

# **Mortality Differentials, the Racial/Ethnic Retirement Wealth Gap, and the Great Pandemic**

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**Abstract:** The story that unfolds is that the standard net worth gap between Black and white households was much the same in 2007 as in 1983, though it did lessen considerably for Hispanics. The Great Recession hit minority families much harder than white ones, pushing the ratio of mean net worth between Blacks and whites down from 0.19 in 2007 to 0.14 in 2010 and that between Hispanics and whites from 0.26 to 0.15. The racial wealth ratio remained stuck at 0.14 up through 2019 while the ethnic ratio did improve to 0.19.

When the definition of wealth is expanded to incorporate Social Security and defined benefit pension wealth, the racial and ethnic wealth gap was sharply reduced. In 2019, the ratio between Black and white households in mean augmented wealth was 0.27 and that between Hispanics and whites was 0.32. The ratio of median wealth was boosted from about zero in the two cases to 0.39 for the former and to a whopping 0.48 for the latter.

Over time, from 1989 to 2019, the ratio of mean Social Security wealth between Blacks and whites climbed from 0.44 to 0.60 and that between Hispanics and whites from 0.48 to 0.76. In contrast, the ratio in mean augmented wealth between Blacks and whites was exactly the same in 2019 as in 1989. However, the ratio of median augmented wealth progressed from 0.24 to 0.39. The pattern is a little different for Hispanics. The ratio of both mean and median augmented wealth between Hispanics and whites advanced from 0.25 to 0.32 for the former and from 0.25 to 0.48 for the latter.

The COVID-19 Pandemic hit in 2020. Besides costing the United States one million plus lives, it lopped off over a quarter (26.7 percent) of Social Security wealth. Median Social Security wealth fell even more, 28.3 percent. The Pandemic effect was even stronger among young households – 29.4 percent and 30.6 percent, respectively. All told, mean augmented wealth dipped 8.1 percent among all households and 13.3 percent among young ones. The effect was even stronger on median values -- a 19.9 percent decline for the former and 27.4 percent for the latter.

The Pandemic reversed all of the absolute and relative gains made by minorities in terms of retirement and augmented wealth. It is first of note that the racial gap in life expectancy, which had declined from 6.2 years in 2006 to 4.8 years in 2019 for males and from 4.2 to 3.1 years for females, jumped to 7.0 years for the former and 4.5 years for the latter. The Hispanic-white gap went from 1.8 to 2.7 years in favor of Hispanics among males down to only 0.3 years in 2020 and from 2.3 to 3.1 years among females down to 2.2 years.

As a result, Black households saw their mean Social Security wealth fall by 29.1 percent. The reduction was particularly acute among young Black households, with a falloff of 34.2 percent. Hispanics were also hit very hard. Overall, mean Social Security wealth was down by 30.3 percent and 32.6 percent among younger households.

The Pandemic also enlarged the racial and ethnic gaps in retirement and augmented wealth. The Black-white ratio of mean Social Security wealth declined from 0.60 to 0.57 among all age groups and from 0.58 to 0.53 among the youngest group. The ratio of mean Social Security wealth between Hispanics and whites sank from 0.76 to 0.71 among all ages and from 0.83 to 0.78 for the

youngest. Black households saw their mean augmented wealth down by 17.7 percent and median augmented wealth by 25.8 percent among all ages and 26.9 and 36.6 percent, respectively, among young Black households. Likewise, overall, mean augmented wealth was down by 17.2 percent and median augmented wealth by 28.0 percent among Hispanics and by 21.6 and 31.8 percent, respectively, among young Hispanics.

The Pandemic also widened the racial and ethnic gaps in augmented wealth. The Black-white ratio of mean values dropped from 0.27 before the Pandemic to 0.24 after it among all age groups and the ratio of median values from 0.39 to 0.35. Among the youngest group, the former fell from 0.31 to 0.26 and the latter from 0.42 to 0.35. The ratio of mean augmented wealth between Hispanics and whites tumbled from 0.32 to 0.28 among all ages and from 0.51 to 0.45 for the first age group. The ratio of median values showed an even steeper drop, from 0.48 to 0.42 among all ages and from 0.76 to 0.67 for the youngest.

A counterfactual experiment is also run for year 2019 in which white mortality rates are substituted for Black mortality rates and Social Security wealth recalculated. The substitution had a very modest effect on mean Social Security wealth calculated for all Black households, raising it by 10.4 percent. The impact was strongest among young households, 14.4 percent. It is calculated that 9.5 percent of the racial gap in mean Social Security wealth among all households was due to mortality rate differentials and 12.6 percent for the youngest group. The impact was stronger on median values. The substitution enlarges median Social Security wealth by 10.8 percent among all Black households and by 15.3 percent for the youngest age group. It also raises the Black/white ratio of median Social Security wealth by 0.12 among all households. Moreover, 17.6 percent of the racial gap in median Social Security wealth among all households is found to be due to mortality rate differentials and 25.3 percent for the youngest group. However, still the biggest explanatory factor is the residual which reflects difference in earnings history and coverage rates.

**Keywords:** household wealth, inequality, racial inequality, pensions, Social Security, life expectancy

**JEL Codes:** D31, J15

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## 1. Introduction

One of the principal manifestations of structural racism is in the mortality differential between blacks and whites. This is due to more limited access to health care, lower quality health care, higher poverty, less education, neighborhood effects, and life style differences. Currently, this is reflected in the substantial racial morbidity and mortality gap resulting from the Covid-19 Pandemic. While the racial mortality gap has lessened over time, from the 1980s to 2019 according to CDC figures, the most recent evidence (for 2020) indicates a sharp widening of the differential during the Covid-19 Pandemic – indeed, to 6.0 years between whites and Blacks.

Disparities in mortality rates play a key role in accounting for the gap in defined benefit pension wealth and Social Security wealth since in their calculation future benefits are weighted by survival rates in each year. As shown in Wolff (2022), the racial gap in augmented wealth is much smaller than that in net worth. Augmented wealth is defined as the sum of net worth, defined benefit pension wealth, and Social Security wealth. Defined benefit pension wealth is defined as the present value of expected future pension benefits weighted by the survival probability and analogously Social Security wealth is defined as the present value of expected future Social Security benefits the family may receive upon retirement weighted by the survival probability. Both are key determinants of family well-being and, in particular, retirement adequacy. In 2016, while the ratio in mean net worth between Blacks and whites was 0.14 and that in median net worth even lower at 0.02, the ratio in mean augmented wealth was 0.27 and that in median augmented wealth was also 0.27. The ratio in mean defined benefit pension wealth and mean Social Security wealth were even higher, at 0.50 and 0.60, respectively. So whereas the racial gap in retirement wealth is notably smaller than that in net worth, it is still quite large by any reasonable standard.

As noted above, disparities in mortality rates play a key role in accounting for the gap in defined benefit pension wealth and Social Security wealth. The other factors are the individual's coverage status and earnings history. This paper will first updates estimates of defined benefit pension wealth and Social Security wealth to 2019 and then to 2020 on the basis of the most recent CDC estimates of mortality rates by race during the Pandemic. Its main contribution is to analyze how much of the differential in these two key wealth components and augmented wealth in general is ascribable to racial disparities in life expectancies. A decomposition analysis is then performed of the racial wealth gap into (i) mortality rate differentials and (ii) a residual which reflects

differences in earnings history and coverage. The analysis is conducted for all households and for three age groups (i) under age 47, (ii) ages 47-64, and (iii) ages 65 and over. It makes use of the Survey of Consumer Finances (SCF) for years 1983 to 2019 to make the calculations. It also considers the effect of the lessening of the mortality gap from 1989 to 2019 and its recent sharp increase in 2020 on the trend in the wealth gap over time.

On the policy front, one possible amelioration for the differential in Social Security wealth is to adjust the calculation of PIA (the formula used to compute the benefit level) to reflect racial differences in mortality rates. This policy option as well as several others is evaluated in the final section of the paper.

## **2. Previous Literature and Contribution of this Paper**

There have been a number of studies providing estimates of retirement wealth for the U.S. for the population as a whole or by age group. Perhaps, the seminal study in this field on the effects of retirement wealth on wealth inequality is Feldstein (1976) who estimated on the basis of the 1962 Survey of Financial Characteristics of Consumers that the inclusion of Social Security wealth led to a sharp reduction in measured wealth inequality. The Gini coefficient for the sum of net worth and Social Security wealth among families in age class 35 to 64 was 0.51, compared to a Gini coefficient of 0.72 for net worth.

Wolff (1987) followed up by examining the distributional implications of both Social Security and private pension wealth. Using the 1969 Measurement of Economic and Social Performance (MESP) database, he showed that while Social Security wealth had a pronounced equalizing effect on the distribution of augmented wealth, pension wealth had by itself a much smaller equalizing effect. In particular, the addition of Social Security wealth to net worth reduced the overall Gini coefficient from 0.73 to 0.48 but the addition of pension wealth to the sum of net worth and Social Security wealth raised the Gini coefficient back to 0.66. The sum of Social Security and pension wealth together had an equalizing effect on the distribution of augmented wealth but substantially less than Social Security wealth alone.

McGarry and Davenport (1997), using the 1992 wave of the Health and Retirement Study (HRS), found that pension wealth was only slightly more equally distributed than net worth, though adding pension wealth to net worth had an equalizing effect (with the wealth share of the top decile declining from 53 to 45 percent with the addition of pension wealth). Kennickell and Sunden (1999), using the 1992 SCF, found a net equalizing effect from the inclusion of both private pension and

Social Security wealth, reducing the share of total wealth held by the top one percent of non-elderly households from 31 to 16 percent.

A related topic is the make-up or composition of total (augmented) household wealth. In particular, how much of it is comprised of pension wealth, how much of Social Security wealth, and how much of standard net worth? Gustman *et. al.* (1997), for example, using the 1992 HRS, estimated that collectively pensions, Social Security, and health insurance accounted for about half of the wealth held by all households in age group 51 to 61. However, the proportion varied by wealth level. They found that these three components made up 60 percent of the wealth of wealth percentiles 45 to 55 but only 48 percent of wealth percentiles 90 to 95. They concluded that pension wealth and Social Security wealth (as well as health insurance) were more important for middle class households than the rich. In a follow-up study, Gustman and Steinmeier (1998) found that on average pensions accounted for one quarter of accumulated wealth, Social Security benefits another quarter, and traditional net worth the remainder.

The most recent papers on the subject include Devlin-Foltz *et. al.* (2016), Fang *et. al.* (2016), and Sabelhaus and Henriques Volz (2020).

In contrast, there have been only a small number of studies (as far as I can ascertain) that have provided estimates of defined benefit pension wealth (DBW) and Social Security wealth (SSW) by race. Several use the SCF. These include Wolff (2011) for years 1983 to 2007; Veghte, Schreur, and Waid (2016) for 2013 only; Wolff (2022) for 1989 to 2016; and Hou and Sanzenbacher (2020) for years 1992 and 2016.

Wolff (2011) found that the addition of DBW and SSW to the household portfolio reduced the measured wealth gap between minorities and whites. That is to say, the ratio of augmented wealth (the sum of net worth, pension wealth, and Social Security wealth) between the two groups was higher than the ratio of net worth. Moreover, the degree to which the addition of DBW and SSW to standard net worth lowered the wealth gap increased over years 1989 to 2007 (the analysis ended in 2007). The principal effect came from the addition of SSW. However, in this analysis, African-Americans and Hispanics were grouped into a single category. Here, separate estimates are presented for the two groups and the results are updated to 2019.

The findings of Wolff (2022) are discussed above, though the effects of retirement wealth were not a principal focus of the study.<sup>1</sup> Hou and Sanzenbacher (2020) made use of the HRS for years 1992 and 2016. Among his principal findings are that in 2016, the typical black household had 46 percent of the retirement wealth of the typical white household, while the typical Hispanic household had 49 percent. These figures are quite comparable to my own for 2019. They also find that Black households had just 14 percent of the pension wealth of white households, and Hispanic households had just 20 percent in 2016. I find for 2019 higher ratios of 0.35 and 0.24 respectively.

However, as far as I can ascertain, none of these has analyzed the impact of the racial mortality differential on the retirement wealth gap and none has performed this analysis over the Covid-19 Pandemic.

### **3. Data sources and methods**

The primary data sources used for this study are the 1983, 1989, 2001, 2007, 2010, and 2019 SCF conducted by the Federal Reserve Board. Each survey consists of a core representative sample combined with a high-income supplement. Starting in 1989, the high income supplement is selected as a list sample derived from tax data by the Statistics of Income Division of the Internal Revenue Service (SOI). This second sample is designed to disproportionately select families that were likely to be relatively wealthy. Typically, about two thirds of the cases come from the representative sample and one third from the high-income supplement.

The basic wealth concept used here is standard wealth (or net worth) NW, which is defined as the current value of all marketable or fungible assets less the current value of debts. Total assets are the sum of: (1) housing; (2) other real estate; (3) bank deposits, certificates of deposit, and money market accounts; (4) financial securities; (5) the cash surrender value of life insurance; (6) defined contribution pension plans, including IRAs and 401(k) plans; (7) corporate stock and mutual funds; (8) unincorporated businesses; and (9) trust funds. Total liabilities are the sum of: (1) mortgage debt, (2) consumer debt and (3) other debt.

This measure reflects wealth as a store of value and therefore a source of potential consumption. I believe that this is the concept that best reflects the level of well-being associated with a family's holdings. Thus, only assets that can be readily converted to cash (that is, "fungible" ones) are included. As a result, consumer durables such as automobiles are excluded here since

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<sup>1</sup> The empirical analysis of Veghte, Schreur, and Waid (2016) is based on estimates provided by Edward Wolff and now contained in Wolff (2022).

these items are not easily marketed, with the possible exception of vehicles, or their resale value typically far understates the value of their consumption services to the household. Another justification for their exclusion is that this treatment is consistent with the national accounts, where purchase of vehicles is counted as expenditures, not savings. A further rationale is that cars are typically considered a necessity which are needed to enable consumption or earn income – for example, to purchase groceries or go to work.<sup>2</sup>

Also excluded in the concept of net worth is the value of future Social Security benefits the family may receive upon retirement ("Social Security wealth"), as well as the value of retirement benefits from private pension plans ("pension wealth"). Even though these funds are a source of future income, they are not in their direct control and cannot be marketed. The value of these two components will be included in a measure of augmented wealth (see the next section).

