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Racial Wealth Disparities in Older Age and Social Security Program Participation

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Abstract

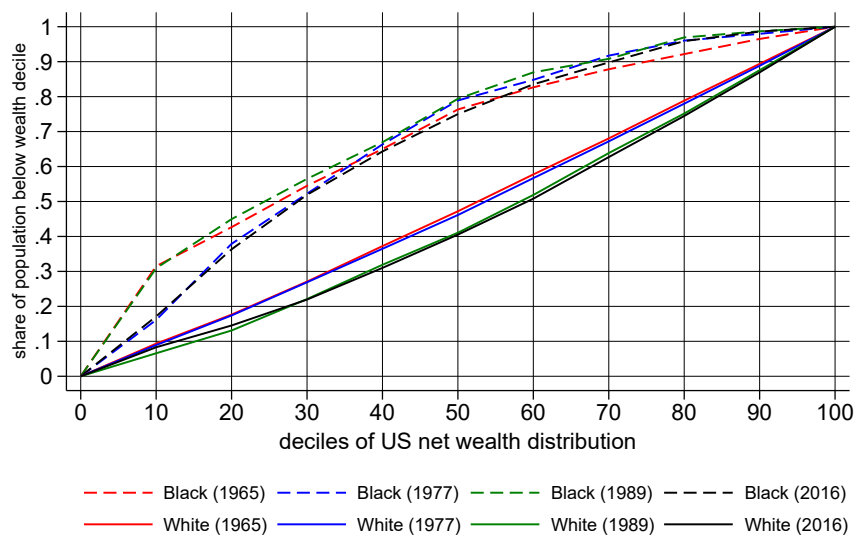
Using the Health and Retirement Survey (HRS), we document large wealth disparities between older age persons in White households vs. Black households. We find that racial wealth disparities widen with age across the entire wealth distribution. Behind the disparities in wealth levels, we show that wealth accumulation is slower for Black households compared to White households with similar initial wealth. In fact, the racial wealth accumulation gap is larger among wealthier households. We then ask how Social Security program design shapes racial differences in wealth accumulation. We show that the onset of Supplement Security Income (SSI) receipt—a means-tested anti-poverty payment—is associated with a reduction in relative racial wealth disparities. In contrast, results are mixed for Social Security Disability Insurance (SSDI)—a program tied to work history. We conclude by discussing future directions of research for understanding Black/White wealth gaps among older households and the effects of Social Security program design.

KEYWORDS: racial wealth inequality, Social Security, HRS, wealth accumulation

1 Introduction

For generations, significant racial disparities in wealth have persisted in the United States. Figure 1 traces the distribution of wealth for Black households (dashed lines) and for White households (solid lines) across different waves of the Survey of Consumer Finance (SCF) from 1965 to 2016.¹ The x-axis represents deciles of the US wealth distribution and the y-axis represents the share of households in a group below a given decile of the national wealth distribution. In a hypothetical world where the distribution of Black household wealth and the distribution of White household wealth are the same, the dashed lines and the solid lines would be the same and would lie on a “45-degree” line going from (0, 0) to (100, 1).

Figure 1: Wealth distributions for Black and White households



Notes: The distribution of Black household wealth (dashed lines) and White household wealth (solid lines) against deciles of national wealth distribution using the extended Survey of Consumer Finance (SCF+) for the years 1965, 1977, 1989, and 2016.

Instead, in Figure 1, the dashed lines are above the solid lines reflecting the fact that the distribution of Black household wealth (dashed lines) contains lower wealth values compared with the distribution of White household wealth (solid lines). For instance, the fraction of Black households with a total wealth less than the overall US median wealth was around 75 percent in 1965. Moreover, that fraction was virtually the same in 2016 and throughout the fifty-year period presented. This striking lack of convergence is apparent across the entire wealth distribution, not just at the median.²

¹The years 1965, 1977, 1989, and 2016 were selected to simply illustrate the near-decadal evolution of the racial wealth disparities over a fifty-year period using the SCF+, an extended version of the SCF constructed by Kuhn et al. (2020). See also Derenoncourt et al. (2023b) for a series of White-to-Black per capita wealth ratios from 1860 to 2020.

²It is important to note that the net worth measure of wealth from the SCF+ used here does not include Social Security payments and defined-benefit (DB) pensions. Jacobs et al. (2021) developed an expanded

In this paper, we focus on Black/White wealth differences among older, typically retired, households across the entire wealth distribution and we examine the implications of Social Security policy design for Black/White disparities in wealth. We specify and estimate an econometric model of wealth accumulation for the households that we observe across multiple waves of the Health and Retirement Survey (HRS). Few studies explore this question directly with the notable exception of Brown (2016) who shows, using the HRS, that White households experience much more rapid rates of wealth accumulation during their 50s and 60s than their minority counterparts, resulting in increasing wealth disparities with age.³ We focus on racial differences in wealth since wealth rather than income is a preferred index of a community's subaltern status in stratification economics (see Darity et al. 2021). Previous research has also shown that income dynamics are less well correlated with wealth for Black households compared with White households (see, e.g., Altonji and Doraszelski 2005).

The potential interaction of racial wealth disparities and the Social Security system is rooted in its racially discriminatory inception. First, Southern legislators attempted to preserve the subjugated position of Negro sharecroppers as the Social Security Act of 1935 sought to expand public insurance and social welfare programs in America (Johnson 2020; Quadagno 1988). Yet, Poole (2006) also challenges the simplistic narrative that only the "solid South" is responsible for the racially disparate impacts of key provisions of the Social Security Act of 1935, such as the exclusion of agricultural workers, domestic workers, and very-low-income workers. According to Poole (2006), some Southern senators eventually supported the inclusion of farm workers. On the other hand, the Committee on Economic Security (CES) was dominated by the technocratic "University of Wisconsin group" of former students of John R. Commons. Poole (2006) argues the Wisconsin group's views were steeped in the privilege of White manhood as their policy design centered on jobs mostly done by able-bodied White men and their families.

However, DeWitt (2010) argues that the available evidence does not support a Southern block or a racial-bias thesis as key for understanding the predominant exclusion of Black workers: while two-thirds of gainfully Black workers were excluded, a quarter of White workers were also excluded.⁴ DeWitt (2010) also argues an exclusion of agricultural and domestic workers would not have been rationally in the self-interest of Southerners since it would have incentivized workers to leave their agricultural and domestic jobs and seek employment in factory work or in other covered industries. Ultimately, DeWitt (2010) cautions against a

measure of wealth that includes both DB pensions and net Social Security wealth (SSW) for a sample of households with heads aged 40 to 59. Thompson and Volz (2021) find that with such a measure of "combined wealth," racial wealth gaps are substantially smaller than those calculated using the typical measure, market wealth, included in the SCF and other standard datasets. However, the absolute dollar value of the wealth differential increases. Our focus is on older, typically retired, households in this study.

³Thomas et al. (2020) also ask whether Black/White wealth disparities decline with age or time using the 1989–2009 Panel Study of Income Dynamics. They too find that gaps in median wealth widen with age and do not seem to attenuate over time.

⁴The Act only included only workers regularly employed in commerce and industry and thereby excluded: self-employed individuals and professionals (including farm proprietors, doctors, lawyers, and ministers), nonprofit sector employees, seamen in the merchant marine, persons aged 65 or older, casual laborers, members of Congress, employees of federal, state, and local governments.

broad generalization of ‘Southern influence’ and notes that it is Henry Morgenthau, Jr.—a Northerner and the Secretary of Treasury—who maneuvered to exclude agricultural and domestic workers on the basis the intolerable administrative challenges of collecting wage taxes from scattered farm or domestic establishments lacking reliable accounting records.⁵

Thompson (1975) provides one of the earliest detailed reviews of large racial disparities in eligibility across various programs of the Old-Age, Survivors, Disability, and Health Insurance (OASDHI). Racial differences in the design of the Social Security System motivate our explorations of potential enduring racial differences in the association between Social Security program participation and wealth accumulation.

We leverage the Health and Retirement Survey (HRS) data to study racial wealth disparities among older age households. The HRS has multiple advantages over the SCF for the study of wealth dynamics and wealth disparities among older Americans. The panel dimension of the HRS allows us to study the evolution of wealth within a household unit over time, as opposed to broad cross-sectional comparisons. The HRS also has a larger sample of respondents aged 50 and above. Older households are ideal for isolating the role of non-earnings factors in racial wealth gaps since older households are typically retired and less dependent on labor income.⁶

We document the evolution of racial wealth disparities over the life cycle and estimate the effects of Social Security program participation on racial wealth accumulation differences. We report three substantive findings in this analysis: a) racial wealth disparities widen with age across the entire wealth distribution; b) Black households have a lower rate of accumulation compared with White households with similar initial wealth; and c) new Supplemental Security Income recipients tend to have smaller racial wealth accumulation gaps while new SSDI recipients can experience wider racial disparities in wealth accumulation. Together, these findings motivate additional extensions for this research and new questions that we plan to tackle using the restricted-access micro dataset on the mechanisms behind these racial differences in wealth and wealth accumulation among older Americans.

The implications of our results, however, should not be overstated. First, correlation is obviously not causation: Our results do not show that Social Security program participation *causes* either a widening or a reduction of the observed racial differences in wealth accumulation. Second, while the antipoverty implications of Social Security Administration (SSA) programs are significant, the wealth implications—particularly on average and top racial wealth gaps—may be marginal if racial wealth differences are driven primarily by intergenerational transmission effects.

