). Immigrants may move through several legal statuses in their life course. This understanding of immigration status complicates the simple dichotomy that reduces immigrants into those who are legal and those who are not (Goldring and Landolt 2011). This simplification is a concern for this analysis because it may make differences in wealth appear more extreme than they are.

However, despite its limitations, this study presents an important descriptive portrait of how wealth building in the United States is conditioned by race/ethnicity and immigration status.

Table 1. Summary statistics from SIPP, significance tests relative to white individuals

	Full Sample	Black	White	Asian	Latinx	
Precarious immigration status (potentially undocumented)	3.02%	1.98% ***	2.68%	11.82% ***	18.17% ***	
Naturalized citizen	3.26%	2.11% ***	2.88%	13.18% ***	11.80% ***	
Legal permanent resident	7.44%	6.08% *	5.69%	43.74% ***	27.40% ***	
U.S.-born citizen	86.28%	89.83% ***	88.75%	31.26% ***	42.62% ***	
Sex (female=1)	53.67%	59.65% ***	52.82%	54.30% *	52.77%	
Age	49.49 (15.79)	48.42 (15.27) ***	49.88 (15.91)	46.34 (14.58) ***	43.31 (14.04) ***	
Over age 65	27.34%	17.57% ***	20.72%	13.17% ***	10.34% ***	
College educated	56.16%	46.72% ***	57.11%	64.02% ***	32.41% ***	
Lives with close kin	66.15%	64.24% ***	73.95%	77.67% ***	78.46% ***	
Married	60.13%	42.31% ***	66.02%	70.40% ***	64.16% ***	
Survey year						
	1996	22.76%	25.56%	25.51%	10.20%	24.32%
	2001	18.20%	20.90%	20.16%	9.35%	22.41%
	2004	25.98%	28.31%	28.45%	37.16%	25.10%

2008	27.03%	25.23%	25.88%	43.29%	28.16%
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Note: Calculations are based on SIPP 1996, 2001, 2004, and 2008 cross sections. Significance levels are represented by the following: * $p < .10$, ** $p < .05$, *** $p < .01$

Table 2. Racial-ethnic differences in wealth indicators by immigration status, significance tests relative to precarious category

	Precarious/ Undocumented		Legal Permanent Resident		U.S. Citizen, Naturalized		U.S.-Born Citizen	
	Mean or %	SD	Mean or %	SD	Mean or %	SD	Mean or %	SD
<i>Black individuals</i>								
Total household net worth	39,963	111,713	70,383 ***	155,009	107,624 ***	319,284	63,425 ***	139,310
Log of net worth	8.08	3.88	8.86 ***	4.00	9.37 ***	3.92	8.98 ***	3.84
Has property	31%		48% ***		55% ***		54% ***	
Property value	52,720	108,457	96,496 ***	142,236	117,998 ***	163,420	68,184 *	105,500
<i>White individuals</i>								
Total household net worth	58,841	168,922	169,414 ***	1,441,353	171,342 ***	392,529	225,610 ***	920,831
Log of net worth	8.58	3.70	10.10 ***	3.27	10.49 ***	3.10	11.26 ***	2.25
Has property	37%		59% ***		64% ***		74% ***	
Property value	71,824	128,917	125,456 ***	166,193	134,401 ***	158,484	142,101 ***	154,606
<i>Latinx individuals</i>								
Total household net worth	37,881	132,787	65,779 ***	152,881	78,990 ***	161,008	91,258 ***	217,078
Log of net worth	8.03	3.78	9.13 ***	3.43	9.26 ***	3.67	9.77 ***	3.25
Has property	33%		50% ***		53% ***		58% ***	