#### 4. Methodology

The imputation of both defined benefit pension wealth (DBW) and Social Security wealth (SSW) involves a large number of steps, which is summarized below.<sup>3</sup> It should be noted that the standard definition of DBW and SSW is based on the conventional “on-going concern” treatment wherein it is assumed that employees continue to work at their place of employment until their expected date of retirement.

4.1 Pension wealth. For retirees (r), let PB be the pension benefit currently being received by the retiree. The SCF questionnaire indicates how many pension plans each spouse is involved in and what the expected (or current) pension benefit is. The SCF questionnaire also indicates whether the pension benefits remain fixed in nominal terms over time for a particular beneficiary or is indexed for inflation. In the case of the former,  $DBW_{ri}$  for retiree  $i$  is given by:

$$(1) \quad DBW_{ri} = D_i \sum_0^{109-A} PB(1 - m_{a,g,r,ti}) / (1 + \delta)^t$$

where  $D_i$  has a value of 1 if person  $i$  is covered and 0 otherwise, and in the latter case,

$$(2) \quad DBW_{ri} = D_i \sum_0^{109-A} PB(1 - m_{a,g,r,ti}) / (1 + \delta^*)^t$$

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<sup>2</sup> As a result, my wealth figures will differ somewhat from those provided by the Federal Reserve Board which include the value of vehicles (for example, Bricker et. al., 2016).

<sup>3</sup> See Wolff (2017), Appendix 3 for more details.

where  $A$  is the current age of the retiree;  $m_{a,g,r,t}$  is the projected mortality rate of person  $i$  at time  $t$  based on age( $a$ ), gender( $g$ ), and race( $r$ );  $\delta =$  is the nominal annual discount rate, set to 5 percent;  $\delta^* =$  the real annual discount rate, set to 2 percent; and the summation runs from zero to the number of years when the retiree reaches an arbitrary age limit of 109.<sup>4</sup>

The SCF provides detailed information on pension coverage among current workers ( $w$ ), including the type of plan, the expected benefit at retirement or the formula used to determine the benefit amount (for example, a fixed percentage of the average of the last five year's earnings), the expected retirement age when the benefits are effective, the likely retirement age of the worker, and vesting requirements. Information is provided not only for the current job (or jobs) of each spouse but for up to five past jobs as well. On the basis of this information and on projected future earnings, future expected pension benefits ( $EPB_w$ ) are then projected to the year of retirement or the first year of pension eligibility. Then the present value of pension wealth for current workers ( $w$ ) is given by:

$$(3) \quad DBW_{wi} = D_i \cdot S_i \sum_{LR}^{109-A} EPB(1 - m_{a,g,r,t}) / (1 + \delta)^t$$

where  $S_i$  is the probability of person  $i$  surviving from current age to age of retirement,  $RA$  is the expected age of retirement and  $LR = A - RA$  is the number of years remaining to retirement.

4.2 Social Security wealth. For current Social Security beneficiaries ( $r$ ), let OASI be the OASI Social Security benefit currently being received by the retiree. Again, the SCF provides information for both husband and wife. Since Social Security benefits are indexed for inflation, SSW is given by

$$(4) \quad SSW_{ri} = D_i \sum_0^{109-A} OASI (1 - m_{a,g,r,t}) / (1 + \delta^*)^t$$

where it is assumed that the current Social Security rules of that year remain in effect indefinitely.<sup>5</sup>

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<sup>4</sup> Estimates of DBW as well as SSW are quite sensitive to the choice of inflation rate and discount rate. I choose a 3 percent inflation rate since it is very close to the actual average annual change of the CPI-U-RS index from 1989 to 2019. Moreover, I choose a 5 percent nominal discount rate because it likewise is close to the actual average annual rate of return on liquid assets over the same period. These two choices lead to a 2 percent *real* discount rate (the difference between the two rates). A higher real discount rate will lead to lower estimates of DB pension wealth (and likewise Social Security wealth), and, conversely.

<sup>5</sup> Separate imputations are performed for husband and wife. According to current and past rules, a spouse – say, the wife – is entitled to the greater of her own SS benefit or 50 percent of her husband's SS benefit. An adjustment in the Social Security benefit is also made for the surviving spouse. According to current and past rules, a surviving spouse -- is entitled to the greater of her own SS benefit or her deceased husband's.



The imputation of SSW among current workers is based on the worker's actual and projected earnings history estimated by a standard human capital regression equation. First, coverage is assigned based on whether the individual expects to receive OASI benefits and on whether the individual is salaried or self-employed. Second, on the basis of the person's earnings history, the person's Average Indexed Monthly Earnings (AIME) is computed. Third, on the basis of the rules current at the time of the survey year, the Primary Insurance Amount (PIA) is derived from AIME. Then,

$$(5) \quad SSW_{wi} = D_i \cdot S_i \sum_{LR}^{109-A} PIA (1 - m_{a,g,r,ti}) / (1 + \delta^*)^t$$

As with pension wealth, the summation runs from the number of years left to retirement, LR, to the number of years when the retiree reaches age 109.

Before 2006, the CDC mortality and life expectancy tabulations are available for only two racial categories: whites and Blacks. However, beginning in 2006, the tabulations are also available for three racial/ethnic categories: non-Hispanic whites, non-Hispanic blacks, and Hispanics. In the 2019 data, the only breakdown is for these three categories.<sup>6</sup> As a result, in the tables below, I show results using the two category breakdown for 1983, 1989, 2001, and 2007 (my so-called “old series”) and the three category breakdown for 2007, 2010, and 2019 (my so-called “new series”). For the common year 2007 I provide an analysis of how the results on DBW and SSW differ between the two categorizations.

As can be seen in Equations (1) – (5), the mortality rates  $m_{a,g,r,ti}$  are separable from the other terms. Counterfactual mortality rates can be substituted for the actual mortality rates. Here I re-estimate DBW and SSW by substituting 2020 mortality rates for 2019 mortality rates. This procedure is still based on the 2019 SCF data and provides wealth balance sheets and demographics for individuals included in the sample. I keep the age structure unchanged in order to isolate the effects of mortality rate changes on DBW and SSW. For example, in the case of Social Security Wealth for retirees in 2019, equation (4) is modified as follows:

$$(4') \quad SSW_{ri} = D_i \sum_0^{109-A} OASI (1 - m_{a,g,r,ti}^{2020}) / (1 + \delta^*)^t$$

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<sup>6</sup> Actually, in the 2019 CDC data, a fourth category is added for non-Hispanic Asian Americans. However, this category is available for only one year. As a result, I classify Asian Americans in the non-Hispanic white category in all years of analysis.

where  $m^{2020}$  are 2020 mortality rates. The percentage difference in mean and median SSW between the new estimates from equation 4' and the original estimates from equation 4 will indicate how much the change in mortality rates affect SSW. Separate calculations will be performed for non-Hispanic Black women, non-Hispanic Black men, Hispanic women, Hispanic men, non-Hispanic white women, and non-Hispanic white men and for equations (1) to (5). This procedure also enables us to determine how the change in mortality rates affects the racial wealth gap.<sup>7</sup>

In this application, I also estimate the effect of racial differences in mortality rates on DBW and SSW by substituting white (W) mortality rates for Black (B) mortality rates and re-estimating equations (1) to (5). Again, as an example, equation (4) is re-estimated for Black households as:

$$(4'') \quad SSW_{Bi} = D_i \sum_0^{109-A} OASI (1 - m_{a,g,W,ti}^{2019}) / (1 + \delta^*)^t$$

## 5. Recent Trends in Life Expectancy and Survival Rates

It is helpful to begin the empirical analysis with an overview of overall life expectancy trends. As shown in Figure 1, according to CDC data, there is a big spread in life expectancies

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<sup>7</sup> Of course, it would be better to have 2020 microdata for wealth holdings by households to go with the 2020 mortality rates, respectively, but these data are not yet available (the next release of the SCF is scheduled for 2022). It might be possible to update overall mean wealth using the data from the Financial Accounts. However, as far as I can tell, it is not possible to update net worth by race.

among the six groups shown.<sup>8</sup> In 2019, before the Pandemic, Hispanic women enjoyed the highest life expectancy at birth, 84.4 years, followed by non-Hispanic white females at 80.6 years, then Hispanic males at 79.1 years, non-Hispanic white males at 76.4 years, and lastly non-Hispanic black males at 71.6 years.<sup>9</sup> The overall spread between Hispanic females and black males was a considerable 12.8 years. Over time, at least between 2006 and 2019, life expectancy rose for all six groups, though not by a lot. The largest gain occurred for black males, at 2.1 years, and the smallest for white males and white females, at 0.7 years.

**[Figure 1 about here]**

The gap in life expectancies at birth between whites and the two minority groups fell between 2006 and 2019 (see Figure 2). The differential between black and white males declined from 6.2 to 4.8 years, that between black and white females from 4.2 to 3.1 years, that between

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<sup>8</sup> The source for years 2006-2019 is: “National Vital Statistics Reports, Vol. 70, No. 19, March 22, 2022 1900–1928, and United States, 1929–2019”: Table 19. Estimated life expectancy at birth, in years, by Hispanic origin and race and sex: Death-registration states, 1900–1928, and United States, 1929–2019, available at:

<https://www.cdc.gov/nchs/data/nvsr/nvsr70/nvsr70-19.pdf>. The series with a separate breakdown for Hispanics, non-Hispanic whites, and non-Hispanic females begins only in 2006. The source for 2020 is

NVSS Vital Statistics Rapid Release Report No. 15, July 2021, "Provisional Life Expectancy Estimates for 2020" by Elizabeth Arias, Ph.D., Betzaida Tejada-Vera, M.S., Farida Ahmad, M.P.H., and Kenneth D. Kochanek, M.A., available at <https://www.cdc.gov/nchs/data/vsrr/VSRR015-508.pdf> and Supplemental Tables, available at:

<https://www.cdc.gov/nchs/data/vsrr/vsrr015-tables-508.pdf>.

The sources for earlier years are as follows: 1989: National Center for Health Statistics, “Vital Statistics of the United States, 1989,” Vol. II, Section 6, Life Tables, Washington: Public Health Service, December 1992, DHHS Publication No. [PHS] 93-1104, Page 12, Table 6-3, “Expectation of Life at Single Years of Age, by Race and Sex: United States, 1989,” available at:

[https://www.cdc.gov/nchs/data/lifetables/life89\\_2acc.pdf](https://www.cdc.gov/nchs/data/lifetables/life89_2acc.pdf)

2001: National Vital Statistics Reports, Volume 52, Number 14, “United States Life Tables, 2001,” February 18, 2004, available at:

<file:///C:/Users/ed/Downloads/US20Life20Tables20-20200120-20DHHS.pdf>.

2007: National Vital Statistics Reports, “United States Life Tables, 2007”, available at

[https://ftp.cdc.gov/pub/health\\_statistics/nchs/publications/NVSR/59\\_09/](https://ftp.cdc.gov/pub/health_statistics/nchs/publications/NVSR/59_09/)

2010: National Vital Statistics Report, Vol. 62, No. 7, "United States Life Tables, 2010," November 6, 2014.

available at: [http://www.cdc.gov/nchs/data/nvsr/nvsr63/nvsr63\\_07.pdf](http://www.cdc.gov/nchs/data/nvsr/nvsr63/nvsr63_07.pdf)

2019: National Vital Statistics Report, Vol. 70, No. 19, "United States Life Tables, 2019," March 22, 2022, available at:

<https://www.cdc.gov/nchs/data/nvsr/nvsr70/nvsr70-19.pdf>.

<sup>9</sup> Actually, the highest life expectancy in 2019 is recorded for Asian-American females, at 87.4 years, with Asian-American males in third place at 83.5 years. Figures on Asian-Americans are available only for 2019 and, as a result, are not shown in Figure 1.

Hispanic and white males from -1.8 to -2.7 years, and that between Hispanic and white females from -2.3 to -3.1 years.

**[Figure 2 about here]**

Then the Pandemic hit and according to preliminary CDC estimates there were some notable declines in life expectancy that occurred over a single year, particularly among minorities. Perhaps, the most shocking developments are that life expectancy for Hispanic males plummeted by 3.8 years and that for Black males by 3.6 years. Losses were more modest among whites -- 1.4 years for white males and 1.1 years for white females – but a bit higher among minority females – 2.5 years for Black females and 2.0 years for Hispanic females. As a result, the gap in life expectancies between whites and the two minorities shot up in 2020, particularly for men. The differential between Black and white males went from 4.8 to 7.0 years and that between Hispanic and white males from -2.7 to -0.3 years. Indeed, Covid-19 virtually wiped out the mortality advantage of Hispanic males. Moreover, the life expectancy gap between Black and white females rose from 3.1 to 4.5 years and that between Hispanic and white females from -3.1 to -2.2 years.

Another cut is provided by considering survival probabilities. I focus on the probability of an 18-year old to survive to age 65 since this is a critical age for obtaining Social Security benefits. For black males, it went from an already shockingly low 58.9 percent to an even lower 54.7 percent, a 4.20 percentage point decline (see Figure 3). An even sharper reduction in survival probability is seen for Hispanic males, from 76.3 to 69.3 percent or by 6.98 percentage points. Black and Hispanic females saw a smaller drop in survival probability of 2.87 and 3.07 percentage points, respectively. White males and females, on the other hand, experienced a very small decrease.