2 The Facts of Racial Wealth Inequality in the HRS

⁵DeWitt (2010) notes that the Secretary of Labor, Frances Perkins, and President Roosevelt were in favor of a near-universal coverage that included farm and domestic workers. Kijakazi et al. (2019) and Sledge (2023) also discuss whether racism shaped New Deal policies.

⁶Lin and Dominguez (2023) use the Panel Study of Income Dynamics (PSID) to document that racial gaps in financial assets are large and crucial for understanding absolute racial wealth differences, especially at the mean and above the median of the wealth distribution.

2.1 Background on Wealth and Race

Racial wealth disparities are integral to American history and economic development. Derenoncourt et al. (2023a) suggest that the historical exclusion of the enslaved Black population from wealth accumulation until 1865 has enduring implications for contemporary wealth distributions. Despite some progress in wealth convergence over the past 150 years, large racial wealth disparities persist along with an important contribution from racial differences in capital gains on existing assets. Even when looking at non-financial assets, Myers and Chung (1996) find that among pre-retirement households, discrimination in housing and credit markets can explain two-thirds to four-fifths of the racial disparities in homeownership and home equity, with a growing role for racial discrimination as incomes rise. Kermani and Wong (2021) also point to the salience of marginalized race and ethnicity markers in understanding realized housing returns.

Addo and Darity (2021) confirm the persistent salience of race in explaining racial wealth disparities. In the Great Recession recovery period, they found that race and ethnicity are a stronger predictor of wealth differences for historically marginalized racial/ethnic groups than occupational-class categorizations such as education, income, employment status, and position. Ashman and Neumuller (2020) use a calibrated incomplete-markets model of self-insurance and bequest motives to suggest that racial income differences explain half of the racial wealth gap at the median, while bequest motives and intergenerational transfers of wealth each account for about a quarter of these differences.⁷

We focus here on racial wealth disparities among households using the HRS: older households are not only key for understanding the intergenerational transmission of wealth but also ideal for isolating wealth accumulation factors other than earnings dynamics.

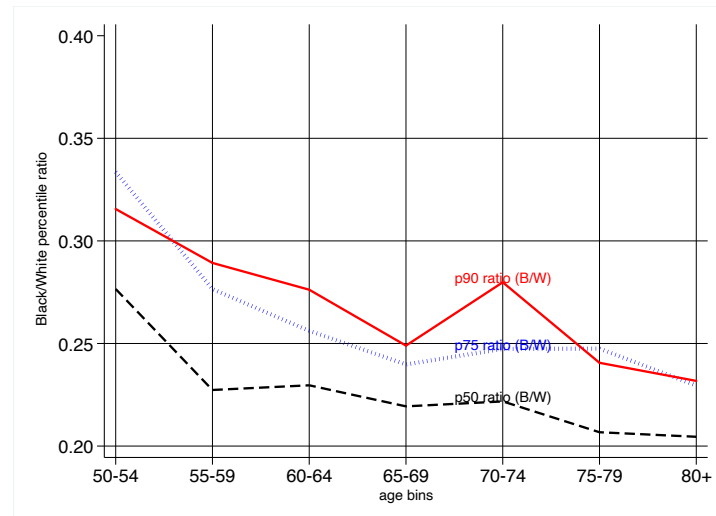
2.2 Data Description

We use data from the Health Retirement Survey. Specifically, we use the RAND HRS Longitudinal File 2018 (V2) (see Bugliari et al. 2022) which includes 14 waves of core interview data across 16 survey years (1992, 1993, 1994, 1995, and biennially 1996–2018). It encompasses seven entry cohorts: the initial 1992 Health and Retirement Study (HRS) cohort; the 1993 Study of Assets and Health Dynamics (AHEAD) cohort; the Children of Depression and War Baby cohorts entering in 1998; the Early Baby Boomer cohort entering in 2004; the Mid Baby Boomer cohort entering in 2010; and the Late Baby Boomer cohort entering in 2016.

In our analysis, we use the survey respondent’s characteristics to construct the household race and age. We assign each household to one of the following age bins: 50–54, 55–59, 60–64, 65–69, 70–74, 75–79, and 80+. We restrict the sample to White and Black households.

⁷See also McKernan et al. (2014) for an empirical longitudinal analysis of the role of private transfers in explaining racial wealth differences using the PSID.

Figure 2: Growing racial wealth disparities with age



Notes: Black/White percentile ratios across age bins using the RAND HRS Longitudinal Sample 1992–2018. Age bins are on the horizontal axis while ratios are on the vertical axis. The red solid line is the 90th wealth percentile ratio. The 75th wealth percentile ratio is the blue dotted line, and the black dashed line represents the median wealth ratio.

2.3 Racial Disparities in Total Wealth

In Figure 2, we document the evolution of the ratio of Black household wealth over White household wealth for select percentiles (50th, 75th, and 90th) of the wealth distribution within each age-race group. Figure 2 shows that Black households have significantly less wealth than White households of corresponding rank in the distribution of White wealth.⁸

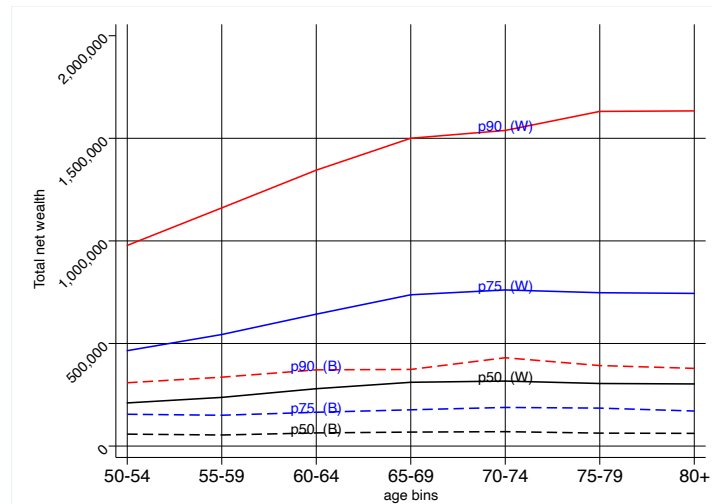
The Black/White wealth percentile ratios are all less than one third and decrease with age for a given wealth percentile. For example, the median Black household wealth is a little more than a quarter of median White household wealth at ages 50–54 but falls to a fifth of the median White household wealth for ages 75–79 and 80+. Similarly, in the 50–54 age bin, the 90th percentile of Black household wealth is a third of the 90th percentile of White household wealth. The 90th percentile of Black household wealth then falls to a quarter of the White household wealth 90th percentile, in the 75–79 age bin.⁹

Finally, in Figure 3, we plot the wealth levels associated with the racial wealth percentile ratios traced in Figure 2. Consistent with the percentile ratio patterns, we see that in Figure 3 the wealth of White households at different percentiles (median, 75th, and 90th) is larger and has a steeper age profile than the corresponding Black wealth percentiles.

⁸In Figure 10 in the appendix, we redo the same analysis with the initial cohort only. This sample restriction allows us to rule out any cohort effects that might be driving the racial differences outlined above. The patterns and magnitude across groups are similar to those of the pooled-waves analysis.

⁹We find similar patterns of growing ethnic disparities with age for Hispanic/White wealth percentile ratios, albeit with slightly higher values compared with the Black/White wealth ratios. Our findings were also similar when we compared non-Hispanic Black households and non-Hispanic White households.

Figure 3: Total wealth by age and race



Notes: Black and White wealth levels (2015 dollars) across age bins using the RAND HRS Longitudinal Sample (1992–2018). Wealth levels for the 90th, 75th, and 50th percentiles of Black households are shown in dashed lines, while solid lines represent corresponding percentiles of White household wealth. Age bins are on the horizontal axis while wealth levels are on the log-scale vertical axis.

2.4 Racial Homeownership and Housing Wealth Disparities

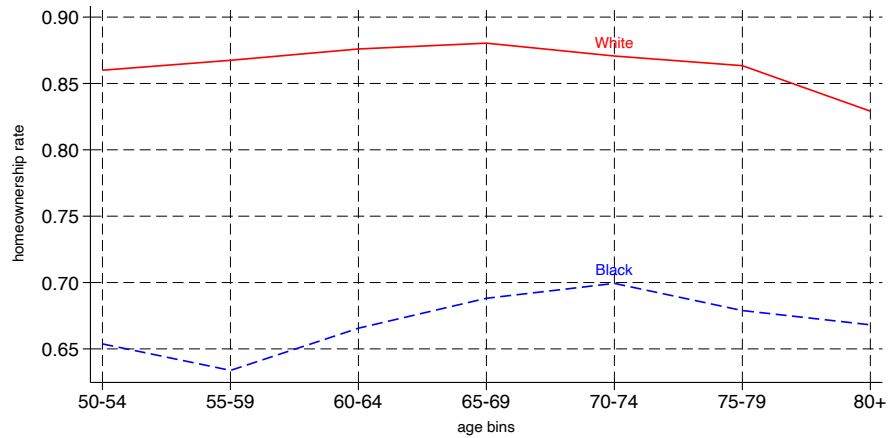
Housing wealth is the primary asset at the median of household wealth distribution in the US. However, housing markets have also been shaped by historical or ongoing practices that limit access for Black families. We therefore focus on net housing wealth separately before turning to non-housing wealth.¹⁰ In Figure 4, White homeownership rates are above 80 percent at all ages whereas Black homeownership rates peak at 70 percent. The White-Black homeownership gap is widest at ages 55–59, reaching almost 25 percentage points, and falls to a little less than 20 percent as Black homeownership rates steadily improve between ages 55 and 74.¹¹

Figures 5 and 6 show the entry rates and the exit rates underlying the evolution of homeownership for Black and White households. Even though racial homeownership gaps ease with age, homeownership entry gaps are quite persistent as shown in Figure 5. Racial homeownership gaps ease thanks to the reduction in initially large racial homeownership exit rate gaps as shown in Figure 6.

