



CONTINUOUS CONVERGENCE OR CUMULATIVE DISADVANTAGE? U.S. IMMIGRANTS' ECONOMIC INTEGRATION IN LATER LIFE

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Immigrants arrive in the U.S. with lower earnings but experience faster earnings growth than do their native-born counterparts, and, as a result, approach earnings parity with the U.S.-born over time. This study investigates whether achieving economic integration during working years guarantee immigrants' financial security in later life. It finds that even as immigrants approach parity with the native-born in terms of current earnings, they accumulate disadvantages in lifetime earnings, job benefits, and wealth that lead them to receive lower income in later life.

U.S. Immigrants' Economic Integration in Later Life

Drawing on nationally representative longitudinal data, this study finds that foreign-born men experience faster income decline than do their U.S.-born counterparts after age 50, and, as a result, have an expanding economic disadvantage relative to the U.S.-born as they age. This expanding disadvantage is observed across cohorts and ethno-racial groups. Lower lifetime earnings and worse job benefits are the primary drivers of older immigrants' expanding income disadvantage.

Immigrants Experience Faster Income Decline

Between ages 55-64, the effect of aging on income is about the same for immigrants and their native-born counterparts (Table 1). At age 65-69, however, immigrants' prospects take a somewhat sudden turn for the worse. As a result, while immigrants aged 50-64 receive about 13% less in annual income than the native-born, this gap increases to 28% at age 65-69 and further grows to 30% at age 75-79.

Table 1. Random-Intercept Model Predicting Immigrants and Native-born Men's Logged Total Income

	Coefficients	Standard error	Percent Difference
Immigrants	-0.143*	(0.0618)	-13%
Age (ref: 50-54)			
55-59	-0.0443***	(0.0119)	-4%
60-64	-0.162***	(0.0135)	-15%
65-69	-0.246***	(0.0142)	-22%
70-74	-0.313***	(0.0149)	-27%
75-79	-0.358***	(0.0160)	-30%
Interaction Terms			
55-59 * Immigrants	-0.0372	(0.0730)	-4%
60-64 * Immigrants	-0.0687	(0.0730)	-7%
65-69 * Immigrants	-0.184**	(0.0686)	-17%



70-74 * Immigrants	-0.196**	(0.0698)	-18%
75-79 * Immigrants	-0.220**	(0.0737)	-20%

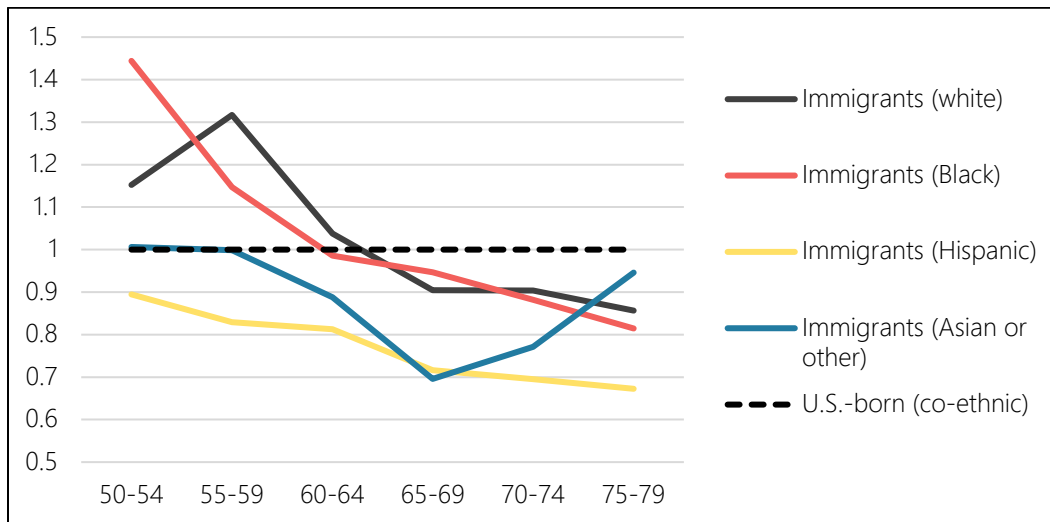
Source: Health and Retirement Study (HRS) 1992-2018 .

Note: Controls include educational attainment (ref: high school graduate) and year of interview (ref: 2012). Robust standard errors with clustering on individuals. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$ (two-tailed tests).

Immigrants' Expanding Income Disadvantage Is Observed across Ethno-racial Groups

Immigrants' growing disadvantage in later-life income is still present when the reference group is their native-born co-ethnics (Figure 1). Foreign-born white men have even higher income than the native-born throughout their fifties, after which they experience a significant decline in income and receive about 15% less in income than native-born white men at age 75-79. Relative to native-born Blacks, Black immigrants' individual income is 40-50% higher at age 50-54 but 20% lower at age 75-79. Relative to native-born Hispanics, Hispanic immigrant men's income is 10% lower at age 50-54 and over 30% lower at age 75-79. Asian immigrants' income is slightly lower than native-born men of Asian/other ancestry, although this disadvantage fluctuates across ages. In summary, regardless of the reference group, being an immigrant is a negative predictor of total individual income at older ages.

Figure 1. Ratio of Immigrant to Native born Co-ethnic Income



Lower Lifetime Earnings and Worse Job Benefits Drive Older Immigrants' Expanding Income Disadvantage

The study tests a few explanations for immigrants' disadvantage, based on the fact that specific mechanisms through which immigrant status shapes later-life income should lead to nativity disparities in specific sources of income (e.g., job benefits would impact income from pensions).



Findings indicate that lifetime earnings (corresponding to Social Security Retirement Benefits) and job benefits (corresponding to pensions) are likely the dominant drivers of an expanding immigrant disadvantage in total income. This is reflected by the fact that as individuals age, Social Security retirement benefits and pensions account for increasing shares of individuals' total income; nativity gaps in both sources of income also expand with age.

Implications

- Policies that aim at narrowing disparities in aging trajectories may benefit from more consideration of the role of nativity
- Ensuring the financial security of older adults may require actions that tackle cumulative inequalities earlier in the life course

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