**[Figure 3 about here]**

## **6. Basic Wealth Trends for Standard Net Worth, 1983-2019**

I begin with descriptive statistics. This will establish a baseline for the rest of the analysis. Table 1 documents robust wealth growth from 1983 to 2007.<sup>10</sup> Median wealth increased at an annual rate of 1.39 percent over 1983-1989, 1.51 percent over 1989-2001, and then 2.90 percent over 2001-2007. However, median wealth plunged by a staggering 43.9 percent over 2007-2010! The primary reasons were the collapse in the housing market and the high leverage of middle class

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<sup>10</sup> All dollar figures unless otherwise indicated are in 2019 prices deflated by the CPI-U-RS series.

families. It rebounded somewhat over 2010-2016, climbing by 17.1 percent, and again over 2016-2019, by 21.2 percent, though it was still down 20.4 percent from its 2007 peak.

**[Table 1 about here]**

Mean net worth also grew vigorously over 1983-1989, at an annual rate of 2.52 percent, about double that of median wealth, and then 3.24 percent over 1989-2007. Years 2007-2010 saw an absolute decline in mean wealth. The main causes were falling housing and stock prices. However, whereas median wealth plunged by 43.9 percent, mean wealth fell by (only) 16.1 percent. Mean wealth then grew by 27.9 percent over 2010-2016 and was 7.3 percent above its previous 2007 peak. This was followed by almost no change from 2016 to 2019.

The figures in Row 3 show that wealth inequality increased from 1983 to 1989 (by 0.029 Gini points) and then remained virtually unchanged from 1989 to 2007, at least according to the Gini coefficient. Years 2007 to 2010 saw a sharp elevation in wealth inequality, with the Gini coefficient rising by 0.032. From 2010 to 2016 there was a small rise in the Gini coefficient. Over 2016-2019, the Gini coefficient dropped from 0.877 to 0.869.

Table 2 shows the overall portfolio composition of household wealth. In 2019, owner-occupied housing was the most important household asset, accounting for 26.9 percent of total assets. Liquid assets made up 6.8 percent and pension accounts, notably, 15.5 percent. Corporate stock together with financial securities, mutual funds, and personal trusts amounted to 20.0 percent. Real estate other than homes plus business equity comprised another 29.4 percent. Stocks directly owned or owned indirectly through mutual funds, trusts, and IRAs, Keogh plans, 401(k) plans, and other retirement accounts amounted to 22.6 percent of all assets. The debt-net worth ratio was 14.9 percent and the debt-income ratio was 104.0 percent.

**[Table 2 about here]**

Perhaps, the most notable development over time from the standpoint of this paper is that pension accounts mushroomed from 1.5 in 1983 to 15.5 percent in 2019. This increase largely offset the decline in the share of liquid assets in total assets, from 17.4 to 6.8 percent.

A second change is that the share of homes in total assets rose from 30.1 percent in 1983 to 32.8 percent 2007 but then fell to 26.9 percent in 2019. Two factors explain this movement. First, the homeownership rate rose from 63.4 percent in 1983 to 68.6 percent in 2007 and then declined to 64.9 percent in 2019. Second, median home prices rose at an annual rate of by 1.66 percent over 1983-2007 but then inched up at 0.18 percent over 2007-2019.

A third development is that overall relative indebtedness first increased, with the debt to net worth ratio climbing from 15.1 percent in 1983 to 20.6 percent in 2010, and then tumbled to 14.9 percent in 2019. Likewise, the debt-income ratio surged almost continuously over time from 68.4 percent in 1983 to a peak of 127.0 percent in 2010 but then dropped off sharply to 104.0 percent in 2019.

A fourth occurrence is that stocks, securities, mutual funds, and trusts collectively rose from 15.9 percent of gross assets in 1983 to 21.8 percent in 2001, when the share peaked, but then fell off a bit to 20.0 percent in 2019. Its year to year trend mainly reflects fluctuations in the stock market. If we include the value of stocks indirectly owned through mutual funds, trusts, IRAs, 401(k) plans, and other retirement accounts, then the value of total stocks owned as a share of total assets more than doubled from 11.3 percent in 1983 to a peak of 24.5 percent in 2001, but then declined to 22.6 percent in 2019. The rise during the 1990s reflected the bull market in corporate equities as well as increased stock ownership, while the decline in the 2000s was a result of the sluggish stock market as well as a drop in stock ownership. The increase from 2010 to 2019 reflected the recovery of the stock market and increases in stock ownership.

Ownership rates also exhibit some important trends. Perhaps, most salient is the fact the overall homeownership rate went up by over five percentage points from 63.4 percent in 1983 to a peak of 68.6 percent in 2007 but then fell off to 64.9 percent in 2019. The share with a DC pension account shot up from 11.1 percent to over half in 2001 and then generally leveled off. Likewise, the share owning stock directly or indirectly rose from 31.7 percent in 1989 to over half in 2001 and then also generally remained stable.<sup>11</sup> Other (non-home) real estate remained more or less steady over time as a share of total assets, as did unincorporated businesses. Stocks, securities, mutual funds, and trusts collectively rose from 22.7 percent of total assets in 1983 to 33.0 percent in 2001 and then fell off to 23.7 percent in 2019.

## **7. Overall Trends in Augmented Wealth, 1983-2019**

I next add in defined benefit pension wealth (DBW) and Social Security wealth (SSW) to the household portfolio. How does the inclusion of these two components affect wealth trends?

As noted in Section 4, The SCF provides considerable detail on both pension plans and Social Security contributions. The SCF also gives detailed information on expected pension and Social Security benefits for both husband and wife. The imputation of both DBW and SSW involves

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<sup>11</sup> This figure is not available for 1983.

a large number of steps which are summarized in Section 4 above. I use here the standard gross measure, since it is the conventional formulation. It should also be noted that this definition of DBW and SSW is based on the conventional “on-going concern” assumption where it is assumed that employees continue to work at their place of employment until their expected date of retirement.

I define “non-pension wealth”  $NWX$  be as marketable household wealth ( $NW$ ) minus defined contribution wealth ( $DCW$ ):

$$(6) \quad NWX = NW - DCW.$$

Total pension wealth,  $PW$ , is given by:

$$(7) \quad PW = DCW + DBW.$$

Private augmented wealth  $PAW$  is then defined as:

$$(8.3) \quad PAW = NWX + PW.$$

The term “private augmented wealth” is used to distinguish contributions to wealth from private savings and employment contracts with both private and government employers from those of social insurance provided by the state – notably, Social Security. Retirement wealth is defined as the sum of pension and Social Security wealth:

$$(8) \quad RW = PW + SSW$$

and augmented household wealth,  $AW$ , is given by

$$(9) \quad AW = NWX + PW + SSW.$$

### 7.1 Pension Wealth

I begin the empirical analysis by looking at the pension coverage rate both for all households and by age group in Table 3.<sup>12</sup> I consider three age groups in particular – under 47, 47-64, and 65. The reason is that time trends do differ among these different age classes. However, results for age group 47 to 64 are highlighted because there is complete data available for this group from 1983 to 2019 and this is the age group most affected by the transition of the pension system that I will discuss below.<sup>13</sup>

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<sup>12</sup> Figures on DBW and SSW cannot be estimated for households under age 47 in 1983 and, correspondingly, for all households as well.

<sup>13</sup> I choose age 47 as a break point for two reasons. First, by age 47 most workers have accumulated somewhere between 20 and 25 years of labor market experience and are on a fairly stable earnings path, so that projections of future earnings become reasonably reliable. Second, for those with a DB plan, most are fully vested by then and are likely to be able to project their future retirement benefit with some accuracy.

**[Table 3 about here]**

One of the most dramatic changes in the retirement income system has been the replacement of many traditional DB plans with DC pensions. The picture that unfolds is a precipitous drop in DB coverage among all households more than compensated by a sizeable increase in DC coverage, at least until 2007. Moreover, while mean pension wealth gained rapidly from 1989 to 2007, it grew more slowly from 2007 to 2019.

**[Table 3 about here]**

The share of households with DC pension accounts skyrocketed over the years 1983 to 2001, from 11.1 to 52.2 percent, or by 41.1 percentage points (see Panel A). Most of the gain occurred after 1989. The picture changed from 2001 to 2007 when there was virtually no change in the DC coverage rate. Trends are different for DB pension wealth. The share with a DB pension plan fell by 11.2 percentage points between 1989 and 2001 from 45.6 to 34.4 percent.<sup>14</sup> There was little change from 2001 to 2007. The share of all households covered by either a DC or a DB plan increased from 56.0 to 65.6 percent between 1989 and 2001. However, from 2001 to 2007, the share declined by 0.5 percentage points.

The time pattern is even more pronounced for age group 47 to 64 (the “middle-aged”). The share of these households with DC pensions jumped by 49.7 percentage points from 12.3 percent in 1983 to 62.0 percent in 2001. Once again there was little change from 2001 to 2007. The proportion with a DB plan plummeted by 23.2 percentage points from 68.5 percent in 1983 to 45.3 percent in 2001 and then fell by an additional 1.9 percentage points to 43.4 percent in 2007. All told, the pension coverage rate increased by 5.6 percentage points from 70.3 percent in 1983 to 75.9 percent in 2001 but then remained steady through 2007.

Time trends are very similar for the under 47 age group (“young households”). In this case, the share with a DC or DB pension plan declined rather sharply from 2001 to 2007, by 5.5 percentage points. The pattern is somewhat different for age group 65 and over (the “seniors”). In this case, the fraction with a DC plan climbed by 32.9 percentage points from almost nothing in 1983 to 35.0 percent in 2001 but then continued to rise to 40.8 percent in 2007. This change is largely a cohort effect as the newly entering members of this group were more likely to have DC plans than the older

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<sup>14</sup> As noted above, figures on DB pension wealth cannot be estimated for households under age 47 in 1983 and, correspondingly, for all households as well.



members. The share with a DB plan also fell from 1983 to 2001, from 67.0 to 46.5 percent or by 20.5 percentage points, but then ticked up by 5.7 percentage points to 52.2 percent in 2007. The reason for this is not clear since one would have expected a continued decline in 2007 since those entering the ranks of senior citizens were less likely to have a DB plan than older members. The proportion of seniors with some form of pension wealth was somewhat higher in 2007 than in 1983.

As shown in Table 4, there were huge increases in the average holdings of DCW (DC pension wealth), with the average value among all households increasing by a factor of 14.4 between 1983 and 2001. The rise in DCW slowed down from 2001 to 2007, with the mean increasing by (only) 22.2 percent. Opposite trends are again evident for DBW (DB pension wealth). The mean rose by only 6.2 percent between 1989 and 2001. The years 2001 to 2007 again saw a small rise, 5.5 percent. Did the spread of DC type pension plans adequately compensate for the decline in traditional DB pension coverage? Average pension wealth PW (the sum of DCW and DBW) climbed by 86.3 percent from 1989 to 2001.<sup>15</sup> The growth in PW slowed down markedly from 2001 to 2007, with mean PW up by 14.2 percent. Median PW among holders *only* did worse than mean PW from 1989 to 2001, rising 38.7 percent, but better than mean PW from 2001 to 2007, gaining 18.8 percent.

**[Table 4 about here]**

Results are similar for middle-aged households. There was again an enormous increase in average DCW, increasing by a factor of 12.3 from 1983 to 2001. Gains in DCW again slowed from 2001 to 2007, with the mean rising by 18.4 percent. On the other hand, mean DBW increased by only 15.4 percent between 1983 and 2001, and years 2001 to 2007 witnessed a 7.6 percent loss. Average PW jumped 123.3 percent among middle-aged households between 1983 and 2001. However, from 2001 to 2007, mean PW inched up by only 6.3 percent. Median PW rose by 62.6 percent from 1983 to 2001 among account holders and then 13.5 percent from 2001 to 2007.

Similar patterns are again evident for young and older households. Among the former, mean DCW rose by a factor of 11.7 from 1983 to 2001 and but then fell by 7.2 percent from 2001 to 2007. Mean DBW was down 16.3 percent over years 1989 to 2001 and then up by 21.0 percent over the period 2001 to 2007. Mean PW increased 61.0 percent over the first period but only 3.6 percent over the second, while median PW among pension holders rose 17.5 percent in the first and 15.9 percent in the second. Older households saw a 32-fold increase in DCW from 1983 to 2001 followed by a 34.8

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<sup>15</sup> Median pension values are strongly affected by the share of households with pension wealth and, as a result, are not shown here for all households.

percent rise, while mean DBW gained 27.4 percent from 1983 to 2001 but only 2.2 percent from 2001 to 2007. Overall, mean PW more than doubled over the first period and then advanced 15.7 percent from 2001 to 2007. On the other hand, median PW among holders gained 61.2 percent over the first but fell by 5.3 percent over the second.

What happened over the Great Recession? From 2007 to 2010, the share of all households with a DC account fell off by 2.3 percentage points as firms discontinued 401(k) plans and the like, start-ups of IRA plans slackened, and, in some cases, workers closed down IRA accounts in response to the financial stress of the Great Recession (see Table 3). The DB coverage rate also declined, by 4.1 percentage points, as did the overall pension coverage rate, by 2.5 percentage points. Mean DCW, somewhat surprisingly, continued to expand over the Great Recession, by 6.5 percent (see Table 4). Mean DBW was down by 8.3 percent and, as a result, mean PW was generally unchanged.

The time trend is similar for middle-aged households. Their DC coverage rate fell by 4.2 percentage points between 2007 and 2010, their DB coverage shrank by 7.1 percentage points, and their overall pension coverage rate by 5.6 percentage points. Their mean DCW was up a bit but there was a precipitous drop in mean DBW by 12.6 percent, reflecting in part the drop in DB coverage. As a result, mean PW fell by 3.9 percent. The time pattern is similar for young households as for middle-aged ones, with DC, DB, and overall pension coverage rates falling. However, in this case, mean DCW as well as mean DBW and mean PW were all down (the latter by 13.1 percent). Older households, in contrast, saw basically no change in their pension coverage rate over the Great Recession, and their mean PW rose by 7.7 percent.