¹⁰Our separate analysis of housing and non-housing wealth aims to acknowledge asset portfolio differences between high- and low-wealth households. Also, Darity et al. (2022) show that absolute racial wealth differences at the median vastly understate racial disparities, compared with differences at the mean or at the top.

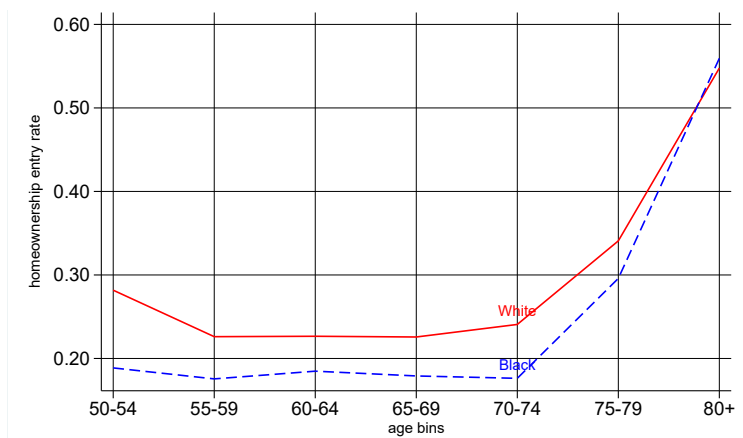
¹¹Tables 7 and 8 also show that average Black house values are around 60 percent of average White values, with little variation in this ratio across ages.

Figure 4: Racial homeownership gaps ease slightly with age



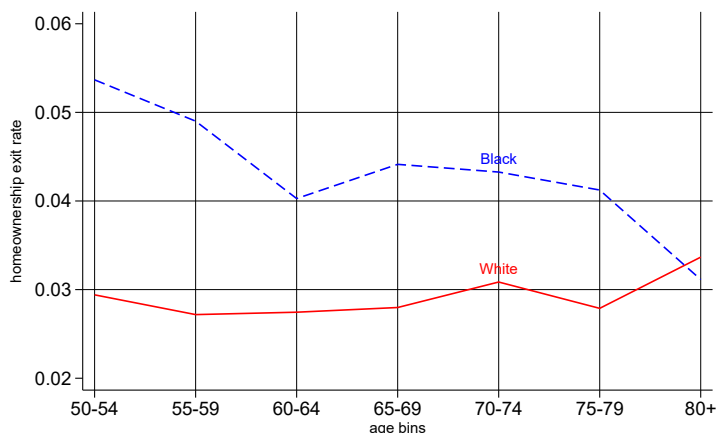
Notes: Black and White homeownership disparities across age using the RAND HRS Longitudinal Sample (1992–2018). The homeownership rate for Black households is represented by the dashed blue line. The solid red line represents the homeownership rate for White households. Age bins are on the horizontal axis while homeownership rates are on the vertical axis.

Figure 5: Persistent racial gaps in homeownership entry rates



Notes: Black and White homeownership entry rate disparities by age using the RAND HRS Longitudinal Sample (1992–2018). The entry rate for Black households is shown by the dashed blue. The solid red line represents the entry rate for White households. Age bins are on the horizontal axis. Entry rates computed as a fraction of non-homeowners are shown on the vertical axis.

Figure 6: Racial gaps in homeownership exit rates ease with age

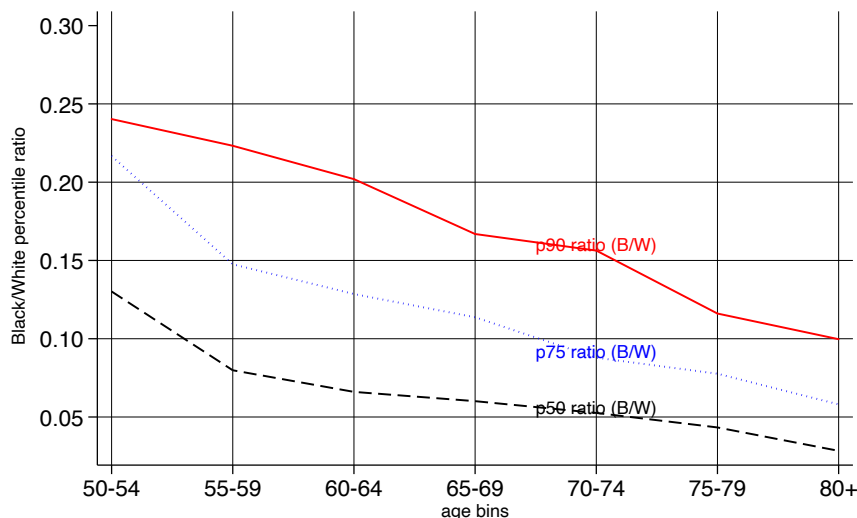


Notes: Black and White exit rate by age using the RAND HRS Longitudinal Sample (1992–2018). Black exit rates are shown by the dashed blue line. The solid red line represents the exit rate for White households. Age bins are on the horizontal axis. Exit rates computed as a fraction of homeowners are shown on the vertical axis.

2.5 Racial Disparities in Non-Housing Wealth

While homeownership gaps slightly shrink with age, Figure 7 shows that racial gaps in non-housing wealth are not only larger than the racial gaps in total wealth shown in Figure 2 but also grow with age across the entire distribution. For instance, the 90th percentile ratio of non-housing wealth for Black households compared with White households falls from 25 percent at age 50–54 to 10 percent for households aged 80 years or more.

Figure 7: Racial disparities in non-housing wealth widen with age



Notes: Black/White non-housing wealth percentile ratios across age bins using the RAND HRS Longitudinal Sample 1992–2018. Age bins are on the horizontal axis while ratios are on the vertical axis. The red solid line is the 90th wealth percentile ratio. The 75th wealth percentile ratio is the blue dotted line, and the black dashed line represents the median wealth ratio.

3 Estimating a Model of Wealth Accumulation

3.1 Descriptive Statistics

In Tables 1 and 2, we provide an overview of the heterogeneity across groups and ages in our data by race and by race above or below age 65. Tables 7 and 8 show these statistics further broken down by five-year age bins and race.

Table 1 shows that while on average the house value for White households is almost twice that of their Blacks counterparts, the difference is much larger, three to five times, when comparing total wealth and non-housing wealth. These striking and large racial gaps in the levels of wealth and non-housing wealth are non-trivially correlated with racial differences in the rate of wealth accumulation. For instance, the median log real annual change in total wealth for White households is 0.7 percent, a value that is only slightly larger than the median change of 0.5 percent for Black households. At the same time, when considering non-housing wealth, reminders of large racial wealth gaps emerge again: Average non-housing wealth growth rates are negative for both groups but the pace of decumulation is more pronounced for Black households who have an average change of -3 percent compared with -0.7 percent for White households. Fine-grained life-cycle statistics in Tables 7 and 8 show the same pattern of faster decumulation in non-housing wealth by age.

On the debt side, Black households have more leveraged balance sheets compared with White households. In fact, the median Black household debt of \$8,000 is almost ten times the median White household debt even though median total Black wealth is a third of median total White wealth. Downside risks associated with high leverage can also have a negative impact on the speed of accumulating wealth over time. For instance, Kermani and Wong (2021) show the disparate downside effect of fire sales on realized housing returns for Black and Hispanic homeowners compared with White homeowners.

Table 2 emphasizes the life-cycle aspect of wealth accumulation. For both groups, wealth and non-housing wealth are accumulated faster during pre-retirement age, albeit at a faster rate for White households. Post-retirement age wealth decumulation is typical for both groups with Black households, at the median, reducing their savings at a faster rate. In Tables 7 and 8, we find similar patterns when we consider more fine-grained age bins.

Finally, turning to Social Security programs, Black households participate more in SSDI (7.3 percent vs. 3.4 percent) and in SSI (1.1 percent vs. 0.4 percent) than White households. SSDI eligibility is tied to work history and medically certifiable severe disability whereas SSI is an anti-poverty program for individuals with limited income and resources who are age 65 or older, blind, or have a medically certifiable disability. On average, Black households below retirement age receive 1.6 and 2.3 times more in disability income and supplemental income than White households, respectively. For households above age 65, these figures become 2.3 and 3.2 times, respectively.