Property value	54,634	105,532	83,334 ***	129,425	95,125 ***	131,617	98,592 ***	140,028
<i>Asian individuals</i>								
Total household net worth	110,456	188,115	218,927 ***	343,910	280,599 ***	376,725	239,704	2,103,888
Log of net worth	9.77	3.36	10.92 ***	2.94	11.45 ***	2.64	10.55 ***	3.03
Has property	39%		64% ***		74% ***		62% ***	
Property value	129,605	198,813	212,031 ***	218,404	249,919 ***	228,975	146,847	197,487

Significance levels are represented by the following: *p<.10, ** p<.05, ***p<.01

Table 3. Differences in household net worth by foreign-born status and race/ethnicity

	Net Worth (dollars)		Inverse Hyperbolic Sine transformed wealth	
	Mean	SD	Mean	p-value
<i>Black</i>				
U.S.-born	63,425	139,310	6.39	0.001
Foreign-born	71,730	195,074	5.819	
<i>white</i>				
US born	225,610	920,831	9.79	0.000
Foreign-born	142,815	1,044,471	7.85	
<i>Latinx</i>				
US born	91,258	217,078	6.95	0.000
Foreign-born	59,664	149,402	6.42	
<i>Asian</i>				
US born	239,704	2,103,888	8.87	0.005
Foreign-born	211,959	333,329	9.2	

Table 4. Decomposition of the inverse hyperbolic sine transformed wealth between white and racial ethnic minorities

<i>Panel A: Basic Decomposition Values</i>						
	White-Asian		White-Black		White-Latinx	
Endowments	0.95551		0.67536		1.2686	
Coefficients	0.28003		2.2683		1.5324	
Gap decomposed	1.2355		2.9436		2.8011	
<i>Panel B: Detailed Decomposition Values</i>	Beta (Standard Errors)	p-value	Beta (Standard Errors)	p-value	Beta (Standard Errors)	p-value
<i>Endowments Component</i>						
Precarious/undocumented	0.066	0.000	-0.006	0.000	0.115	0.000
	0.004		0.000		0.012	
Naturalized citizen	-0.095	0.000	0.008	0.000	-0.107	0.000
	0.013		0.001		0.020	
Legal Permanent Resident	-0.334	0.000	-0.007	0.000	-0.231	0.000
	0.042		0.001		0.044	
US born citizen	1.191	0.000	-0.016	0.000	0.637	0.000
	0.051		0.001		0.084	
High school or less	-0.151	0.000	0.162	0.000	0.467	0.000
	0.004		0.004		0.021	
Woman	0.012	0.000	0.036	0.000	-0.017	0.000
	0.001		0.002		0.002	
Married	-0.061	0.000	0.324	0.000	0.041	0.000
	0.003		0.013		0.002	
Survey year 2001	-0.082	0.000	-0.002	0.000	-0.008	0.000
	0.008		0.000		0.001	
Survey year 2004	0.032	0.000	0.001	0.000	0.004	0.004
	0.006		0.000		0.001	

Survey year 2008	0.184	0.000	0.007	0.000	0.048	0.000
	0.010		0.000		0.005	
Over 65 years old	0.197	0.000	0.166	0.000	0.321	0.000
	0.002		0.002		0.004	
<i>Coefficients Component</i>						
Precarious/undocumented	0.030	0.14	-0.004	0.243	-0.048	0.008
	0.021		0.004		0.018	
Naturalized citizen	0.167	0.002	0.013	0.717	0.069	0.046
	0.054		0.013		0.035	
Legal Permanent Resident	0.460	0.001	0.006	0.828	0.092	0.157
	0.141		0.029		0.065	
US born citizen	0.380	0.000	0.850	0.007	0.246	0.01
	0.104		0.317		0.095	
High school or less	0.171	0.056	-0.332	0.001	-0.392	0
	0.090		0.098		0.104	
Woman	0.135	0.35	0.215	0.056	-0.120	0.122
	0.145		0.113		0.078	
Married	0.198	0.338	-0.063	0.454	0.075	0.459
	0.206		0.084		0.102	
Survey year 2001	-0.024	0.611	-0.001	0.986	0.021	0.601
	0.047		0.052		0.041	
Survey year 2004	-0.969	0.000	-0.079	0.135	-0.238	0
	0.124		0.053		0.045	
Survey year 2008	-0.874	0.000	0.018	0.758	0.094	0.082
	0.150		0.058		0.054	
Over 65 years old	0.208	0.000	-0.017	0.355	0.041	0.022
	0.041		0.019		0.018	