Did pension coverage and pension wealth recover by 2019? The DC coverage rate among all households was still down in 2019, by 2.1 percentage points, compared to its peak value in 2007, as was the DB coverage rate, by 3.4 percentage points, and the overall pension coverage rate, by 1.8 percentage points (Table 3). However, mean DCW expanded by 36.0 percent, mean DBW by 10.9 percent, and mean PW by 24.7 percent.

Among-aged households, there was a steep drop in pension coverage between 2007 and 2019, with the DC coverage rate down by 7.6 percentage points, the DB coverage rate down by 10.9 percentage points, and the overall coverage rate down by 9.8 percentage points. However, mean DCW expanded by 17.1 percent, though mean DBW collapsed by 18.9 percent and mean PW remained basically unchanged. Time trends were different for the other two age groups. Young households experienced a slight increase in their pension coverage, and their mean PW increased by 9.4 percent.

Older households saw no change in pension coverage but their mean PW was up by a bit more than half.

Then the Pandemic hit in March of 2020 and, as we saw in Section 5, there were notable declines in life expectancy, particularly among Black and Hispanic men. The most striking result is that mean DBW among all households plunged by 21.3 percent. As a result, mean PW was down by 8.5 percent and median PW among those covered by PW plans fell by 13.2 percent. The effect of the Pandemic was strongest among younger households for whom mean DBW dropped by a quarter. Mean DBW was down by about a fifth among middle-age households. Among seniors, it fell by 21.6 percent, though median PW among holders tumbled by 19.0 percent.

### 7.2 Social Security wealth

I now turn to an appraisal of what happened to augmented wealth, AW, the sum of net worth, pension wealth, and Social Security wealth. AW is the most comprehensive measure of the full set of resources available for retirement, and so its change over time is of considerable interest when considering trends in retirement adequacy. Moreover, an analysis of trends in AW will allow us to determine whether the basic findings with regard to net worth NW are changed when pension and Social Security wealth are included in the definition of household wealth. I find that whereas there was rapid growth in mean AW during the 1990s, a slowdown occurred over the 2001-2007 period, and there was an absolute decline in mean AW over the Great Recession. However, this was followed by a robust recovery from 2010 to 2019. Moreover, median AW showed slower growth over time than mean AW. However, from 2007 to 2010, median AW showed a much larger drop than mean AW.

Before we proceed to a discussion of augmented wealth, it is first useful to look at trends in Social Security wealth (SSW). Mean SSW among all households rose by 46.0 percent between 1989 and 2001 (see Table 5). This compares to a 86.3 percent gain in mean PW. The percentage increase in median SSW (see Table 6) was very close to that of mean SSW – a reflection of relative constancy in SSW inequality over time (see Table 7).<sup>16</sup> The rise in SSW over this period largely reflected increasing real wages, particularly in the late 1990s, and rising longevity. This was offset, in part, by the increase in the age at which full Social Security benefits take effect from age 65 to age 67 for persons born after 1938 and the rising share of minorities in the labor force, whose average earnings are lower than those of whites.

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<sup>16</sup> I show trends in medians (Table 6) separately from those in mean values (Table 5) because for most variables the trends are quite different. Gini coefficients are shown in Table 7.

**[Table 5 and Table 6 about here]**

SSW averaged \$221,300 (in 2019 dollars) in 2007 among all households. This compares to a mean NW of \$662,600 and a mean PW of \$172,700. Median SSW in 2007 was \$171,700 – 85 percent of mean SSW. This suggests a normal or close to normal distribution of SSW. Moreover, median SSW was 49 percent higher than median NW. The years 2001 to 2007 witnessed almost no growth in mean and median SSW. This turnaround from earlier years was largely attributable to the wage stagnation of this decade as well as to the increasing age at which full Social Security benefits took effect. Another factor, as noted above, was the increasing share of minorities in the workforce. Additional factors are the higher unemployment rates of the 2000s compared to the 1990s and the drop in the median retirement age compared to the 1990s. Both of these led to fewer years of employed work life. Moreover, though longevity increased over this period, the rate of increase slowed down relative to the 1990s. The Great Recession years, 2007 to 2010, witnessed a 9.0 percent decline in mean SSW and a 9.8 percent drop in median SSW. The likely reason for this is that unemployment rose over these years. However, there was a strong recovery from 2010 to 2019, with mean SSW rebounding by 25.8 percent and median SSW by 26.5 percent. Over years 1989 to 2019, the former gained 69.0 percent and the latter 58.0 percent.<sup>17</sup>

Mean SSW among middle-aged households rose by 36.2 percent between 1983 and 2001. This compares to a 123.3 percent gain in their mean pension wealth. The increase in median SSW was again very close to that of mean SSW – also a reflection of stability in SSW inequality for this age group.<sup>18</sup> As for all households, there was almost no advance in SSW from 2001 to 2007. In fact,

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<sup>17</sup> It is of interest to compare results for 2007 between the “old series” and “new series.” As shown in Table 5, estimated mean SSW based on the three category mortality rates mortality (non-Hispanic whites, non-Hispanic Blacks, and Hispanics) is 8.5 percent greater than that based on the two category breakdown (whites and Blacks, where Hispanics are put in the same category as Blacks). It is first of note that changing over from the two-category breakdown to the three-category one has very little effect on the CDC mortality rates for the “white” group and “Black” group. The changeover lowers life expectancy at birth by 0.13 years for white males, 0.18 years for white females, 0.42 years for Black males, and 0.28 years for Black females. However, life expectancy at birth is notably higher for Hispanics than for Blacks (with whom they were originally classified) – 7.29 years for males and 6.11 years for females. Thus, adding Hispanics as a separate category has a large effect on estimated SSW since they have notably higher life expectancy than blacks and this raises average SSW. Adding Hispanics as a separate category has a smaller effect on estimated mean DBW, raising it by 2.8 percent (see Table 4). The reason for the smaller effect is that Hispanics held only a small proportion of total DBW in 2007 (only 4.0 percent)

<sup>18</sup> A small decline in both mean and median SSW for middle-aged households can be seen in the data for the period from 1983 to 1989. This decrease in SSW probably reflects the decline in average real wages over the period according to the BLS real hourly wage series, as well as the increase in the normal retirement age from 65 to 67 from the new Social Security legislation of the period.

median SSW fell by 5.2 percent among middle-age households. As for all households, mean and median SSW fell between 2007 and 2010 but then rebounded from 2010 to 2019. Over the full period, 1983 to 2019, the former gained 44.4 percent and the latter 41.4 percent.

Time trends in mean and median SSW are very similar for young households as for middle-aged ones, though the percentage increase over 1989-2019 was smaller. The picture is a little different for the older age group. For them mean and particularly median SSW actually showed an increase over the Great Recession years. This result is probably due to a cohort effect whereby newly retired persons likely accumulated more lifetime earnings and therefore higher Social Security benefits than older seniors. Over the full 1983-2019 period, the percentage gain in both mean and median SSW was greater than for middle-aged households.

### 7.3 Retirement wealth

We can next combine pension and Social Security wealth to create retirement wealth, RW. This is the crucial variable for understanding retirement adequacy. Among all households, mean RW grew by 58.8 percent from 1989 to 2001. The percentage gain was, not surprisingly, lower than that of PW but higher than that of SSW. Median RW was up by 46.4 percent over these years. As with both PW and SSW, this was followed by a marked slowdown in growth from 2001 to 2007, and then an absolute decline over the Great Recession. Over years 1989 to 2019, mean RW more than doubled and median RW grew by two thirds. Similar patterns unfold for middle-aged and young households except that in both cases there was a relatively steeper drop in mean and median RW from 2007 to 2010 and a smaller percentage gain from 2010 to 2019. Among age group 65 and over, there were also large gains in RW from 1983 to 2001 and a pronounced slowdown from 2001 to 2007, but in this case, both mean and median RW showed sizeable gains from 2007 to 2010 (of 8.4 and 13.1 percent, respectively) and even greater percentage advances from 1989 to 2019 than the two younger age groups.

### 7.4 Time trends in augmented wealth

Private augmented wealth, PAW, the sum of net worth NW and DBW, represents the resources available to households for retirement from private sources -- their own wealth accumulations and private (including government DB plans but not public plans like Social Security) pension funds. The use of this variable also allows us to isolate the effects of DB pensions on wealth trends before introducing Social Security wealth into the concept of wealth.

The results indicate that with the dismantling of the DB pension system, mean PAW among all households grew slower than household net worth from 1989 to 2007 (63.2 versus 79.1 percent)

but declined to about the same degree over the Great Recession (about 15 percent). Median PAW also advanced slower than median NW from 1989 to 2007 (25.2 versus 42.7 percent) but declined less from 2007 to 2010 (40.1 versus 43.9 percent.) It also grew slower from 1989 to 2019 (3.1 versus 13.6 percent).

Differences between the two measures reflect the much lower gains in DBW than in net worth from 1989 to 2007, and households fared worse in terms of PAW than conventional net worth. This finding indicates that the explosive growth of DC plans after 1989 did not fully compensate for the collapse of DB plans at least in terms of the growth of household wealth. However, from 2007 to 2019 the share of DBW in AW held steady, accounting for the fact that mean PAW increased at about the same rate as mean NW. Moreover, since DBW was more concentrated in the middle of the wealth distribution than NW, median PAW declined less over these years than median NW.

As noted above, there was very strong growth in overall net worth during the 1980s and 1990s and over the 2001-2007 period, a collapse from 2007 to 2010, and then a rebound over 2010-2019. The pattern is very similar for age group 47 to 64. Mean PAW was up by 77.0 percent between 1983 and 2007, lower than that of net worth (83.6 percent), while its median value increased by 31.8 percent, in this case much slower than that of net worth (63.1 percent). From 2007 to 2010, mean PAW declined by 14.5 percent, about the same as net worth, while median PAW plunged by 34.6 percent, less than median NW for this group (39.1 percent). Here, too, median PAW among age group 47 to 64 grew much slower than mean PAW from 1983 to 2007 and declined more in percentage terms than mean PAW from 2007 to 2010. However, from 2010 to 2019, mean PAW gained 18.0 percent, a little less than NW, while median PAW remained flat.

Among households under age 47, the story is somewhat different. Mean PAW rose by 19.4 percent from 1989 to 2007, compared to a 22.6 percent increase in net worth. This result is similar to the other age groups. However, median PAW was actually down by 13.6 percent, compared to a 21.6 percent drop in median NW. Over the Great Recession years, 2007 to 2010, mean PAW dropped 33.2 percent, about the same as mean NW, whereas median PAW plunged by 59.6 percent, though a bit less than median NW. From 2010 to 2019, mean PAW did rebound by 41.9 percent and median PAW by 98.0 percent, though they were still below their 2007 peak.

The pattern is similar among age group 65 and over as among middle-aged and all households. Mean PAW advanced 78.0 percent from 1983 to 2007, less than the 86.4 percent gain in mean new worth, and median PAW grew by 44.4 percent, again less than the 72.6 percent

increase in median net worth. From 2007 to 2010, mean PAW declined by 12.4 percent, slightly more than the 8.5 reduction in mean NW, and median PAW fell by 6.2 percent, much more than the fall in median NW. Once again, mean PAW rebounded by 27.8 percent from 2010 to 2019, a bit more than that of median NW, and median PAW was up by 11.7 percent, more than that of NW. By 2019, mean and median PAW had exceeded their 2007 level.

I now turn to an appraisal of what happened to augmented wealth, AW, the sum of net worth, pension wealth, and Social Security wealth. AW is the most comprehensive measure of the set of resources available for retirement, and so its change over time is of interest when considering trends in retirement adequacy. I find that whereas there was rapid growth in AW during the 1990s, a marked slowdown occurred during the 2000s. Indeed, median AW barely advanced at all for the older age groups and actually fell in absolute terms among young households from 2001 to 2007. Over the Great Recession, from 2007 to 2010, both mean and median AW declined in absolute terms, with the sole exception of age group 65 and over for whom median AW remained steady.

Mean net worth among all households rose by 48.4 percent between 1989 and 2001, while median net worth increased by 19.9 percent. Adding in DBW, we find that mean PAW was up by 37.4 percent and median PAW by only 3.7 percent. If SSW is now included, then mean AW rose by 39.4 percent and median AW by 23.3 percent. The rapid growth of SSW over the 1990s made up, in part, for the slower growth of PW in the middle of the distribution, thus explaining the more rapid increase in median AW than median PAW.

Patterns vary by age group. Among young households, mean AW increased by 22.3 percent, compared to a 19.7 percent rise in net worth, and median AW rose by 17.6 percent, compared to a 13.0 percent drop in net worth. Among middle-aged households, mean AW grew by 41.9 percent, compared to 46.9 percent increase in mean NW, and median AW gained 27.4 percent, compared to a 3.3 percent rise for median NW. Older households experienced a 37.6 percent gain in mean AW, compared to a 43.8 percent growth in mean net worth, and median AW advanced by 37.2 percent, about the same as median net worth.

The years 2001 to 2007 look different. The growth in mean AW slowed down, registering a 14.4 percent gain among all households compared to a 39.4 percent increase in 1989-2001. This translates into an annual grow rate of 2.77 percent in the first period and 2.25 percent in the second. On the other hand, median AW advanced slightly faster in the second period, an annual rate of 1.80 percent in comparison to an annual rate of 1.75 percent in 1989-2001. However, there is evidence

of a slowdown for each of the three age groups. Mean AW remained virtually unchanged and median AW declined in absolute terms for young households in the 2001-2007 period, whereas both rose around 20 percent during the 1990s. Mean AW grew by 9.4 percent for middle-aged households in the later period, whereas it increased by 41.9 percent in the 1989-2001 period, and median AW showed almost no change in the 2000s compared to a 27.4 percent growth in the 1990s. For older households, median AW remained virtually unchanged in the later period though it gained 37.2 percent in the earlier period but mean AW advanced at about the same annual rate in the 2000s as in the 1990s.