Table 1: Summary statistics by race

| Variable | Median | | Mean | | Standard dev. | |
|--------------------------------------|---------|---------|---------|---------|---------------|-----------|
| | Black | White | Black | White | Black | White |
| house value (\$) | 110,090 | 190,228 | 169,401 | 283,875 | 211,398 | 465,986 |
| debt (\$) | 8,258 | 756 | 40,789 | 44,252 | 76,575 | 100,871 |
| total wealth (\$) | 127,152 | 367,500 | 244,523 | 786,029 | 493,445 | 1,886,216 |
| total non-housing wealth (\$) | 20,917 | 166,296 | 111,082 | 542,585 | 420,414 | 1,677,684 |
| log change in total wealth (%) | 0.5 | 0.7 | 2.4 | 1.6 | 40.4 | 29.4 |
| log change in non-housing wealth (%) | -2.2 | -0.4 | -3.0 | -0.7 | 71.9 | 50.8 |
| house val. share of total wealth | 0.92 | 0.56 | 0.87 | 0.61 | 2.75 | 2.03 |
| net house val. share of total wealth | 0.85 | 0.56 | 0.72 | 0.55 | 2.30 | 1.06 |
| non-housing share of total wealth | 0.20 | 0.52 | 0.34 | 0.50 | 2.30 | 1.05 |
| debt share of total wealth | 0.05 | 0.00 | 0.17 | 0.11 | 3.25 | 2.20 |
| disability income (SSDI,\$) | 0 | 0 | 879 | 490 | 3,481 | 3,232 |
| supplemental income (SSI,\$) | 0 | 0 | 282 | 105 | 1,580 | 1,134 |
| retirement income (\$) | 10,736 | 15,653 | 11,280 | 15,179 | 10,579 | 13,081 |
| receiving SSDI (0/1) | 0.00 | 0.00 | 0.07 | 0.03 | 0.26 | 0.18 |
| receiving SSI (0/1) | 0.00 | 0.00 | 0.01 | 0.00 | 0.11 | 0.07 |
| prob. of receiving inheritance | 0 | 0 | 9 | 19 | 23 | 34 |
| prob. of leaving any bequest | 100 | 100 | 72 | 92 | 43 | 26 |

Notes: This table reports key summary statistics by race used in our analysis. The sample includes only Black and White households with positive wealth and total debt not exceeding 300 percent of their wealth. Dollar amounts are computed in 2015 dollars and rounded to the nearest whole dollar.

Table 2: Summary statistics by race and age group

| Variable | Median | | | | Mean | | | | Standard deviation | | | |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------|-----------|---------|-----------|
| | 50-64 | | 65+ | | 50-64 | | 65+ | | 50-64 | | 65+ | |
| | Black | White | Black | White | Black | White | Black | White | Black | White | Black | White |
| house value (\$) | 109,050 | 181,750 | 110,112 | 197,500 | 157,355 | 264,181 | 177,324 | 295,819 | 194,766 | 530,537 | 221,300 | 421,604 |
| debt (\$) | 17,618 | 13,764 | 4,129 | 0 | 47,430 | 56,859 | 36,422 | 36,606 | 78,450 | 102,124 | 74,996 | 99,327 |
| total wealth (\$) | 121,123 | 330,993 | 130,452 | 396,324 | 241,240 | 712,044 | 246,681 | 830,901 | 478,021 | 2,094,428 | 503,321 | 1,746,365 |
| total non-housing wealth (\$) | 26,354 | 155,643 | 17,636 | 173,475 | 125,770 | 499,575 | 101,421 | 568,672 | 418,885 | 1,880,890 | 421,137 | 1,540,857 |
| log change in total wealth (%) | 2.3 | 3.1 | -0.4 | -0.4 | 4.2 | 4.2 | 1.3 | 0.0 | 40.6 | 31.3 | 40.2 | 28.1 |
| log change in non-housing wealth (%) | -0.8 | 2.8 | -3.1 | -1.8 | -0.9 | 3.5 | -4.5 | -3.2 | 69.3 | 52.7 | 73.6 | 49.4 |
| house value share of total wealth | 0.90 | 0.58 | 0.93 | 0.55 | 0.86 | 0.63 | 0.87 | 0.60 | 3.66 | 2.50 | 1.94 | 1.69 |
| net house val. share of total wealth | 0.80 | 0.56 | 0.87 | 0.56 | 0.66 | 0.55 | 0.75 | 0.56 | 3.48 | 0.73 | 0.88 | 1.22 |
| non-housing share of total wealth | 0.27 | 0.54 | 0.17 | 0.51 | 0.40 | 0.52 | 0.29 | 0.49 | 3.49 | 0.69 | 0.87 | 1.22 |
| debt share of total wealth | 0.12 | 0.04 | 0.02 | 0.00 | 0.20 | 0.14 | 0.15 | 0.08 | 4.50 | 2.61 | 2.03 | 1.91 |
| disability income (SSDI,\$) | 0 | 0 | 0 | 0 | 1,577 | 990 | 419 | 188 | 4,748 | 4,800 | 2,174 | 1,602 |
| supplemental income (SSI,\$) | 0 | 0 | 0 | 0 | 391 | 166 | 211 | 68 | 1,962 | 1,465 | 1,262 | 872 |
| retirement income (\$) | 0 | 0 | 14,674 | 21,059 | 4,379 | 5,334 | 15,818 | 21,151 | 7,452 | 8,810 | 9,852 | 11,549 |
| receiving SSDI | 0.00 | 0.00 | 0.00 | 0.00 | 0.08 | 0.05 | 0.07 | 0.02 | 0.28 | 0.21 | 0.25 | 0.16 |
| receiving SSI | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 | 0.01 | 0.00 | 0.10 | 0.07 | 0.11 | 0.06 |
| prob. of receiving inheritance | 0 | 0 | 0 | 0 | 11 | 24 | 7 | 10 | 25 | 37 | 20 | 26 |
| prob. of leaving any bequest | 100 | 100 | 100 | 100 | 77 | 92 | 69 | 92 | 40 | 26 | 45 | 26 |

Notes: This table reports key summary statistics by race and age bin used in our analysis. The sample includes only Black and White households with positive wealth and total debt not exceeding 300 percent of their wealth. Dollar amounts are computed in 2015 dollars and rounded to the nearest whole dollar.

3.2 Wealth, Race, and Age

We now turn to a more formal estimation to establish the life-cycle of racial wealth disparities. Using the RAND HRS Longitudinal Sample micro data, we estimate Equation 1

$$\log \text{wealth}_t^i = \sum_a \alpha_a \mathbb{1}_{\{\text{age bin}(i) = a\}} + \sum_a \beta_{\text{age bin } a}^{\text{Black-White}} \mathbb{1}_{\{\text{age bin}_t^i = a\}} \times \mathbb{1}_{\{\text{Black}(i)\}}. \quad (1)$$

We use Equation 1 to simply document how the age-race mean coefficients $\beta_{\text{age bin } a}^{\text{Black-White}}$ evolve with age for total wealth and total non-housing wealth.¹² These coefficients capture Black/White differences in log wealth by age bin.

Table 3: Wealth, race, and age

| | $\beta_{\text{age bin } a}^{\text{Black-White}}$ | | | |
|-----------|--|------------|--------------------|------------|
| | total wealth | | non-housing wealth | |
| | coefficient | t-stat | coefficient | t-stat |
| age 50–54 | -0.86 | (-558.47) | -1.22 | (-498.40) |
| age 55–59 | -0.93 | (-1076.55) | -1.37 | (-987.94) |
| age 60–64 | -0.98 | (-1416.31) | -1.55 | (-1399.28) |
| age 65–69 | -1.10 | (-1588.10) | -1.70 | (-1533.37) |
| age 70–74 | -1.01 | (-1425.13) | -1.81 | (-1499.29) |
| age 75–79 | -1.11 | (-1271.02) | -1.77 | (-1220.66) |
| age 80+ | -1.15 | (-944.81) | -2.09 | (-1024.27) |

Consistent with the patterns shown in Figures 2 to 4, in Table 3 we find that Black/White wealth differences tend to increase with age among older households. The pattern is again more pronounced for non-housing wealth.¹³

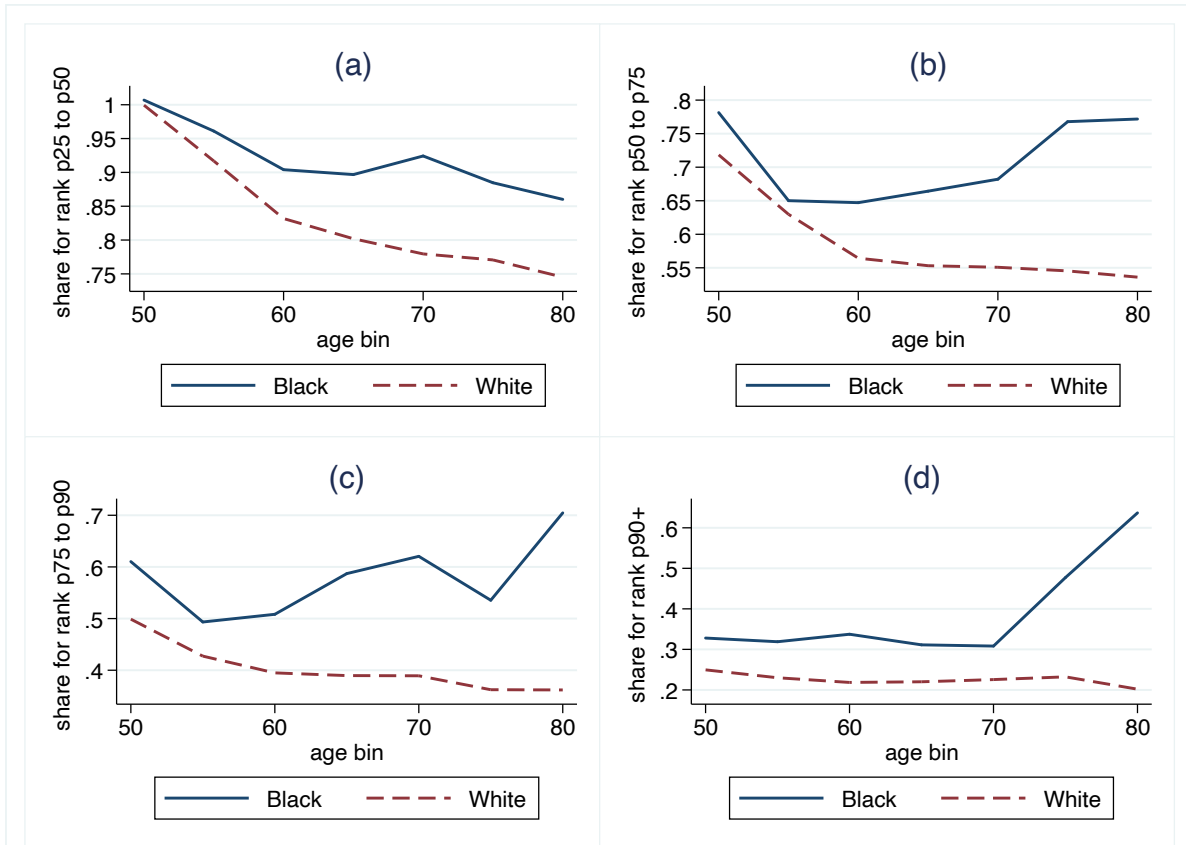
3.3 A Wealth Glass Ceiling?