Figure 1. Predicting wealth by age among individuals who have a precarious/undocumented status

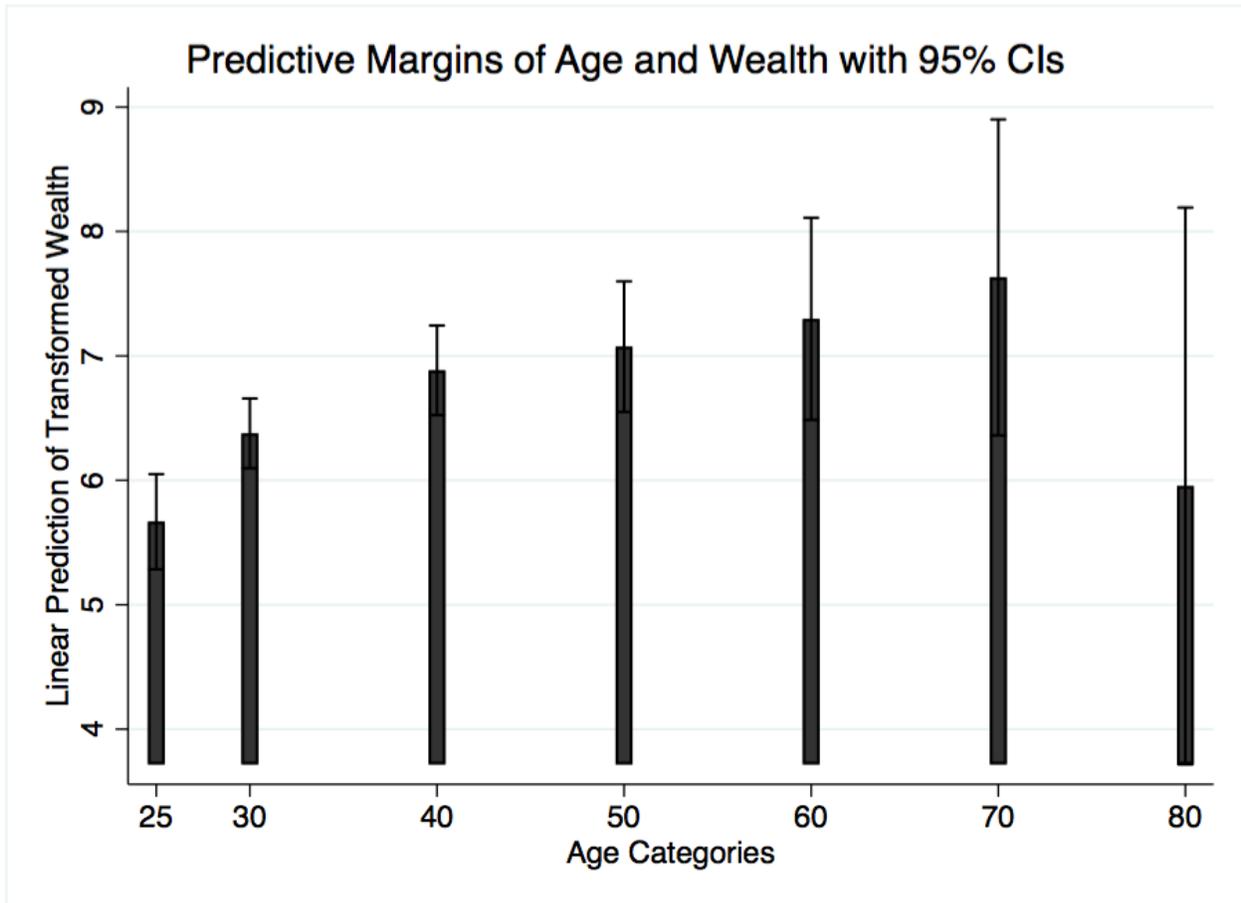


Figure 2. Predicting wealth by age among individuals who are naturalized US citizens