Over the period from 1989 to 2007, mean AW grew 59.6 percent among all households, slower than PAW (63.2 percent) or net worth (79.1 percent). Median AW grew somewhat slower than median NW (37.4 versus 42.7 percent) but faster than median PAW (25.2 percent). The relatively slower growth in mean AW than mean PAW (and mean net worth) is due to the fact that mean SSW increased less rapidly than mean net worth over these years. But the higher growth in median AW than median PAW reflects the fact that SSW is heavily concentrated in the middle of the wealth distribution, and that median SSW advanced only somewhat less than median net worth.

The same pattern held for middle-aged households over this time period (as well as over years 1983 to 2007). Among young households mean AW rose somewhat faster than mean NW and mean PAW, whereas median AW showed positive growth but gains were negative for median PAW and median NW. Among seniors, mean and median NW increased faster than PAW over both 1989-2007 and 1983-2007, which in turn showed a higher percentage gain than AW. It is also the case that median AW grew slower than mean AW among all households – 59.6 percent for mean AW from 1989 to 2007 and only 37.4 percent for median AW. Results are similar by age group. These results are indicative of rising inequality in augmented wealth over these years.

Over the Great Recession, mean AW among all households fell by 13.5 percent, but this decline was somewhat less in percentage terms than that of PAW (15.3 percent) and net worth (16.1 percent). More notably, median AW dropped by 23.8 percent, though this was considerably less than PAW (40.1 percent) and net worth (43.9 percent). Results are quite similar by age group. These comparisons highlight the moderating influence of SSW on middle class wealth over the Great Recession when median SSW was down a lot less than median net worth and median PW. Indeed, the Social Security system acted as a cushion for household wealth, softening the blows from the Great Recession.



What happened during the recovery, from 2010 to 2019? Mean AW among all households advanced by 27.9 percent, only slightly less than mean NW and mean PAW. Median AW was up by 28.3 percent, though this was lower than that of median NW and median PAW. By 2019 mean NW, mean PAW, and mean AW had all exceeded their 2007 level. Likewise, median AW had also more than fully recovered. However, this was not the case for median NW or median PAW, which were still lower in 2019 than in 2007. Here, again, this establishes the importance of SSW as a resource for the middle class. Results are again similar by age class.

What happened over the Pandemic? The most notable finding is that mean SSW among all households plummeted by over a fourth – 26.7 percent. Median SSW fell even more, 28.3 percent. The Pandemic effect was even stronger among young households – 29.4 percent and 30.6 percent, respectively. Together, mean RW dropped 18.4 percent among all households and 23.7 percent among young households. Median RW was down even more -- 25.8 percent among the former and 28.6 percent among the latter. All told, mean AW dipped 8.1 percent among all households and 13.3 percent among young ones. The effect was even stronger on median values. In this case median AW declined 19.9 percent for the former and 27.4 percent for the latter.

#### 7.5 Inequality in augmented wealth

What about inequality trends? It is helpful to begin by looking at those for pension wealth. As shown in Table 7, the inequality of pension wealth among all households remained basically flat from 1989 to 2019. However, this is a result of two offsetting trends. On the one hand, PW inequality among those covered by a pension plan rose over these years (the Gini coefficient went up from 0.641 to 0.683). This trend mainly reflected the changeover from relatively low inequality DB plans to higher inequality DC plans. On the other hand, pension coverage among all households rose over these years (from 56.0 to 63.3 percent), thus lowering overall PW inequality.

#### **[Table 7 about here]**

The pattern is very similar among young households. However, among age group 47-64, there was a surge in PW inequality from 1983 to 2019, with the Gini coefficient rising by 0.096 points. There was a particular upheaval over 1983-1989. This result, like that for all pension holders, reflects the rising share of DCW in total PW, from 9.7 percent in 1983 to 66.9 percent in 2019, though in this case this effect was compounded by a fall in the share of households in this age group covered by a pension plan from 70.3 to 65.9 percent. The pattern is similar among seniors as the middle-aged, though in this case the PW Gini coefficient showed a huge increase of 0.116 over

these years and an even greater spike from 1983 to 1989. In this case, the share of DCW in PW rose from 2.7 percent in 1983 to 50.6 percent in 2019.

The inequality of SSW among all households was, not surprisingly, much lower than that of net worth or pensions (see Table 7). In 2007, the Gini coefficient for SSW among all households was 0.356, compared to 0.834 for NW and 0.780 for PW. The Gini coefficient for SSW actually dropped a bit over these years, reflecting the rising share of households covered by Social Security, particularly between 1989 and 2001. For young households, the inequality of SSW showed a more or less steady rise over years 1989 to 2019. This trend may reflect widening dispersion in the underlying wage distribution among young workers, as well as widening differentials in unemployment spells and Social Security coverage. Among middle-aged ones, in contrast, SSW inequality remained more or less flat. Among seniors, there was a substantial drop in the inequality of SSW over 1983-2019, reflecting primarily increased Social Security coverage over these years.

In Line 1, we saw a very high level of pension wealth inequality. However, Social Security wealth exerted a moderating influence so that the inequality of retirement wealth was substantially lower. In fact, the inequality of retirement wealth, not surprisingly, lay between that of pension and Social Security wealth. In 2007, the Gini coefficient for RW among all households was 0.501, compared to 0.356 for Social Security wealth and 0.780 for pension wealth.

Unlike SSW, there was a distinct upward trend in the inequality of RW over years 1989 (or 1983) and 2019. It first increased by 0.029 Gini points from 1989 to 2007 among all households, despite the fact that the inequality of both PW and SSW remained steady. There are two reasons. The first is that the share of PW in total RW rose over the period, from 37.5 to 45.5 percent (see Table 8). Since PW is more unequally distributed than SSW, this change had the effect of raising the inequality of RW (the sum of the two components). The second is that the correlation between the two rose from 0.261 to 0.368. In other words, households with large pension wealth holdings tended to have increasing levels of SSW over time, thus leading to greater skewness in the distribution of retirement wealth. From 2007 to 2010, the Gini coefficient of RW increased by another 0.027. The same two factors explain this change – (1) the rise in the ratio of RW to PW (from 0.438 in the new series to 0.461) and (2) an increase in the correlation between PW and SSW (from 0.368 to 0.418). There followed a small decline in the Gini coefficient of 0.010 from 2010 to 2019.

Among young households, the Gini coefficient for RW rose by 0.034 Gini points from 1989 to 2007, largely because of the rising inequality of SSW, and then by another 0.025 from 2007 to 2010, reflecting increases in the inequality of both SSW and PW. From 2010 to 2019 there was again a slight decline in the Gini coefficient of 0.012. Among middle-aged households, there was a sizeable increase in the Gini coefficient for RW of 0.092 between 1983 and 2007. There are two reasons. The first is the sharp increase in PW inequality over these years (from a Gini coefficient of 0.666 to 0.716). The second is a rising share of PW in total RW from 38.7 to 51.1 percent. RW inequality then shot up by 0.042 points from 2010 to 2010 and then declined slightly through 2019. Among older households, the inequality of RW was also up sharply over 1983-2007, by 0.157 Gini points. The same two factors were at play. In addition, there was a sharp rise in the correlation between PW and SSW (from 0.154 to 0.333). However, unlike the other two age groups, there was a modest decline of the RW Gini coefficient of 0.020 from 2007 to 2010, mainly due to a decline in SSW inequality, and this was followed by essentially no change from 2010 to 2019.

I next look at what happened to the inequality of augmented wealth from 1983 to 2019. It is first useful to look at the relative levels of inequality of its components. In 2007, SSW was the most equal component, with a Gini coefficient of 0.356 among all households. PW registered a value of 0.780 and NW a value of 0.834. Adding DBW to obtain PAW lowered the Gini coefficient to 0.804. Thus, DBW had an equalizing effect on household wealth. This result reflects the fact that DBW is distributed much more equally than net worth. However, a much larger impact came from SSW, which when added to PAW, reduced the Gini coefficient by a substantial 0.129 points. This effect is due to the much lower inequality of SSW inequality than NW, as well as its relatively low (though positive) correlation with net worth. As a consequence, it is apparent that the main equalizing effect of retirement wealth comes from Social Security, not private pensions. Together, the addition of DBW and SSW to NW to create AW lowered measured inequality by 0.149 points since both DBW and SSW have lower inequality than NW and tend to be concentrated among the middle class. Results are very similar for the three individual age groups.

As we saw in Section 6 above, the inequality of net worth NW among all households showed a sharp increase from 1983 to 1989 (0.029 Gini points), little trend from 1989 to 2007, another sharp spike from 2007 to 2010 (0.032 Gini points), and little change from 2010 to 2019. How does the addition of pension wealth and Social Security wealth affect trends in wealth inequality?

I find that the attrition of DB plans over from 1983 to 2007 led to a rise in wealth inequality. The reason is that DB wealth is fairly equalizing, and as a result its diminishment helped fuel an additional rise in inequality. It is also the case that the equalizing effect of DBW lessened with the passage of time. Whereas the Gini coefficient for net worth among all households increased by a very modest 0.006 points over the years from 1989 to 2007, the Gini coefficient for PAW advanced by 0.012 points. Alternatively, adding DBW to NW resulted in a 0.035 decline in the Gini coefficient in 1989 but only a 0.029 decrease in 2007. However, from 2007 to 2010, DBW ameliorated the rise in inequality. Over these years, the Gini coefficient for PAW rose by 0.029 whereas that for net worth was up by 0.032. From 2010 to 2019, in contrast, the Gini coefficient of both NW and PAW remained essentially unchanged.

The results are even stronger for middle-aged households and over the longer time span, 1983 to 2007. For this group, the Gini coefficient for net worth increased by 0.033 points while that for PAW ballooned by 0.070 points. Here we see even stronger evidence that the equalizing effect of DBW wore off over time. Adding DBW caused the Gini coefficient to decline by 0.073 in 1983 and 0.036 in 2007. From 2007 to 2010, on the other hand, the Gini coefficient went up about the same for PAW as for net worth. From 2010 to 2019, the inequality of PAW once again rose more than that of NW.

Results for older households are similar. Among them PAW inequality increased by 0.040 Gini points from 1983 to 2007, whereas NW inequality remained virtually unchanged. From 2007 to 2010, the Gini coefficient remained flat for both PAW and NW, and over 2010-2019 the Gini coefficient increased about the same for the two wealth measures. However, the pattern is different for younger households. Among them, the Gini coefficients for both PAW and NW remained flat from 1989 to 2007, while from 2007 to 2010, the Gini coefficient rose by 0.077 points for PAW, less than the 0.092 point rise for net worth. From 2010 to 2019, inequality declined to about the same degree for the two measures.

As we saw above, the inequality of NW among all households was essentially unchanged over the years 1989 to 2007. In contrast, the inequality of AW showed an increase of 0.021 Gini points. This is tantamount to saying that the equalizing effect of retirement wealth mitigated over the 1989-2007 period. While the addition of RW to NW reduced the Gini coefficient by 0.165 points in 1989, the difference was only 0.150 in 2007 (based on the Old series). In contrast, from 2007 to 2010, the inequality of AW increased by only 0.018, while that for NW went up by 0.032.

In other words, the inequality reducing effect of retirement wealth increased over these years in contrast to the 1989-2007 period. From 2010 to 2019, the inequality of both NW and AW remained relatively stable.

Among young households, the inequality of both net worth and AW declined slightly from 1989 to 2007 but from 2007 to 2010, the Gini coefficient for NW was up 0.092 while that of AW hardly changed at all. Over 2010-2019, the inequality of AW held steady, while that of NW declined by 0.021 points. Among middle-aged households, while the Gini coefficient of NW was up by 0.033 points from 1983 to 2007, that for AW gained 0.076 points. In contrast, over the Great Recession, the former rose more than the latter – 0.030 versus 0.025 – while over the most recent period, both showed a modest uptick. Among older households the Gini coefficient for NW was almost unchanged, while that for AW climbed by 0.066 points between 1983 and 2007. From 2007 to 2010, in contrast, inequality in AW declined by 0.026 points while that for NW was unchanged, while from 2010 to 2019 both increased to about the same degree.

Has the equalizing effect of retirement wealth dissipated over time? Among all households over years 1989 to 2019, the results weakly support this hypothesis, with the Gini coefficient for NW rising by 0.041 but that for AW by 0.046. For young households over the same period, this hypothesis is rejected, with the Gini coefficient for NW gaining 0.064 and that for AW by only 0.014. The results are much more supportive over the longer 1983-2019 period. In this case, the Gini coefficient for NW among middle-aged households increased by 0.080 while that for AW climbed by 0.119. Likewise, among seniors, the former grew by 0.029 and the latter by 0.068.

Why did the inequality of AW go up while that of NW remained unchanged (or rose less) from 1989 to 2007? The main reason is that the inequality of RW increased. This was the case for all households, young households, and middle-aged ones (though not for older households). A secondary reason was an increase in the correlation coefficient between non-pension wealth NWX and RW, which advanced from 0.175 to 0.252 among all households and from 0.161 to 0.216 among middle-aged ones.<sup>19</sup> Conversely, why did the inequality of AW rise less than that of NW from 2007 to 2019? The primary explanation is that the share of RW in AW went up over these years while that of NWX correspondingly declined. Since RW inequality was much lower than

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<sup>19</sup> Among older households, the primary reason for the rise in AW inequality was the increasing share of net worth in AW, which rose from 68.4 percent in 1989 to 75.6 percent in 2007 (based on the Old series). Since the *level* of inequality of net worth is greater than that of retirement wealth, this shift resulted in higher inequality of AW in the later year. A secondary reason was the increase in the correlation between NWX and RW.

NWX inequality, this shift lowered overall AW inequality. This shift occurred for all households and all three age groups. An additional factor is that the correlation coefficient between NWX and RW declined from 0.252 in 2007 to 0.210 in 2019 among all households, though it did increase from 0.216 to 0.257 among age group 47 to 64.