We leverage the panel dimension of the RAND HRS Longitudinal Sample to better understand the factors associated with growing racial wealth inequality as people age. We do so by estimating within an age group the change in log wealth for Black households relative to White households similarly situated in the base period wealth distribution. We estimate the

¹²In this estimation and for the rest of the analysis, we restrict the sample to households with positive wealth and total debt not exceeding 300 percent of their wealth.

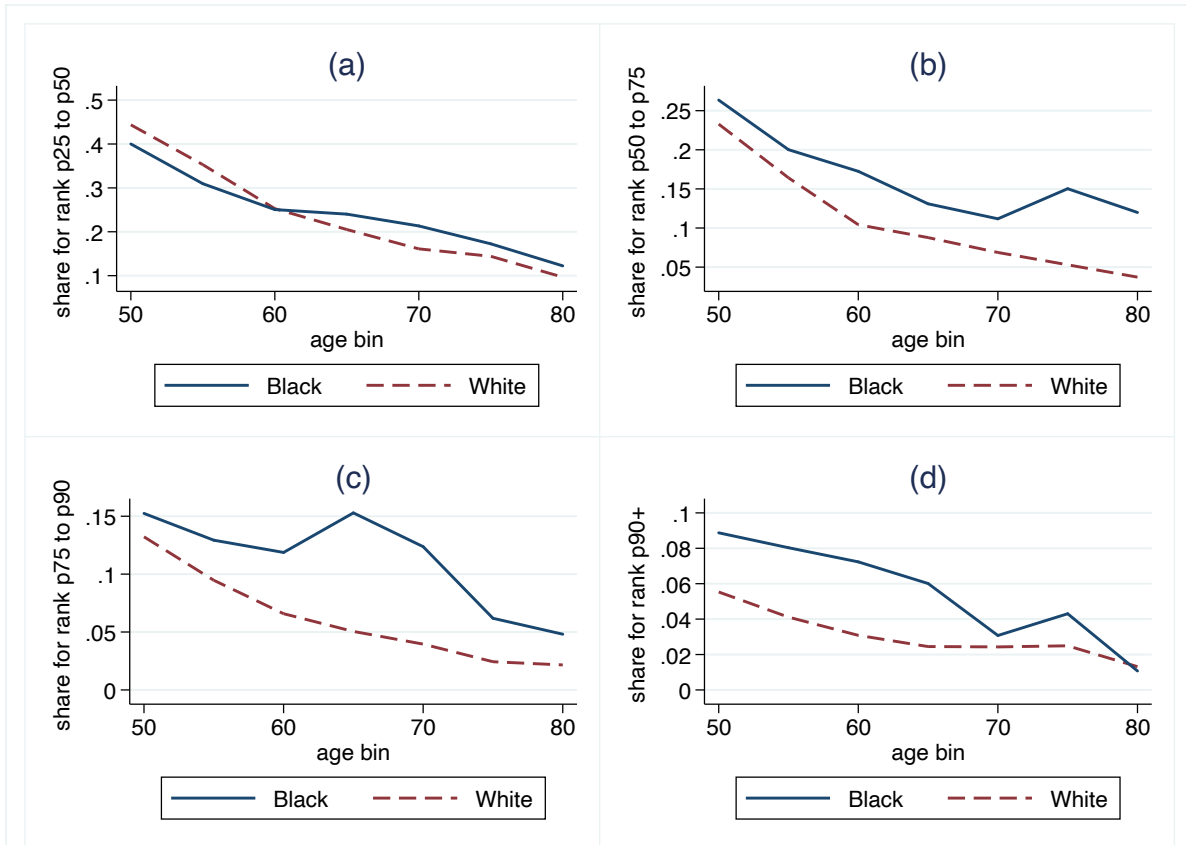
¹³Jacobs et al. (2021) show that augmenting wealth to include measures of future social security income as wealth reduces relative wealth inequality and relative racial wealth disparities, while absolute dollar differences increase. However, we conjecture that, due to large racial mortality risk differences, such augmented wealth measures may not necessarily “flatten” the age-profile of racial wealth disparities we document.

Figure 8: Racial portfolio disparities: Housing value share



Notes: Housing asset value as a share of household total wealth across age using the RAND HRS Longitudinal Sample (1992–2018). Shares for Black households are shown by the solid blue lines. The dashed red lines represent shares for White households. Age bins are on the horizontal axis while shares are on the vertical axis. The panels are organized by wealth bins. Panel (a) represents shares for households between the 25th and 50th wealth percentiles. Panel (b) represents shares for households ranked between the 50th and 75th wealth percentiles. Panel (c) represents shares for households between the 75th and 90th wealth percentiles, and the shares of those above the 90th percentile are represented in panel (d).

Figure 9: Racial portfolio disparities: Debt ratio



Notes: Total debt as a share of household total wealth across age using the RAND HRS Longitudinal Sample (1992–2018). Shares for Black households are shown by the solid blue lines. The dashed red lines represent shares for White households. Age bins are on the horizontal axis while shares are on the vertical axis. The panels are organized by wealth bins. Panel (a) represents shares for households between the 25th and 50th wealth percentiles. Panel (b) represents shares for households ranked between the 50th and 75th wealth percentiles. Panel (c) represents shares for households between the 75th and 90th wealth percentiles, and the shares of those above the 90th percentile are represented in panel (d).

interaction of the race indicator and the base period wealth distribution bin:

$$\Delta \log \text{wealth}_t^i = \sum_a \alpha_a \mathbb{1}_{\{\text{age bin}(i) = a\}} + \sum_j \beta_{\text{wealth rank } j}^{\text{Black-White}} \mathbb{1}_{\{\text{wealth rank}_{t-1}^i = j\}} \times \mathbb{1}_{\{\text{Black}(i)\}} \quad (2)$$

$$+ \delta^{\text{wealth}} \times \log \text{wealth}_{t-1}^i + \text{other controls}$$

where the wealth rank is a bin in the age-specific wealth distribution in the previous wave and the other controls include the interaction of the wealth rank with the household's debt (as a share of its wealth) or its interaction with the lagged log wealth. These interactions allow for a richer non-linear portfolio effect on the accumulation of wealth. The controls also include year fixed effects.

These portfolio controls may be important since the balance sheet of similarly wealthy Black and White households are very different. Black households tend to hold more wealth in housing assets and carry more debt as shown in the descriptive statistics. However, we know from the recent work of Kermani and Wong (2021) that Black and Hispanic homeowners suffered larger losses compared with otherwise similar White homeowners of similar properties using detailed transaction data from 1990 to 2020.

Racial portfolio differences.

Before turning to the estimation results, we illustrate portfolio differences between Black and White households. Figure 8 depicts the housing asset value as a share of household wealth. We show the total debt (including mortgage debt) as a share of wealth in Figure 9.

Figure 8 shows that across all wealth ranks and compared with White households, Black households' housing assets constitute a larger share of their wealth. These larger Black housing portfolio shares appear to be growing with age. Moreover, Black households have higher debt-to-wealth ratios compared with White households as shown in Figure 9.

Figures 11 and 12 in the appendix show these facts using net housing value and non-housing wealth measures instead. In Figure 11, the housing value is adjusted for mortgage debt and shows similar patterns as in Figure 8. Figure 12 shows that non-housing wealth shares naturally mirror the housing share patterns in Figures 8 and 11: Non-housing wealth is a larger portion of wealth for White households and this difference is larger for older age groups.

Estimation results.

The results of our wealth accumulation estimations for both total wealth changes and non-housing wealth changes are reported in Table 4 for total wealth and in Table 5 for non-housing wealth. We find that the coefficients on the differential accumulation of wealth for Black households ($\beta_{\text{wealth rank } j}^{\text{Black-White}}$) (a) are negative across almost all wealth bins, (b) increase in magnitude with the total wealth rank, (c) are larger in magnitude for non-housing wealth compared with total wealth, and (d) are similar in magnitude with or without the portfolio controls. We also estimate separately the racial wealth gap coefficients ($\beta_{\text{wealth rank } j}^{\text{Black-White}}$) below and above age 65 in order to limit the issues associated with transition into retirement.

Altogether, the estimates in Table 4 paint a very consistent picture: The wealthier Black households are, the more slowly their wealth grows relative to White households with

similar initial wealth. We also note that the magnitude is similar above 65 and below 65 years of age. Racial disparities in non-housing wealth dynamics are more pronounced compared with total wealth dynamics as shown in Table 5: Racial gaps in non-housing wealth growth are largest at the upper end of the wealth distribution.