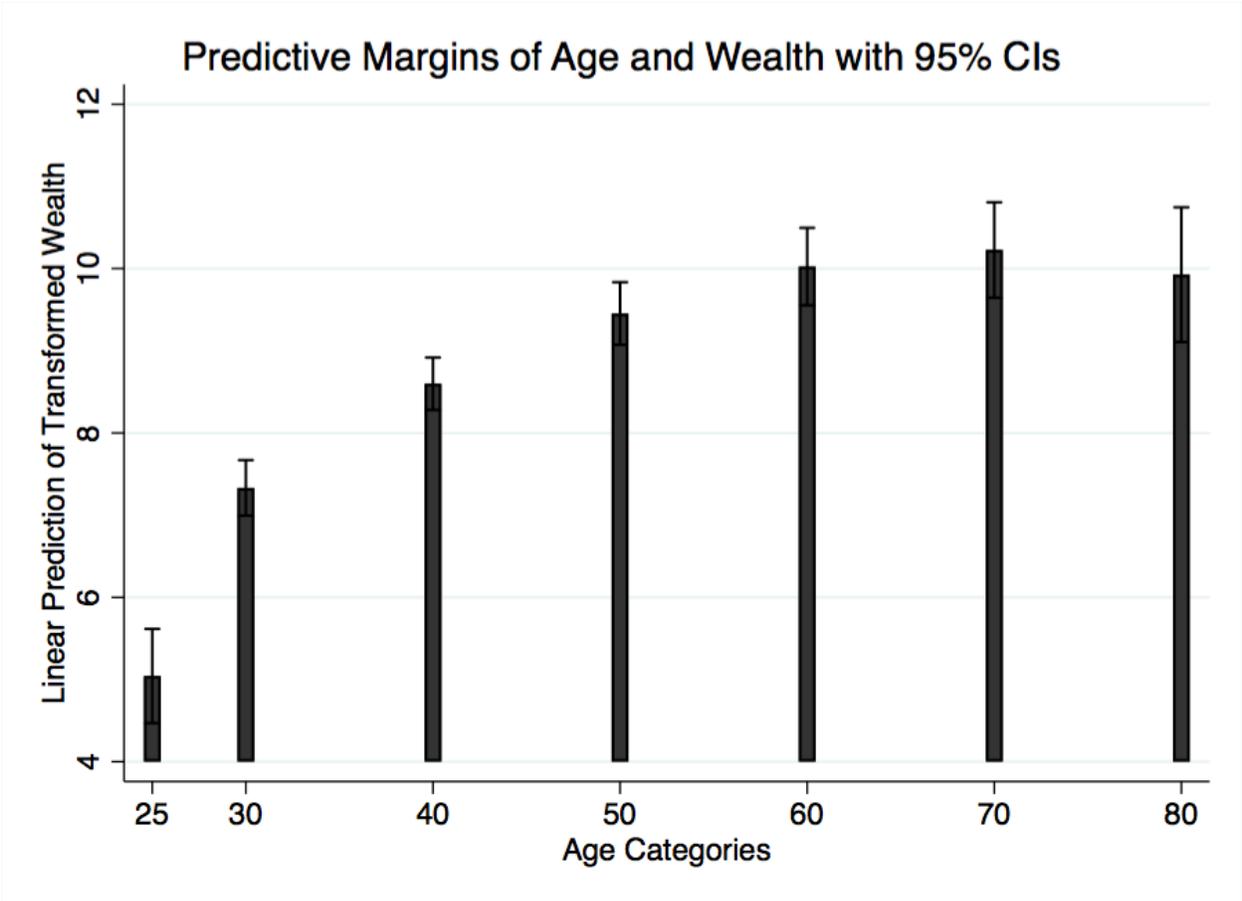


Figure 3. Predicting wealth by age among individuals who are legal permanent residents