How did the Pandemic affect inequality? The key effects emanate from the fact that both low-inequality SSW and DBW fell in relative terms as a share of AW. First, there was a small increase in the inequality of PW of 0.006 Gini points among all households reflecting the modest shift in the composition of PW away from relatively lower inequality DBW toward higher inequality DCW. The effect was a little stronger among elderly households, 0.012 Gini points, as a result of a relatively larger drop in DBW as a share of PW. Second, the inequality of SSW itself showed an increase of 0.014 among all households. The reason is that the pattern of mortality rates associated with the Pandemic adversely affected low and moderate income families (that is, Black and Hispanic ones) more than richer ones (that is, whites). Third, altogether the Gini coefficient for RW popped up by 0.037 among all households. Fourth, the inequality of AW jumped up a well, with its Gini coefficient rising by 0.033 among all households, as higher inequality NWX rose relative to lower inequality RW. The effect was particularly pronounced among younger households among whom the Gini coefficient was up by 0.056 points. This was due moreover to an even greater shift in the composition of AW toward NWX and away from RW.

#### 7.6. Composition of augmented wealth

The last part of this section investigates trends in the composition of augmented wealth, AW. The effect of RW on mean and median wealth and the inequality of wealth will reflect, in part, the relative importance of RW in AW. Among all households, there was an almost continuous decline in the share of non-pension wealth (NWX) in augmented wealth, from 62.6 percent in 1989 to 56.0 percent in 2019.<sup>20</sup> Correspondingly, the share of retirement wealth in AW rose from 37.4 to 44.0 percent. The large upsurge in RW came from DCW, which mushroomed from 2.2 percent of AW in 1989 to 12.1 percent in 2019. DBW, in contrast, fell from 11.8 to 8.1 percent, while SSW remained more or less constant as a proportion of AW – around 23 to 24 percent.

Time trends in the different components of AW were very similar by age group but their relative importance differed. Among young households, SSW amounted to a higher share of AW – between 32 and 43 percent – and DBW a smaller share. Middle-aged households saw a steeper rise

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<sup>20</sup> The upward blip in 2007 reflects the housing bubble that ended in 2006.

in the share of DCW in AW – from 1.4 percent in 1983 to 13.6 percent in 2019 – and a sharper fall-off in DBW – from 13.2 to 6.7 percent. SSW formed a slightly lower proportion of AW -- around a fifth. Older households also saw a sharp drop in the share of NWX in AW. DCW showed a very sharp rise, from 0.3 percent in 1983 to 11.4 percent in 2019 because entering cohorts had greater DC wealth than older ones. Interestingly, the proportion of DBW in AW was about the same in 2019 as in 1983 (11 percent). On the other hand, SSW saw a downward trajectory, from 21.7 percent to 18.6 percent, as PW rose in importance.

Then over the Pandemic these patterns reversed. Among all households, SSW tumbled by 4.8 percentage points as a share of AW while NWX spiked by 4.9 percentage points. DBW, in addition, was down by 1.2 percentage points while DCW was up by 1.1 percentage points. This transformation was even more pronounced among younger households among whom SSW nosedived by 7.7 points and NWX leaped by 6.7 points.

## **8. The Racial and Ethnic Wealth Gap**

I now turn to the focus of this study. I begin with standard measures of household wealth as well as income.

### 8.1 Trends from 1983 to 2007

Striking differences are found in the wealth holdings of different racial and ethnic groups. In Table 9, households are divided into three groups: (i) non-Hispanic whites, (ii) non-Hispanic African-Americans, and (iii) Hispanics.<sup>21</sup> In 2007, while the ratio of mean incomes between non-Hispanic white (“white”) and non-Hispanic black (“black”) households was an already low 0.48 and the ratio of median incomes was 0.60, the ratios of mean and median wealth holdings in 2007 were even lower, at 0.19 and 0.06, respectively (also see Figure 4). The homeownership rate for black households was 48.6 percent in 2007, about two thirds the rate among whites.

#### **[Table 9 and Figure 4 about here]**

The racial ratio of mean income fell from 0.54 to 0.48 between 1983 and 2007 while that of median income rose from 0.56 to 0.60. The net worth ratio was the same in the two years, 0.19. The ratio of median wealth was much lower than that of mean wealth. In the case of median wealth, the black-white ratio dipped a bit from 7 percent in 1983 to 6 percent in 2007. The homeownership rate

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<sup>21</sup> The residual group, American Indians and Asians, is excluded here because of its small sample size in the earlier years.

of black households grew from 44.3 percent in 1983 to a peak value of 48.6 percent in 2007, while the black-white ratio was exactly the same in the two years, 0.65.

The picture is somewhat different for Hispanics. The ratio of mean income between Hispanics and (non-Hispanic) whites in 2007 was 0.50, almost the same as that between blacks and whites. However, the ratio of median income was 0.70, much higher than the ratio between black and white households. The ratio of mean net worth was 0.26 compared to a ratio of 0.19 between blacks and whites. However, the ratios of medians were 0.06 and 0.01, respectively, almost identical to those between blacks and whites. The Hispanic homeownership rate was 49.2 percent, also almost identical to that of black households.

Progress among Hispanic households over the period from 1983 to 2007 was generally a positive story. While the ratio of mean income relative to whites slid from 60 to 50 percent, that of median income advanced from 66 to 70 percent. The ratio of mean net worth between Hispanic and white households climbed from 0.16 in 1983 to 0.26 percent in 2007 and that of median wealth from 0.04 to 0.06. Moreover, the homeownership rate among Hispanic households surged from 32.6 to 49.2 percent between 1983 and 2007 and the ratio of homeownership rates between the two groups grew from 0.48 to 0.66.

### 8.2 Trends from 2007 to 2019

The racial/ethnic picture changed radically by 2010. While the ratio of both mean and median income between black and white households changed very little between 2007 and 2010 (mean income, in particular, declined for both groups), the ratio of mean net worth dropped from 0.19 to 0.14. The proximate causes were the higher leverage of Black households and their higher share of housing wealth in gross assets. In 2007, the ratio of debt to net worth among Black households was an astounding 0.553, compared to 0.154 among whites, while housing as a share of gross assets was 54.0 percent for the former as against 30.8 percent for the latter. The sharp drop in home prices from 2007 to 2010 thus led to a relatively steeper loss in home equity for black homeowners than for white homeowners, and this factor, in turn, led to a much steeper fall in mean net worth for the former.

The Great Recession hit Hispanic households much harder than Blacks in terms of wealth. Mean income among Hispanic households rose a bit from 2007 to 2010 and the ratio with respect to white households increased from 0.50 to 0.57. On the other hand, the median income of Hispanics fell, as did the ratio of median income between Hispanic and white households. More



notably, the mean net worth in constant dollars of Hispanics fell almost in half, and the ratio of this to the mean net worth of white households plummeted from 0.26 to 0.15. The same factors were responsible as in the case of black households. In 2007, the debt-net worth ratio for Hispanics was 0.511, compared to 0.154 among whites, while housing as a share of gross assets was 52.5 percent for the former as against 30.8 percent for the latter. As a result, net home equity dropped by 47 percent among Hispanic homeowners, compared to 24 percent among white homeowners, and this factor, in turn, was largely responsible for the huge decline in Hispanic net worth both in absolute and relative terms. There was also a drop in the homeownership rate among Hispanic households of 1.9 percentage points from 2007 to 2010.

Was there any improvement after 2010? Black households enjoyed some recovery in both mean and median income in absolute terms between 2010 and 2019 but a slight slippage relative to white households. The mean net worth of Black households was up by 24.0 percent but there was no change relative to white households. Their median net worth also gained 22.0 percent, but again the ratio relative to white households remained unchanged. However, there was a sharp fall in the Black homeownership rate from 47.7 to 44.0 percent, which followed a more modest 0.9 percentage point decrease from 2007 to 2010, and a decline in the homeownership rate relative to white households from 0.64 in 2010 to 0.61 in 2019. Thus, by most indicators (except the homeownership rate), the relative position of Black household remained stable from 2010 to 2019.

Income developments were poorer for Hispanics than for blacks but wealth developments were better. Both mean and median incomes of Hispanics were up from 2010 to 2019, but the ratios relative to white households were down (from 0.57 to 0.51 in the case of the former and from 0.67 to 0.64 in the case of the latter). The mean net worth of Hispanic households shot up by 58.7 percent and their position relative to white households advanced from a ratio of 0.15 to 0.19. Their median wealth was also up in both absolute terms and relative to whites, with the ratio relative to white households inching up from 0.03 to 0.09. Moreover, unlike Black families, their homeownership rate held steady and their homeownership rate relative to white households advanced from 0.63 to 0.65.

## **9. Adding retirement wealth to the household portfolio**

### **9.1 Pension and Social Security Wealth**

As noted above, one of the most dramatic changes in the retirement income system over the last three decades or so has been the substitution of DC pension plans for traditional DB plans. I first consider how this affected pension coverage by race/ethnicity. As shown in Panel A of Table 10, the share of white households with a DC pension account increased almost five-fold over years 1983 to 2007 and more than doubled from 1989 to 2007. In contrast, DB coverage fell over the latter period and the share of white households covered by either a DC or a DB plan increased from 61.5 to 70.1 percent over 1989-2007.<sup>22</sup> From 2007 to 2019, the share with a DC account fell off a bit while the DB coverage rate dropped more sharply. However, all told the overall pension coverage rate was about the same in 2019 as in 2007.

**[Table 10 about here]**

It is at once evident that whites were much more likely to have a pension plan than minorities. In 2019, 70.0 percent of white households held some form of pension wealth, compared to 49.4 percent of Black and 38.8 percent of Hispanic households. The gap in DC coverage was 21.8 percentage points between whites and blacks and 27.6 percentage points between whites and Hispanics, but those in DB coverage were much smaller. The disparity in DC coverage widened considerably over time, as the take-up rate was far greater among white workers than minorities. In contrast, the racial and ethnic gap in DB coverage fell quite substantially over these years, as participation plummeted among all groups. As a result, the racial and ethnic gap in overall PW coverage was about the same in 2019 as in 1989.

Patterns vary by age group. In 2019 among whites, DC coverage was greatest among middle-age households, followed by the young and then the elderly. On the other hand, DB coverage was highest among the oldest age group, followed by ages 47-64 and then the youngest group. Overall pension coverage was greatest among the elderly, followed by the middle-aged and then the young. There was an 8.8 percentage point spread between senior and young households. DC coverage rose over time for all three age groups, most strongly among the elderly, while DB coverage declined over time for all three, most notably among the middle-aged. Overall pension coverage rose for the elderly and the young. Among the middle-aged group, overall coverage rose after 1983, peaked in 2001, and then declined through 2019. Between 2001 and 2019, it slipped by 9.4 percentage points.

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<sup>22</sup> Recall that figures on DBW and SSW cannot be estimated for households under age 47 in 1983 and, correspondingly, for all households as well.

Among Black households, overall pension coverage was greatest for the middle-age group, followed by seniors and then the youngest age group. Overall coverage increased among the youngest age group but fell among the middle-aged and oldest age groups. Among Hispanics, overall pension coverage was also highest among age group 47-64 but in this case followed by the youngest group and then the oldest one.<sup>23</sup> Overall pension coverage rose over time for the youngest and oldest groups but declined among the middle-aged.

As discussed above, the overall disparity in DC coverage between Blacks and whites and that between Hispanics and whites widened over time, that in DB coverage declined, and that in overall pension coverage remained fairly steady. The racial gap in pension coverage in 2019 was somewhat smaller among middle-aged households than among younger and older ones. Over time, the differential in overall pension coverage remained relatively unchanged among the younger age group. However, among the middle-aged group, the gap in the overall coverage rate shrank from 1989 onward, while among seniors, the gap first widened from 1983 to 2001 and then declined.

In contrast, the differential in overall pension coverage between Hispanics and whites in 2019 was much higher among the oldest age group than the two younger ones. This was primarily due to a substantial disparity in DB coverage among seniors. Over time, the divergence in overall coverage contracted a bit among younger households but widened from 1989 onward among the two older age groups.

Mean DCW among white households surged by a factor of 7.6 between 1989 and 2007 (see Table 11). Mean DBW, on the other hand, increased by only 11.9 percent. Overall, average PW more than doubled. DCW continued to expand, even over the Great Recession, and by 2019 was 40.8 percent above its 2007 level. Mean DBW in 2019 was also above its 2007 level, as was overall mean PW. Over the 1989 to 2019 period, mean PW advanced more in percentage terms than mean net worth, spurred largely by the growth in DCW. Mean SSW among white households advanced by 72.2 percent from 1989 to 2019, less than half as fast as mean PW. Mean retirement wealth (RW) more than doubled.

**[Table 11 about here]**

From 1989 to 2019, mean PW rose for all three groups but more so for whites than minorities. Mean SSW was also up for all three groups but in this case more so for the two

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<sup>23</sup> The result on DB pension coverage for Hispanics in the 1983 appears a bit anomalous due to the very small sample size for this group.

minorities. It is also of note that for Blacks and particularly Hispanics mean SSW was substantially greater than mean PW in 2019 whereas the two were about equal for white households. However, minority households also had a lot less accumulated in their pension plans than white households. In 2019 mean PW of Black households was only 35.5 percent that of whites. The biggest gap was in DCW – a 22.5 percent ratio. The ratio in DBW was 56.1 percent. Hispanics fared much worse in terms of PW, with a ratio of 0.240. The ratio in DCW was 0.209, about the same as the racial ratio, while the ratio in DBW was much lower, at 0.289.