Table 4: Wealth dynamics, wealth rank, and race

| | $\beta_{\text{wealth rank } j}^{\text{Black-White}}$ for wealth | | | | | | | |
|--------------------|---|---------|----------|---------|----------|---------|----------|---------|
| | above 65 | | below 65 | | above 65 | | below 65 | |
| | coeff. | t-stat | coeff. | t-stat | coeff. | t-stat | coeff. | t-stat |
| Percentile 00–25 | -0.02 | -122.52 | -0.01 | -39.80 | +0.01 | +47.52 | +0.02 | +77.80 |
| Percentile 25–50 | -0.04 | -267.47 | -0.06 | -310.97 | -0.04 | -281.71 | -0.06 | -276.55 |
| Percentile 50–75 | -0.10 | -467.99 | -0.10 | -339.36 | -0.11 | -500.26 | -0.10 | -353.61 |
| Percentile 75–90 | -0.15 | -349.75 | -0.09 | -172.30 | -0.16 | -378.66 | -0.10 | -190.23 |
| Percentile 90–100 | -0.24 | -352.13 | -0.30 | -399.61 | -0.27 | -393.14 | -0.31 | -416.61 |
| Portfolio controls | No | | No | | Yes | | Yes | |

Table 5: Non-housing wealth dynamics, wealth rank, and race

| | $\beta_{\text{wealth rank } j}^{\text{Black-White}}$ for non-housing wealth | | | | | | | |
|--------------------|---|---------|----------|---------|----------|---------|----------|---------|
| | above 65 | | below 65 | | above 65 | | below 65 | |
| | coeff. | t-stat | coeff. | t-stat | coeff. | t-stat | coeff. | t-stat |
| Percentile 00–25 | -0.06 | -167.55 | -0.15 | -323.41 | -0.06 | -167.30 | -0.16 | -330.07 |
| Percentile 25–50 | -0.13 | -425.90 | -0.12 | -310.80 | -0.11 | -391.45 | -0.11 | -288.90 |
| Percentile 50–75 | -0.19 | -462.68 | -0.20 | -416.49 | -0.19 | -456.07 | -0.19 | -394.29 |
| Percentile 75–90 | -0.35 | -466.37 | -0.23 | -259.55 | -0.34 | -454.76 | -0.21 | -247.51 |
| Percentile 90–100 | -0.44 | -317.13 | -0.42 | -324.50 | -0.43 | -315.62 | -0.40 | -309.26 |
| Portfolio controls | No | | No | | Yes | | Yes | |

3.4 Do Social Security Programs Matter for Racial Wealth Gaps?

Having established these findings on large pervasive racial wealth disparities among older households, we now consider whether there is a correlation between Social Security program participation and wealth dynamics. To do so, we augment the baseline model with a variable that indicates whether a household is a new SSDI recipient and another indicator variable for new SSI recipients.

SSDI is a federal benefit program for people with sufficient work history who are unable to work due to a severe disability and who have not yet reached full retirement age (FRA). In contrast, SSI is a federal anti-poverty financial assistance program for individuals who have limited income, limited resources, and who are age 65 or older, blind, or disabled.

Naturally, SSI recipients are different along many dimensions from SSDI recipients, including work history, health, and housing. As shown in the descriptive statistics, there are more SSDI participants than SSI recipients in the HRS data. Black households use both programs more than White households. What is less clear is how entry into these programs correlates with wealth dynamics *for Black households versus White households*.

To answer this question, we estimate this modified wealth accumulation model:

$$\begin{aligned} \Delta \log \text{wealth}_t^i = & \sum_a \alpha_a \mathbb{1}_{\{\text{age bin}_t^i = a\}} + \theta_{\text{race}} \mathbb{1}_{\{\text{race}(i) = \text{Black}\}} \\ & + \delta_{\text{SSI}} \times \text{new SSI}_t^i + \delta_{\text{DI}} \times \text{new DI}_t^i \\ & + \beta_{\text{SSI}}^{\text{Black-White}} \mathbb{1}_{\{\text{race}(i) = \text{Black}\}} \times \text{new SSI}_t^i \\ & + \beta_{\text{DI}}^{\text{Black-White}} \mathbb{1}_{\{\text{race}(i) = \text{Black}\}} \times \text{new DI}_t^i \\ & + \theta_{\text{wealth}} \times \log(\text{wealth})_{t-1}^i + \text{other controls} \end{aligned} \quad (3)$$

where we restrict the sample to households that did not receive SSI or SSDI in period $t-1$.¹⁴

Table 6: Social Security programs and racial wealth disparities

| | non-housing wealth | | | | wealth | | | |
|--|--------------------|---------|----------|---------|----------|---------|----------|---------|
| | above 65 | | below 65 | | above 65 | | below 65 | |
| | coeff. | t-stat | coeff. | t-stat | coeff. | t-stat | coeff. | t-stat |
| $\delta_{\text{new SSI}}$ | -0.52 | -236.82 | -0.57 | -326.65 | +0.01 | +5.87 | -0.19 | -206.82 |
| $\beta_{\text{SSI}}^{\text{Black-White}}$ | +0.31 | +77.55 | +0.55 | +124.9 | +0.08 | +43.97 | +0.20 | +86.05 |
| $\delta_{\text{new SSDI}}$ | -0.05 | -57.94 | -0.08 | -148.62 | -0.07 | -140.54 | -0.05 | -177.61 |
| $\beta_{\text{SSDI}}^{\text{Black-White}}$ | -0.20 | -77.39 | +0.06 | +32.79 | -0.08 | -61.3 | +0.05 | +54.38 |

Estimation results.

In the estimation results reported in Table 6, we find that the Supplemental Security Income (SSI) receipt tends to be racial-wealth-inequality reducing: Black households experience less dis-savings upon SSI receipt compared with White households. The effects are larger on non-housing wealth compared with overall wealth, which is not surprising given the less liquid nature of the housing wealth component of total wealth. This relative racial wealth gap reduction effect holds below 65 years old and above 65 years old.

In contrast, we find that the effects for SSDI are positive but also an order of magnitude smaller compared with SSDI below 65 years old. However, above 65 years old, we find

¹⁴Due to various exemptions in program eligibility rules, we observe that a significant number of households across most of the wealth distribution receive these benefits. For instance, more than 15 percent of White households receiving SSDI are in the top quartile of total wealth distribution for their age group. As one would expect, we observe fewer high wealth households receiving SSI: 8 percent of White households receiving SSI are in the top half of the total wealth distribution. We therefore choose not to include interactions of age or race with wealth rank bins. We include a control for the wealth rank within an age group however.

that SSDI receipt is associated with a widening of the racial wealth gap. This latter group of post-65 SSDI awardees is somewhat atypical since SSDI payments convert to a retirement benefit at FRA—which is 66 and 6 months for those born in 1957 and gradually rises to 67 for those born in 1960 or after. However, due the age difference between partners within a household, we observe ‘households’ that receive SSDI at almost all ages above 50 years old; not just below 65. The occurrence of SSDI receipt in some households above FRA in the data warrants further consideration in interpreting our estimates.

In addition to the caution against any causal interpretation of these estimates, it is important not to systematically compare the estimates for SSI and SSDI. The two programs are different and serve different populations. Nonetheless, our results suggest that Social Security participation and wealth co-move differently for Black households compared with White households. Our results indicate that even though SSI receipt is associated with slower non-housing wealth accumulation, the dis-saving effect is significantly smaller for Black households: SSI receipt, in that sense, reduces the racial wealth (accumulation) gap.

Our findings suggest a more nuanced wealth co-movement for SSDI. The dis-savings effects of SSDI receipt on non-housing wealth accumulation for White households are milder—one order of magnitude smaller—compared with the point estimates for SSI receipt. This finding is certainly consistent with the fact that SSDI is not a means-tested program but a benefit tied to work history. However, for Black households compared with White households, SSDI receipt has a puzzling sign above and below full retirement age. The Black/White difference in non-housing wealth accumulation is negative—meaning a faster decumulation for Black households—above full retirement years, but positive below.

These findings therefore motivate more extensive studies of the channels through which Social Security Administration (SSA) program participation differently affects wealth accumulation for White households and Black households. We discuss some of these avenues in the next section.

4 Discussion

Our results have primarily focused on documenting and understanding the life-cycle patterns governing racial wealth accumulation differences among older households. Descriptive statistics and conditional correlations show that, as both Black and White households age, Black households tend to have less wealth relative to—as a proportion of—their White counterparts. Furthermore, our analysis of participation in key SSA programs—specifically, SSI and SSDI—suggest the need to further study the statistically significant and economically relevant interaction of Social Security program participation and race on wealth. To be clear, our findings on Social Security do not have a causal interpretation.

Generally, it is very important to re-position our paper in the broader context of large and persistent socio-economic racial disparities in America. In particular, racial wealth disparities do not just exist among older households but pervade all ages. Our work does not indicate any specific theory or channel behind the racial differences we document, including ahistorical explanations that posit racial differences in risk aversion or impatience. We do not view these two channels as promising, however.

First, greater risk aversion does not necessarily imply less wealth as it also induces more demand for self-insurance through savings. Second, Hubmer et al. (2021) suggest that return heterogeneity—not discount rate heterogeneity—is crucial for understanding the cross-section of wealth. Yet, as discussed earlier in this paper, Kermani and Wong (2021) document very large ex post racial differences in housing returns that are not associated with any of the standard explanations. Also, in our analysis, our results are robust to portfolio composition controls.