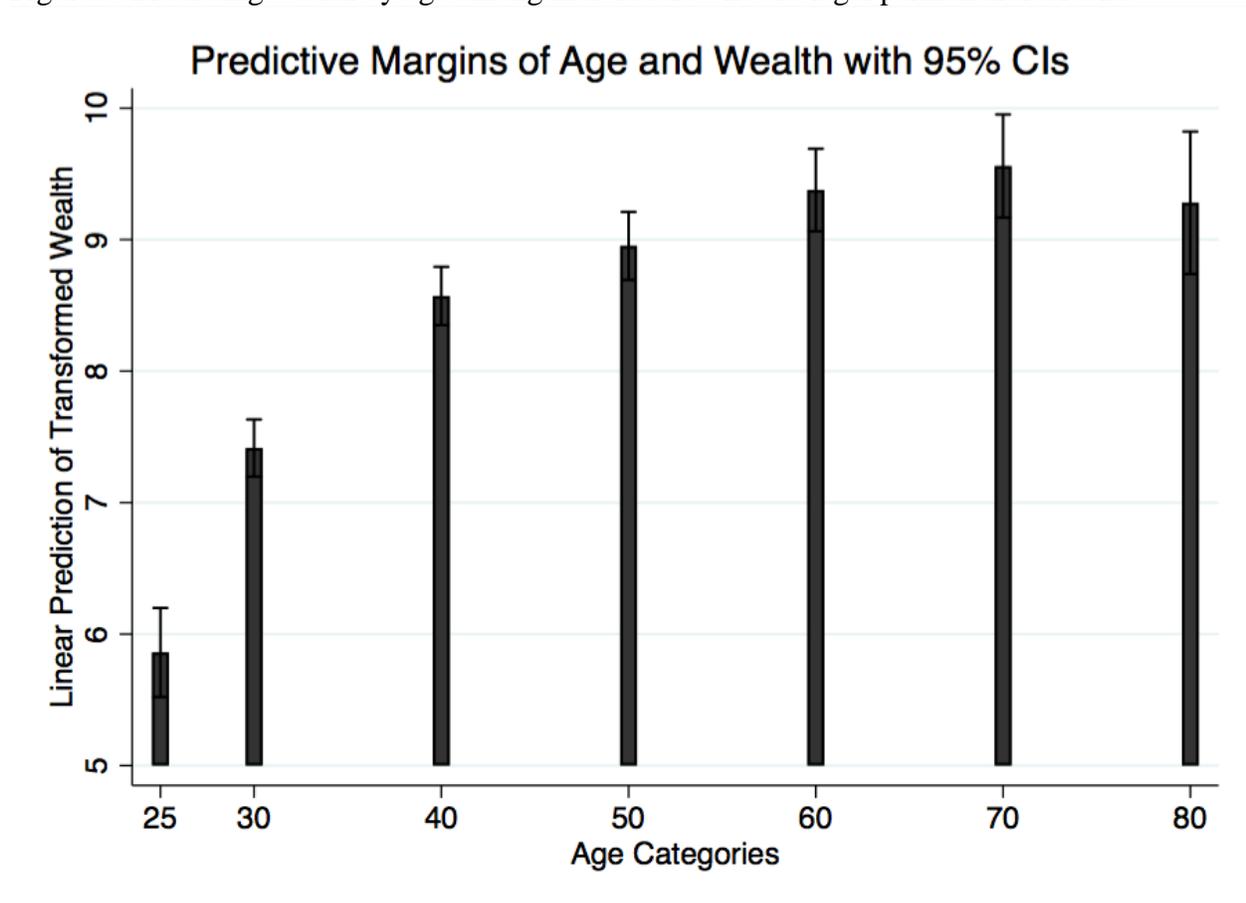
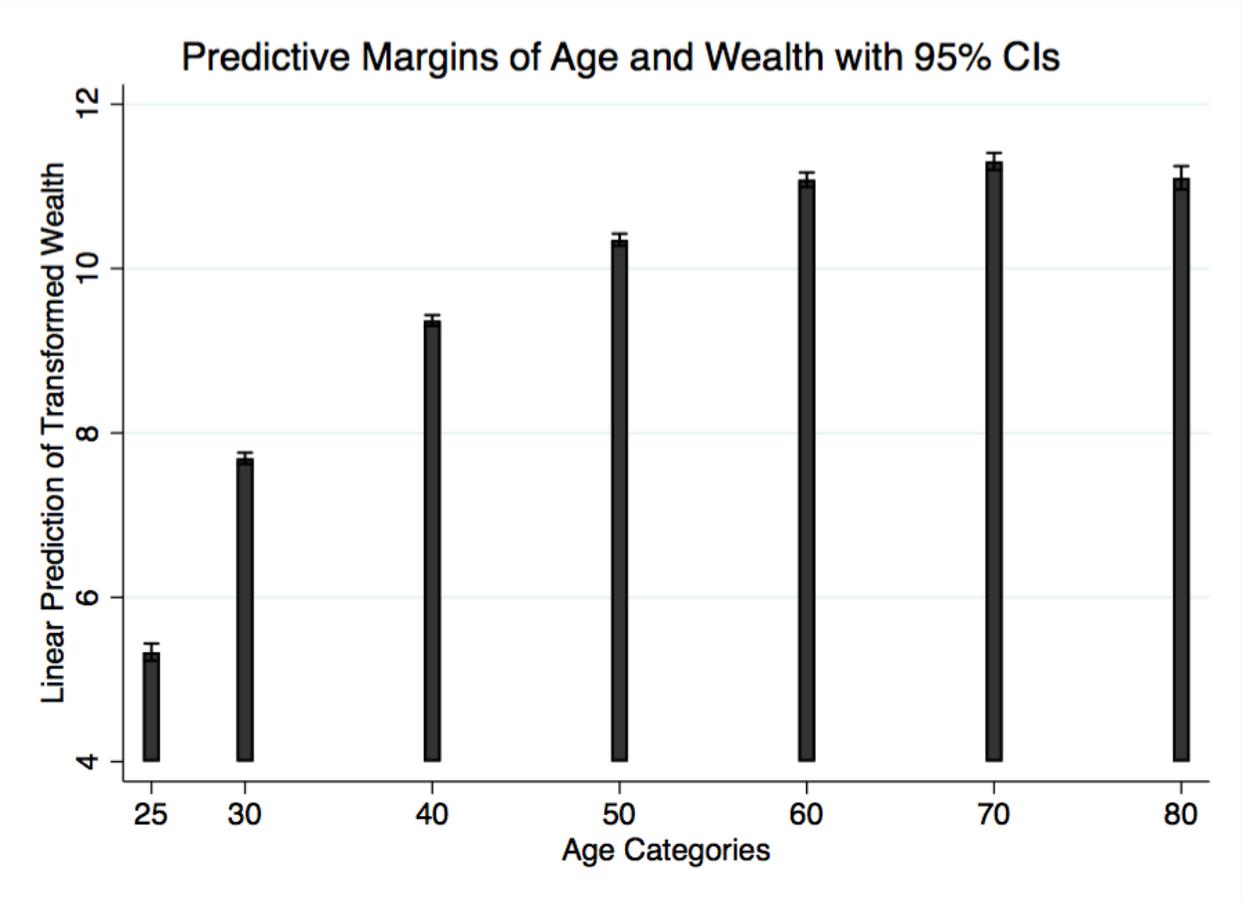


Figure 4. Predicting wealth by age among individuals who are US born



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