The racial and ethnic gap in PW expanded over years 1989 to 2019, with the PW ratio between Blacks and whites falling from 0.455 to 0.355 and that between Hispanics and whites from 0.287 to 0.240. Minorities did quite a bit better in terms of SSW. The ratio of mean SSW between Blacks and whites advanced strongly from 0.437 to 0.598 and that between Hispanics and whites from 0.475 to 0.758. Time trends in RW reflect those in both PW and SSW but on net were favorable to minorities, with the ratio of mean RW between Blacks and whites progressing from 0.443 to 0.479 and that between Hispanics and whites from 0.404 to 0.504.

Again, there are important differences by age group. Among white households, both mean PW, particularly mean DCW, and mean SSW showed the largest percentage gains among senior citizens over years 1983-2019 and 1989-2019, followed by the middle-aged and then young households. In fact, mean DBW showed a net decline for the latter two but a positive increase for seniors. However, for all three age groups, mean PW and mean SSW reached their highest level in 2019.

A similar pattern unfolds for Black households among whom the largest percentage advances in mean PW and mean SSW were enjoyed by seniors, followed by the middle-aged and lastly young households. Among all three age groups peak values in mean SSW were attained in 2019. Among the two youngest groups, peaks in mean PW were also reached in 2019 but among Black seniors the highest point occurred in 2007. Among Hispanics, in contrast, the greatest percentage upturns in mean PW, at least over the 1989-2019 period, occurred for the youngest age group, followed by the middle group and lastly the oldest one. However, mean SSW grew fastest for the seniors, followed by the youngest age group and then the middle-aged. Peak values in mean SSW were attained in 2019 for all three age groups but the highest value in mean PW was reached in 2007 for the youngest and oldest age groups and in 2019 for the middle age group.

The ratio of mean PW between Black and white households stood at only 0.32 in 2019 among households aged 65 and over, compared to 0.37 among the youngest age group and 0.39 among age group 47-64. However, the ratio fell over time from 1989 to 2019 for the youngest age group. Among the middle-aged, it dropped from 1983 to 2010 and then rebounded a bit in 2019. For seniors, it rose between 1983 and 2007 and then declined sharply to 2019. The pattern is different for SSW. In this case, the ratio of mean SSW was highest for the elderly in 2019 at 0.67, followed by the middle-aged at 0.61 and then the youngest group at 0.58. Moreover, unlike PW, the racial ratio of SSW advanced over time for the youngest group, while among the middle-aged and elderly groups, it rose over time from 1983 to 2007, peaked in 2007, and then receded through 2019.

The Hispanic to white ratio of mean PW was also lowest among the elderly in 2019, at a mere 0.17, compared to 0.34 among the youngest age group and 0.38 among the middle-aged. The ratio rose over time from 1989 to 2007 and then tailed off among both the youngest and oldest age groups, while among the middle-aged group, it declined over time from 1983 to 2019. The ratio of mean SSW between Hispanics and whites showed relatively little variation across age group in 2019. The ratio generally rose over time from 1989 to 2019 for both the youngest and middle-aged age groups, while among seniors, it peaked in 2007.

The Pandemic hit Blacks and Hispanics much harder than whites both in terms of mortality rates, as we saw in Section 5 above, but also in terms of retirement wealth. As discussed in Section 7.4 above, there was a massive reduction in both mean DBW and especially mean SSW overall. The pattern is very similar for white households. Mean SSW dropped by 26.0 percent and mean DBW by 20.7 percent. Among young white households, the fall-offs were a bit larger than average at 28.1 and 23.5 percent, respectively; among age group 47-64, they were a bit lower than average; and among the oldest group, they were about average.

Black households saw an even more drastic fall-off in their retirement wealth, with mean SSW down by 29.1 percent and mean DBW by 23.9 percent. The reduction was particularly intense for young black households, with cutbacks of 34.2 percent for the former and 30.5 percent for the latter. Elderly black households, on the other hand, experienced decreases of 24.9 and 22.9 percent respectively. In terms of actual levels, the Pandemic drove mean DBW among young and middle-aged Black households to its lowest point ever over years 1989 to 2019. Mean SSW among the youngest group dropped to its second lowest level over these years (the lowermost occurred in

1989) and just above its 2001 level for the middle-aged group and just below the 2001 value for the oldest age group.

Hispanics also got hit very hard. Overall, mean SSW was down by 30.3 percent and mean DBW by 25.1 percent. As with Blacks, younger households in this group suffered the biggest reductions – in this case, 32.6 percent for mean SSW and 29.2 percent for mean DBW. Mean DBW among the youngest group was at its second lowest point over years 1989 to 2019 (the lowest was in 2010) and for the middle-aged group (the lowest occurred in 2007) and the elderly group as well (the lowermost point was reached in 1983). With regards to mean SSW, it was almost pushed back to its 2007 level for the youngest and middle-aged groups and to its second lowest level for the elderly (the bottommost happened in 1989).

The Pandemic also enlarged the racial and ethnic gaps in retirement wealth. The Black-white ratio of mean DBW dropped from 0.56 before the Pandemic to 0.54 after it among all age groups. Among the youngest group, it fell from 0.57 to 0.52 and among the middle-aged group from 0.70 to 0.66. The ratio of mean SSW declined from 0.60 to 0.57 among all age groups and from 0.58 to 0.53 among the youngest age group, though it did show a slight increase among the oldest age group. The ratio of mean DBW between Hispanics and whites slumped from 0.29 to 0.27 among all ages, 0.39 to 0.36 for the first age group and 0.58 to 0.55 for the second. The ratio of mean SSW showed a sharper fall-off, declining from 0.76 to 0.71 among all ages, 0.83 to 0.78 for the youngest, and 0.82 to 0.78 for age group 47-64.

### 9.2 Augmented Wealth

This section next moves on to a consideration of augmented wealth. As shown in Table 12, mean NW among white households more than doubled from 1989 to 2019. Mean PAW (net worth plus DBW) grew a bit faster, because of the relatively larger gains in DB pension wealth. All told, mean AW rose 90.8 percent over these years. This increase was somewhat lower than that of net worth. The advance in median values was notably weaker. From 1989 to 2019, median NW showed only a 23.1 percent rise. However, because SSW advanced at a healthy clip, median AW showed a relatively stronger gain of 38.4 percent.

#### **[Table 12 about here]**

There are significant differences by age group. For the youngest group, mean NW advanced by only 28.3 percent from 1989 to 2019, mean PAW by 32.9 percent, mean AW by 34.9 percent, median NW was actually down by 38.9 percent, and median AW was up only 9.7 percent. In fact,

while mean AW was at its highest point in 2019, median AW peaked in 2001 for this age group. Middle-aged and elderly white households did better. Among the former, mean NW gained 88.0 percent, mean PAW 80.0 percent, and mean AW 68.3 percent, while median NW and median AW rose 3.6 and 20.7 percent, respectively. Mean AW reached its highest point in 2019, while median AW peaked in 2007. Among the latter, mean NW almost doubled, mean PAW more than doubled, and mean AW was up 89.4 percent, while median NW and median AW advanced more than half. In this case, both mean and median AW had their greatest value in 2019.

Mean and median AW also generally showed robust gains for black and Hispanic households. Among white households mean NW outpaced mean AW, while median AW grew faster than median NW. However, the opposite was the case for Black households. Among all Black households, mean NW rose 69.0 percent from 1989 to 2019, mean PAW was up a bit more, and mean AW gained 87.4 percent. The advance in median values was actually stronger, with median NW rising 168.8 percent and median AW up 109.0 percent. Both mean and median AW were at their zenith in 2019.

Among young Black households, mean NW and mean PAW showed an absolute decline from 1989 to 2019. However, mean AW gained 26.7 percent and median AW climbed 80.3 percent. Mean AW maxed out in 2007, while median AW reached its highest point in 2001. Among the middle-aged group, mean NW more than doubled while mean PAW rose 72.6 percent and mean AW by 85.4 percent. Median NW showed an absolute decline while median AW also more than doubled. Mean and median AW both peaked in 2007. For the elderly mean AW outstripped mean NW, rising 150.1 percent from 1989 to 2019 compared to 116.1 percent for mean NW. Median AW once again outperformed median NW, climbing by 194.4 percent compared to 52.6 percent. Mean AW once again reached its topmost point in 2007 while median AW reached its zenith in 2010.

The pattern for Hispanic households is rather different. Among Hispanics of all age groups, mean NW outpaced mean AW – 135.9 percent versus 116.6 percent from 1989 to 2019. The same was true for median values, with median NW up by a huge 411.5 percent (from an admittedly low base) and median AW by 104.1 percent. While mean AW maxed out in 2007, median AW attained its highest point in 2019.

Among young Hispanics, NW and AW both showed robust growth from 1989 to 2019, with mean and median NW outstripping mean and median mean AW, respectively. Mean AW reached its peak in 2007, while median AW reached its highest point in 2019. Among the middle-aged

group, in contrast, mean AW grew faster than mean NW, as did median AW relative to median NW. Mean AW once again summited in 2007 and median AW in 2019. For the oldest group mean and median NW outpaced AW. Mean AW once again reached its highpoint in 2007 and median AW in 2019.

The racial and ethnic gaps in AW were much smaller than those in NW. The ratio of mean AW between blacks and whites in 2019 was 0.27, compared to a net worth ratio of 0.14. The ratio of median AW between the two groups was even higher at 0.39, compared to a ratio of only 0.06 in median net worth. The smaller gap in AW than NW is attributable mainly to the equalizing effect of SSW as we shall see below. Results by age group are quite similar. The Black-white ratio of mean AW among young households was 0.31 and that of median AW was 0.42; among the middle-aged, the ratios were 0.29 and 0.37, respectively; and among seniors, 0.28 and 0.44.

The ratio in mean AW between blacks and whites of all ages fluctuated over time but by 2019 it was exactly the same as in 1989. In contrast, the ratio in mean NW was down in 2019 compared to 1989, from 0.17 to 0.14. The ratio of median AW was considerably up over these years, from 0.24 to 0.39, while the ratio of median NW ratio remained close to zero. The pattern is similar by age group. The ratio of mean AW showed little time trend for the youngest group while the ratio of median AW shot up from 0.23 to 0.42. Among the middle-aged the former was up modestly from 0.26 to 0.29 and the latter considerably from 0.21 to 0.37, while among the elderly the ratio of mean AW rose from 0.21 to 0.28 and that of median AW doubled from 0.22 to 0.44.

Results are similar for Hispanics as for Blacks. The ratio of mean AW between Hispanics and whites was 0.32 while that in NW was 0.19, and the ratio of median AW was again much higher at 0.48 (and greater than the Black-white ratio), while that in NW was only 0.09. Again there is some variation by age group. Among the youngest age group, the ratios of mean and median AW were sizably greater than the overall ratios at 0.51 and 0.76, respectively. The same was true among middle-aged households for whom the respective ratios were 0.38 and 0.56. In contrast, the ratios were smaller among seniors, at 0.29 and 0.45, respectively.

The ratio of both mean and median AW between Hispanics and whites of all ages advanced from 1989 to 2019, from 0.25 to 0.32 for the former and from 0.25 to 0.48 for the latter. The gap in both mean and median NW likewise lessened between the two groups over time. Among young households, the time trends were more pronounced, from 0.28 to 0.51 for mean AW and from 0.32 to 0.76 for median AW, respectively. Among the middle-aged group, the ratio of mean AW



actually declined slightly over these years, from 0.39 to 0.38, while the ratio of median AW advanced from 0.34 to 0.56. Among the oldest group, both ratios were up, from 0.16 to 0.29 for the former and from 0.20 to 0.45 for the latter.

Both defined benefit wealth and especially Social Security wealth play a role in lessening the divergence in augmented wealth relative to net worth. Adding DBW to NW had a relatively large effect on the overall Black-white ratio in 2019, increasing the ratio by 0.04 (compare PAW with NW). However, the larger effect derives from the inclusion of SSW, which enlarged the ratio by 0.09 (compare PAW with SSW). The effect of adding DBW on the ratio declined slightly over time, from 1989 to 2019, while the effect of adding SSW increased notably over time, from 0.05 to 0.09. The impact of adding DBW and SSW is even greater on the ratio of median AW. In this case, the addition of DBW and SSW augmented the ratio by 0.33 in 2019, and here again this effect rose over time, from 0.22 in 1989.

The results are a little different for the decomposition of the ratio of AW between Hispanics and whites. In this case, the addition of DBW had virtually no effect on closing the wealth gap between the two groups. By far, the largest effect on raising the ratio of mean AW came from the addition of SSW (0.11 in 2019) and, particularly, on the ratio of median AW (0.39). In these two cases, the evidence indicates that the effects increased over time from 1989 to 2019, from 0.07 to 0.11 for the ratio of mean AW and from 0.23 to 0.39 for the ratio of median AW. Young Hispanic households gained the most, with the addition of SSW raising the ratio of mean AW by 0.21 in 2019 and that of median AW by a staggering 0.68.

What happened to augmented wealth over the Pandemic? As we saw in Section 9.1, mean SSW among white households plummeted by 26.0 percent and mean DBW by 20.7 percent. Black households saw an even more pronounced fall-off in their retirement wealth, with mean SSW down by 29.1 percent and mean DBW by 23.9 percent, while among Hispanics, mean SSW was down by 30.3 percent and mean DBW by 25.1 percent.

Among white households, mean AW fell by 7.2 percent and median AW by 17.1 percent. The effect was stronger among young white households, who saw an 11.9 percent reduction in the former and a 23.3 percent fall-off in the latter. The cutbacks were somewhat less than overall for middle-aged and elderly whites. Black households of all ages witnessed an even steeper decline, with mean AW down by 17.7 percent and median AW by 25.8 percent. The reductions were particularly intense for young black households at 26.9 and 36.6 percent, respectively. The

percentage losses were somewhat less for the middle-aged and the older groups compared to overall. In terms of levels, the Pandemic caused median AW to reach its second lowest level over years 1989 to 2019 (the lowest occurred in 1989) among all Black households and mean AW to reach its lowest level over these years and median AW to fall to its second lowest level for young Black households. The Pandemic also drove median AW to its second lowest point among middle-aged Blacks.