We think more promising avenues for understanding these racial wealth differences may be more related to bequests and inheritances, the incidence of debt in old age, and the role of racially-inclusive or racially-discriminatory institutions.

For instance, White households between ages 60 and 64 report a 20 percent probability of receiving an inheritance, compared with a 10 percent reported probability of receiving an inheritance among Black households of the same age (see Tables 7 and 8). In fact, using detailed Norwegian administrative panel data, Ozkan et al. (2023) reveal a substantial amount of the wealthiest started their lives very rich with “Old Money.” Similarly, anti-poverty programs can have a racialized implementation or enforcement. Fuller (2022) shows that the man-in-the-house (MITH) rules that were part of state Aid to Families with Dependent Children (AFDC) programs from the 1940s to the 1960s were disproportionately enforced among Black families and had long-term effects on racial socio-economic disparities.

5 Extensions and Directions for Future Research

Administrative Burden and Race as Identification Strategy

One possible avenue for better identification is the potentially random delay occurring between SSA program application approval. Across HRS waves, there are individuals whose applications are at different stages of award determination: the HRS contains information on SSA benefit application date as well as benefit receipt date. Racial differences in these SSA program approval delays can help identify the effect of SSA program award on racial wealth accumulation differences.

Social Security Benefits, Taxes, and Racial Wealth Gaps

Both federal and state tax laws may produce differential burdens across groups. State-level data on the taxation of Social Security benefits and the progressivity (or regressivity) of state-level tax systems can help isolate their effects on racial disparities in wealth and inter-generational economic mobility across states.

Using variations in income dependent policies (τ^y), such as tax rates or the tax treatment of retirement incomes, and using consumption shocks (c^{shock}), such as medical bills or rental expenses, Equation 4

$$\begin{aligned} \text{savings rate}_{i,t} = & \alpha_{\text{age}} + \beta \times \tau_{k,t}^y + \theta \times \mathbb{1}_{\text{Black}(i)} \times \tau_{k,t}^y \\ & + \gamma \times \log c_{i,t}^{\text{shock}} + \delta \times \mathbb{1}_{\text{Black}(i)} \times \log c_{i,t}^{\text{shock}} + \varepsilon_{i,t} \end{aligned} \quad (4)$$

can help isolate the effects of tax policy variations (β and θ) and income shocks (γ and δ).

Health Shocks, Wealth Dynamics, and Bequests

Tables 1 and 2 show large racial differences among older households in both the reported probability of receiving an inheritance and the reported probability of leaving a bequest. Bequests and other intergenerational modes of transferring wealth are important channels for the persistence of racial wealth disparities. The HRS questions concerning both inheritance and intention to bequeath wealth can help estimate the effects of health shocks on both the accumulation and the intergenerational transfer of wealth.

SSI Resource Limits, Kin-Based Support, and Racial Wealth Disparities

The SSI program features prominent resource limits. As a program of “last resort,” SSI also expects close family members to provide support to low-income aged, blind, and disabled individuals in determining their level of need. Racial differences in the extent of kin-based insurance mechanisms can be measured and used to ask how SSI resource limits may hinder savings in illiquid high-return assets or limit human capital investment or training for disabled workers.

6 Conclusion

Racial wealth disparities continue to be large in America. While older households tend to possess more wealth, they may also rely more on public programs like Social Security programs as they retire from the labor market. Yet, we know little about racial wealth differences in older age and the association, if any, between Social Security program participation and racial wealth differences. Using the HRS, we demonstrate that racial wealth disparities persist at older ages. Older Black households are significantly less wealthy than their White peers. The racial wealth gap also widens with age.

One factor behind these widening gaps is the racial wealth *accumulation* gap between older households with similar initial wealth levels and at a similar age. In fact, we show that the racial wealth accumulation disparity widens with the initial wealth level: The greater their wealth, the harder it is for older Black households to climb the wealth ladder at the same rate as their White peers.

At the other end of the wealth spectrum, we find evidence of an ameliorating association between SSI participation and racial wealth accumulation gaps. In contrast, SSDI receipt does not systematically exhibit this ameliorating correlation. This is perhaps due to the very different nature of the two programs: The first is means-tested while the latter is based on work history and changes administratively after full retirement age.

In the context of an aging America, we think more research is needed to expand on our analysis and to understand the channels behind the racial wealth accumulation gap and the racial differences in wealth accumulation around Social Security program participation.

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Appendix

Table 7: Sample means by age bins for Black households

| | Mean | Mean | Mean | Mean | Mean | Mean | Mean |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| | 50-54 | 55-59 | 60-64 | 65-69 | 70-74 | 75-79 | 80+ |
| Variable | Black | Black | Black | Black | Black | Black | Black |
| house value (\$) | 154,440 | 147,213 | 164,337 | 169,538 | 182,429 | 178,175 | 186,232 |
| debt (\$) | 55,271 | 48,403 | 45,260 | 43,012 | 36,258 | 32,107 | 24,737 |
| total wealth (\$) | 215,399 | 221,666 | 258,724 | 243,783 | 264,603 | 235,221 | 230,002 |
| total non-housing wealth (\$) | 110,382 | 116,918 | 134,411 | 112,281 | 114,391 | 84,738 | 65,326 |
| log change in total wealth (%) | 3.2 | 3.9 | 4.5 | 2.8 | 1.6 | -0.3 | -1.0 |
| log change in non-housing wealth (%) | -0.1 | -0.1 | -1.5 | -4.7 | -3.8 | -3.5 | -7.6 |
| house val. share of total wealth | 0.93 | 0.78 | 0.89 | 0.90 | 0.88 | 0.80 | 0.93 |
| net house val. share of total wealth | 0.70 | 0.54 | 0.73 | 0.72 | 0.77 | 0.75 | 0.83 |
| non-housing share of total wealth | 0.37 | 0.53 | 0.34 | 0.33 | 0.28 | 0.30 | 0.21 |
| debt share of total wealth | 0.30 | 0.11 | 0.23 | 0.21 | 0.15 | 0.05 | 0.15 |
| disability income (SSDI,\$) | 1,218 | 1,508 | 1,693 | 701 | 307 | 193 | 283 |
| supplemental income (SSI,\$) | 210 | 338 | 461 | 249 | 191 | 142 | 276 |
| retirement income (\$) | 2,373 | 2,334 | 6,069 | 14,390 | 16,586 | 16,855 | 16,199 |
| receiving SSDI (0/1) | 0.06 | 0.08 | 0.10 | 0.08 | 0.07 | 0.06 | 0.04 |
| receiving SSI (0/1) | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 |
| prob. of receiving inheritance | 14 | 11 | 10 | 8 | 5 | 6 | 3 |
| prob. of leaving any bequest | 80 | 78 | 76 | 71 | 67 | 68 | 71 |

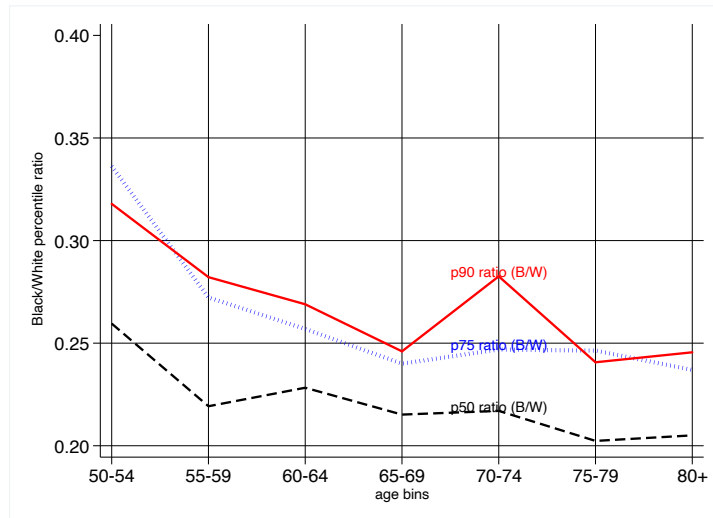
Notes: This table reports the mean of key variables by race and age used in our analysis. The sample includes only Black and White households with positive wealth and total debt not exceeding 300 percent of their wealth. Dollar amounts are computed in 2015 dollars and rounded to the nearest whole dollar.

Table 8: Sample means by age bins for White households

| Variable | Mean | Mean | Mean | Mean | Mean | Mean | Mean |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| | 50-54 White | 55-59 White | 60-64 White | 65-69 White | 70-74 White | 75-79 White | 80+ White |
| house value (\$) | 250,603 | 259,061 | 270,441 | 295,663 | 299,595 | 288,949 | 299,410 |
| debt (\$) | 70,712 | 62,546 | 50,156 | 44,165 | 38,052 | 31,530 | 22,659 |
| total wealth (\$) | 577,202 | 682,427 | 759,751 | 830,858 | 822,691 | 803,600 | 897,715 |
| total non-housing wealth (\$) | 391,895 | 480,299 | 534,690 | 576,174 | 558,047 | 543,104 | 618,691 |
| log change in total wealth (%) | 6.2 | 4.9 | 3.4 | 1.7 | -0.5 | -1.5 | -0.2 |
| log change in non-housing wealth (%) | 6.9 | 4.8 | 1.9 | -0.7 | -4.1 | -4.7 | -4.5 |
| house val. share of total wealth | 0.69 | 0.68 | 0.59 | 0.61 | 0.58 | 0.61 | 0.61 |
| net house val. share of total wealth | 0.55 | 0.55 | 0.54 | 0.55 | 0.54 | 0.57 | 0.59 |
| non-housing share of total wealth | 0.53 | 0.52 | 0.52 | 0.51 | 0.50 | 0.47 | 0.45 |
| debt share of total wealth | 0.20 | 0.20 | 0.09 | 0.11 | 0.05 | 0.08 | 0.08 |
| disability income (SSDI,\$) | 779 | 966 | 1,049 | 342 | 143 | 97 | 53 |
| supplemental income (SSI,\$) | 112 | 160 | 180 | 84 | 66 | 62 | 42 |
| retirement income (\$) | 1,652 | 2,466 | 8,040 | 19,156 | 22,183 | 22,373 | 21,742 |
| receiving SSDI (0/1) | 0.03 | 0.04 | 0.06 | 0.04 | 0.02 | 0.02 | 0.01 |
| receiving SSI (0/1) | 0.00 | 0.00 | 0.01 | 0.01 | 0.00 | 0.00 | 0.00 |
| prob. of receiving inheritance | 34 | 28 | 20 | 13 | 8 | 3 | 2 |
| prob. of leaving any bequest | 92 | 92 | 92 | 92 | 92 | 91 | 92 |

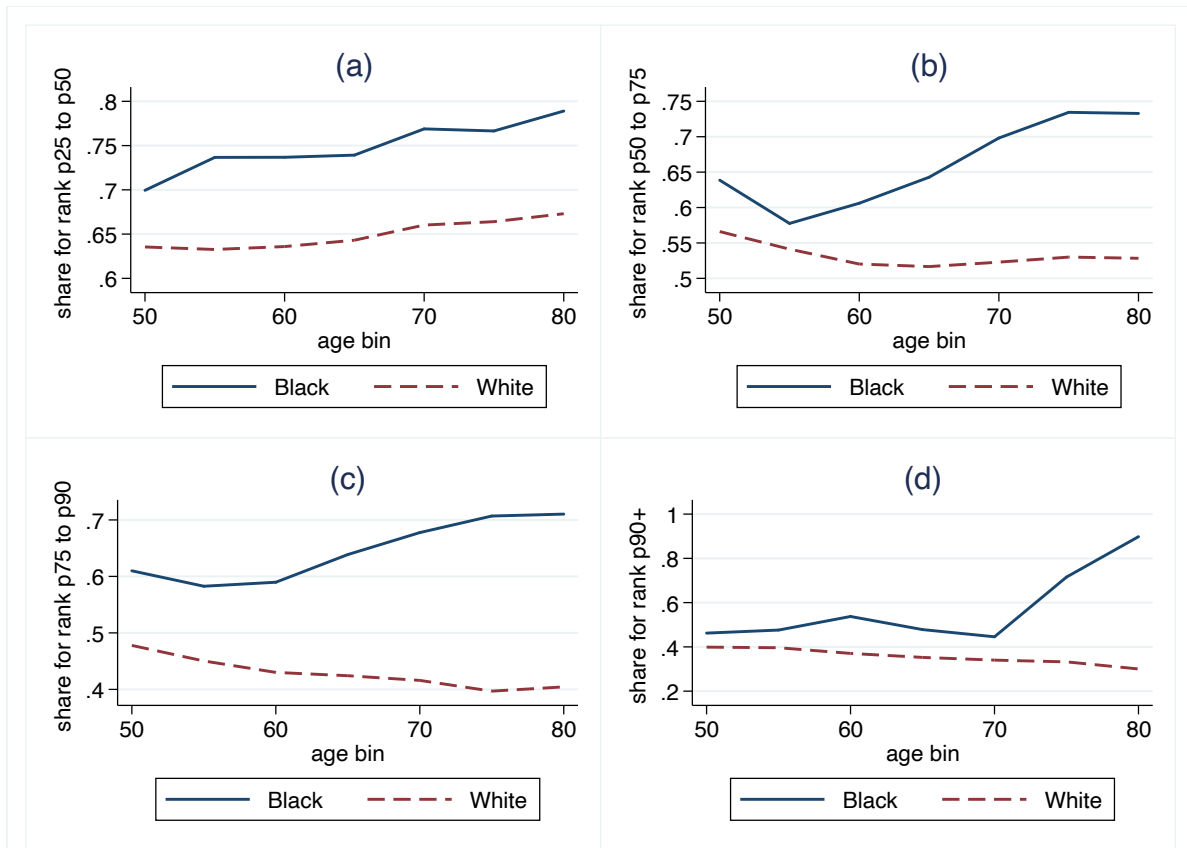
Notes: This table reports the mean of key variables by race and age used in our analysis. The sample includes only Black and White households with positive wealth and total debt not exceeding 300 percent of their wealth. Dollar amounts are computed in 2015 dollars and rounded to the nearest whole dollar.

Figure 10: Racial wealth disparities grow with age (initial HRS wave)



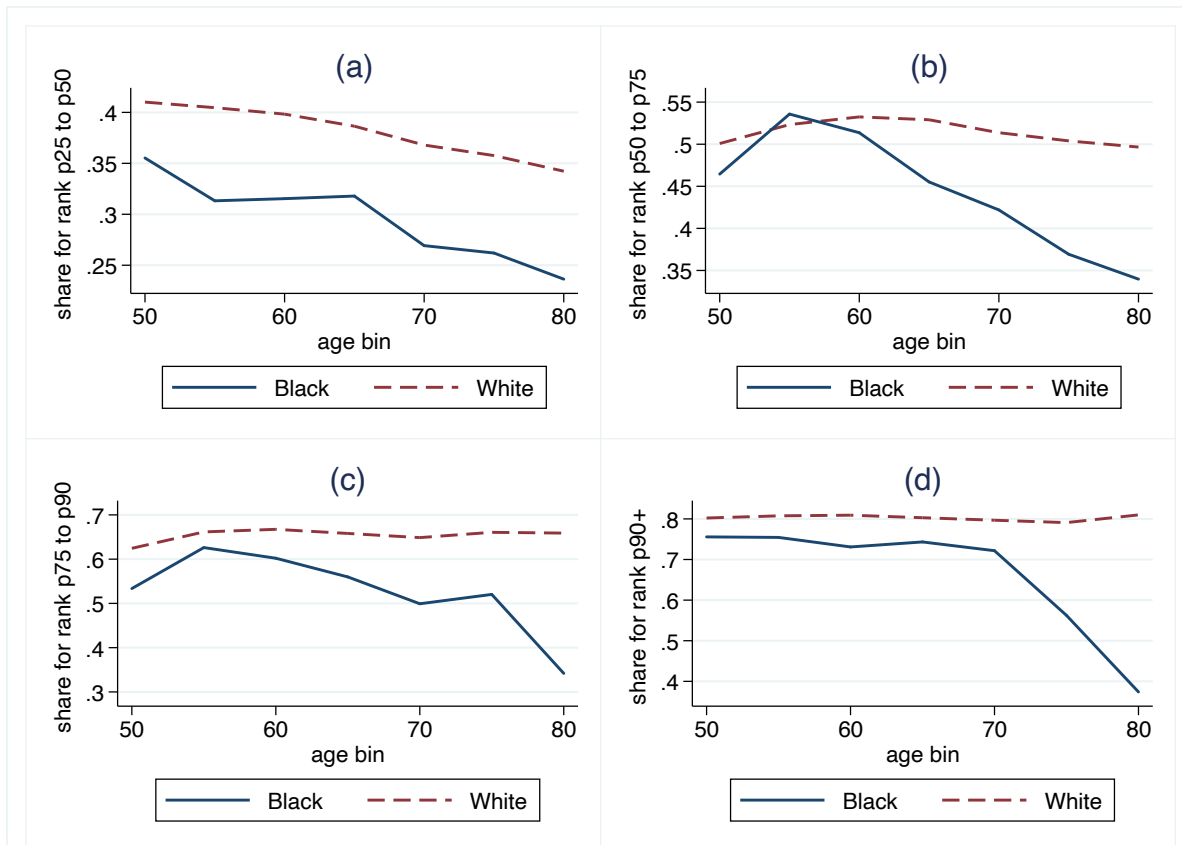
Notes: Black/White percentile ratios across age bins using the initial wave from the RAND HRS Longitudinal Sample 1992–2018. Age bins are on the horizontal axis while ratios are on the vertical axis. The red solid line is the 90th wealth percentile ratio. The 75th wealth percentile ratio is the blue dotted line, and the black dashed line represents the median wealth ratio.

Figure 11: Racial portfolio disparities: Net housing value share



Notes: Net housing value as a share of household total wealth across age using the RAND HRS Longitudinal Sample (1992–2018). Shares for Black households are shown by the solid blue lines. The dashed red lines represent shares for White households. Age bins are on the horizontal axis while shares are on the vertical axis. The panels are organized by wealth bins. Panel (a) represents shares for households between the 25th and 50th wealth percentiles. Panel (b) represents shares for households ranked between the 50th and 75th wealth percentiles. Panel (c) represents shares for households between the 75th and 90th wealth percentiles, and the shares of those above the 90th percentile are represented in panel (d).

Figure 12: Racial portfolio disparities: Non-housing value share



Notes: Non-housing value as a share of household total wealth across age using the RAND HRS Longitudinal Sample (1992–2018). Shares for Black households are shown by the solid blue lines. The dashed red lines represent shares for White households. Age bins are on the horizontal axis while shares are on the vertical axis. The panels are organized by wealth bins. Panel (a) represents shares for households between the 25th and 50th wealth percentiles. Panel (b) represents shares for households ranked between the 50th and 75th wealth percentiles. Panel (c) represents shares for households between the 75th and 90th wealth percentiles, and the shares of those above the 90th percentile are represented in panel (d).



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