The story is similar for Hispanics. Overall, mean AW was down by 17.2 percent and median AW by 28.0 percent. Younger households in this group lost a little more in percentage terms – 21.6 and 31.8 percent, respectively. Middle-aged Hispanic households fared a little better, with percentage losses of 14.1 and 23.6, respectively, as did elderly Hispanics, with percentage declines of 14.9 and 18.0, respectively.

The Pandemic also widened the racial and ethnic gaps in augmented wealth as it did in retirement wealth. The Black-white ratio of mean AW dropped from 0.27 before the Pandemic to 0.24 after it among all age groups – its lowest point over years 1989-2019 -- and the ratio of median AW from 0.39 to 0.35. Among the youngest group, the former fell from 0.31 to 0.26 and the latter from 0.42 to 0.35. Once again the ratio of mean AW reached its nadir over this time period. Among the middle-aged group the ratio of mean AW went from 0.29 to 0.26 and that of median AW from 0.37 to 0.33. The ratio of mean AW tied 1989 as the lowermost point. Among the oldest age group, the ratio of mean AW fell from 0.28 to 0.25 and that of median AW from 0.44 to 0.40.

The ratio of mean AW between Hispanics and whites slumped from 0.32 to 0.28 among all ages, 0.51 to 0.45 for the first age group, 0.38 to 0.34 for the second, and 0.29 to 0.26 among the third. The ratio of median AW showed a steeper fall-off (except for the elderly), declining from 0.48 to 0.42 among all ages, 0.76 to 0.67 for the youngest, 0.56 to 0.51 for age group 47-64, and 0.45 to 0.43 for age group 65 and over.

### 9.3 Decomposition Analysis

How much do differentials in mortality rates between white and Black Americans explain the racial gap in DBW and SSW? To answer this question, this final piece of analysis in the paper is conducted by substituting white (W) mortality rates  $m_{a,g,W}$  for black(B) mortality rates  $m_{a,g,B}$  and then re-computing DBW and SSW in equations (1) through (5). The percentage difference between the two estimates will measure the mortality gap effect on retirement wealth. The residual reflects

difference in earnings history (earnings in the case of DBW depending on the formula used) and coverage rates.

Results are shown in Table 13 for 2019. The substitution of white mortality rates for Black mortality rates not surprisingly boosts DBW and SSW for Black households. As shown in Panel I, mean DBW is raised by 8.0 percent among all Black households, mean SSW by 10.4 percent, mean RW, which includes DCW which is unaffected by the substitution, by 8.4 percent, and mean AW by 6.3 percent. These figures while not trivial are also (to this author) not excessively large. The effect is strongest among the youngest age group, for whom mean DBW is elevated by 14.3 percent and mean SSW by 14.4 percent. Among middle-aged Black households, the figures are respectively 10.0 and 11.0 percent, and among the aged 4.2 and 4.7 percent. There are two reasons for the greater effect among the youngest group of households. First, the racial gap in mortality rates is larger among younger households than older ones. Second, there are more remaining years to compute the present value of each component (see equations 1-5), so that the compounding effect is greater for younger households.

**[Table 13 about here]**

Panel II analyzes the effect of this counterfactual substitution on the racial wealth gap. The substitution raises the Black/white ratio of DBW by 0.04 from 0.56 to 0.61 among all households and that of SSW by 0.06 from 0.60 to 0.66. The effect on RW is smaller, a 0.04 increase in the ratio, and that on AW still smaller, a 0.02 increase. Once again, the impact is greatest for the youngest age group, second highest for the middle-aged group, and lowest for the elderly.

The percentage of the wealth gap due to mortality rate differentials is calculated as the ratio of the difference between the counterfactual ratio and the actual ratio divided by the counterfactual ratio. By this reckoning, 7.4 percent of the racial gap in mean DBW among all households is due to mortality rate differentials and 9.5 percent of the gap in mean SSW. The effects are again smaller for RW (7.8 percent) and AW (5.9 percent). Moreover, the results are again strongest for the youngest group (12.5 percent for DBW and 12.6 percent for SSW), second strongest for the middle group (9.1 and 9.9 percent, respectively), and lowest for seniors (5.0 and 4.5 percent, respectively).

Panels III and IV show results for median values.<sup>24</sup> The substitution enlarges median SSW among all Black households by 10.8 percent (about the same as mean SSW), median RW by 9.9

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<sup>24</sup> Median DBW is zero in almost all cases, so results are not shown for this component.

percent, and median AW by 8.7 percent. The effect is now much more pronounced among the under 47 age group – 15.3 percent expansion for median SSW, 13.0 percent for median RW, and a quite sizeable 18.4 percent for median AW. The enlargements are about average for the middle-aged group, and quite small for senior citizens.

How does the substitution of white for Black mortality rates affect the racial median wealth gaps? The effects are stronger for median values than mean values. It raises the Black/white ratio of median SSW by 0.12 among all households from 0.56 to 0.68 (compared to 0.06 for mean SSW); that of RW by 0.10 (compared to 0.04 for mean RW), and that of median AW by 0.03 (about the same as mean AW). Here too the effect is largest among the young, second highest for the middle-aged group, and lowest for the elderly. Indeed, for the under age 47 group, the substitution raises the ratio of median SSW by a notable 0.18.

With regard to the share of the wealth gap attributable to mortality rate differentials, the results are much stronger for median values than mean values. Fully 17.6 percent of the racial gap in median SSW among all households is due to mortality rate differentials, 16.9 percent for median RW, and 8.0 percent for median AW. Among the youngest age group, the effects are even stronger – 25.3 percent for median SSW, 22.8 percent for median RW, and 15.5 percent for median AW. Again, results are second strongest for the middle group though still notable (18.9 percent for median SSW and 15.8 percent for median RW), and lowest for seniors.

## **10. Summary, Concluding Remarks, and Policy Implications**

The story that unfolds is that the net worth gap between Black and white families was much the same in 2007 as in 1983, though it did lessen considerably for Hispanics. The Great Recession hit minority families much harder than white ones, pushing the ratio of mean net worth between Blacks and whites down from 0.19 in 2007 to 0.14 in 2010 and that between Hispanics and whites from 0.26 to 0.15. The racial wealth ratio remained stuck at 0.14 up through 2019 while the Hispanic-white ratio did improve to 0.19. Indeed, in real dollar terms, the mean wealth of Black households was much the same in 2019 as in 2007, though Hispanic mean wealth was a little ahead.

Because the relative private wealth of Black families has not recovered as yet and that of Hispanic families is still below its 2007 peak, the present value of their future potential claims on government, through Social Security, has become even more important than it previously was. The fact that the gap in augmented wealth between minorities and whites is much smaller than that in

net worth depends overwhelmingly on Social Security wealth – that is, on public sector transfers – and is thus fundamentally different in origin (and exposed to political risk in much different ways) than net worth.

Indeed, when the definition of wealth is expanded to include Social Security wealth (and Defined Benefit wealth), the racial and ethnic wealth gap is markedly reduced. In 2019, the ratio between Blacks and whites was almost doubled and that between Hispanics and whites amplified by almost half. The ratio of median wealth was boosted from about zero to 0.39 for the former and from almost zero to a whopping 0.48 for the latter.

Minorities made significant progress relative to whites in terms of retirement wealth and overall augmented wealth from 1989 to 2019. It is first the case that the racial and ethnic gap in PW expanded over years 1989 to 2019, with the PW ratio between Blacks and whites falling from 0.45 to 0.35 and that between Hispanics and whites from 0.29 to 0.24. Interestingly, this occurred despite the fact that the racial and ethnic gap in DCW and DBW narrowed over these years or remained the virtually same. In fact, the ratio of DBW between Blacks and whites increased from 0.50 to 0.56 and that between Hispanics and whites went from 0.30 to 0.29 while the ratio in DCW remained at 0.22 for the former and slipped from 0.23 to 0.21. The reason for the rising differential in PW is that the higher gap DCW increased relative to the lower gap DBW for all three groups.

However, minorities did quite a bit better in terms of SSW. The ratio of mean SSW between Blacks and whites climbed from 0.44 to 0.60 and that between Hispanics and whites from 0.48 to 0.76. Time trends in RW reflect movements in both PW and SSW and on net were favorable to minorities, with the ratio of mean RW between Blacks and whites advancing from 0.44 to 0.48 and that between Hispanics and whites from 0.40 to 0.50. A similar pattern unfolds for the three age groups – the young, middle-aged, and older households.

The ratio in mean AW between Blacks and whites of all ages was exactly the same in 2019 as in 1989. The ratio of median AW in contrast progressed from 0.24 to 0.39. The pattern is similar by age group. The ratio of mean AW showed little change for the youngest group while the ratio of median AW climbed from 0.23 to 0.42. Among the middle-aged the former rose modestly from 0.26 to 0.29 and the latter considerably from 0.21 to 0.37, while among the elderly the ratio of mean AW went up from 0.21 to 0.28 and that of median AW doubled from 0.22 to 0.44.

The pattern is a little different for Hispanics. The ratio of both mean and median AW between Hispanics and whites of all ages advanced from 1989 to 2019, from 0.25 to 0.32 for the

former and from 0.25 to 0.48 for the latter. Among young households, trends were more pronounced, from 0.28 to 0.51 and from 0.32 to 0.76, respectively. Among the middle-aged group, the former declined slightly while the latter advanced from 0.34 to 0.56. For the oldest group, both ratios were up, from 0.16 to 0.29 for the former and from 0.20 to 0.45 for the latter.

The Pandemic reversed all of the absolute gains made by minorities and gains made relative to whites in terms of retirement wealth and augmented wealth. It is first of note that mean DBW among all households plunged by 21.3 percent. As a result, mean PW was down by 8.5 percent. The effect of the Pandemic was strongest among younger households among whom mean DBW dropped by a quarter.

However, the most notable development is that mean SSW among all households plunged by over a fourth – 26.7 percent. Median SSW was down even more, 28.3 percent. The Pandemic effect was even stronger among young households – 29.4 percent and 30.6 percent, respectively. Together, mean RW dropped 18.4 percent among all households and 23.7 percent among young households. Median RW fell even more -- 25.8 percent among the former and 28.6 percent among the latter. All told, mean AW dropped 8.1 percent among all households and 13.3 percent among young ones. The effect was even stronger on median values, with median AW declining 19.9 percent for the former and 27.4 percent for the latter.

The Pandemic hit Blacks and Hispanics much harder than whites both in terms of mortality rates and retirement wealth. As just discussed, there was a massive reduction in both mean DBW and especially mean SSW overall. The pattern is very similar for white households. Mean SSW plummeted by 26.0 percent and mean DBW by 20.7 percent. Among young white households, the declines were a bit larger than average at 28.1 and 23.5 percent, respectively.

Black households saw an even more precipitous drop in their retirement wealth, with mean SSW down by 29.1 percent and mean DBW by 23.9 percent. The reduction was particularly acute for young Black households, with falloffs of 34.2 percent for the former and 30.5 percent for the latter. In terms of actual levels, the Pandemic drove mean DBW among young Black households to its lowest point ever over years 1989 to 2019. Mean SSW among the youngest group dropped to its second lowest level over these years.

Hispanics were also hit very hard. Overall, mean SSW was down by 30.3 percent and mean DBW by 25.1 percent. As with Blacks, younger households in this group suffered the biggest losses – 32.6 percent for mean SSW and 29.2 percent for mean DBW. Mean DBW among the youngest

group was at its second lowest point over years 1989 to 2019. Mean SSW was almost pushed down to its 2007 level for the youngest group.

The Pandemic also enlarged the racial and ethnic gaps in retirement wealth. The Black-white ratio of mean DBW dropped from 0.56 before the Pandemic to 0.54 after it among all age groups. Among the youngest group, it fell from 0.57 to 0.52. The ratio of mean SSW declined from 0.60 to 0.57 among all age groups and from 0.58 to 0.53 among the youngest group. The ratio of mean DBW between Hispanics and whites sank from 0.29 to 0.27 among the former and from 0.39 to 0.36 among the latter. The ratio of mean SSW showed a more acute decline, from 0.76 to 0.71 among all ages and from 0.83 to 0.78 for the youngest.

What happened to augmented wealth over the Pandemic? Among white households, mean AW fell by 7.2 percent and median AW by 17.1 percent. The effect was stronger among the youngest group -- an 11.9 percent reduction for the former and 23.3 percent for the latter. Black households saw an even steeper decline, with mean AW down by 17.7 percent and median AW by 25.8 percent among all ages and 26.9 and 36.6 percent, respectively, among young Black households. The Pandemic caused median AW to reach its second lowest level over years 1989 to 2019 among all ages and mean AW to reach its lowest level and median AW to fall to its second lowest level for young Black households.

Results are similar for Hispanics. Overall, mean AW was down by 17.2 percent and median AW by 28.0 percent. Younger households in this group lost even more -- 21.6 and 31.8 percent, respectively. Overall, the Pandemic wiped out 20 years of wealth gain in AW for Blacks and a dozen years for Hispanics.

The Pandemic also widened the racial and ethnic gaps in augmented wealth. The Black-white ratio of mean AW dropped from 0.27 before the Pandemic to 0.24 after it among all age groups -- its lowest point over years 1989-2019 -- and the ratio of median AW from 0.39 to 0.35. Among the youngest group, the former fell from 0.31 to 0.26 and the latter from 0.42 to 0.35. Once again the ratio of mean AW reached its lowest point over these years.

The ratio of mean AW between Hispanics and whites tumbled from 0.32 to 0.28 among all ages and from 0.51 to 0.45 for the first age group. The ratio of median AW showed a steeper drop, from 0.48 to 0.42 among all ages and from 0.76 to 0.67 for the youngest.

A counterfactual experiment is also run for year 2019 in which white mortality rates are substituted for Black mortality rates and Social Security wealth recalculated. The substitution had a

very modest effect on mean SSW calculated for all Black households, raising it by 10.4 percent. The impact was strongest among young households (under age 47), 14.4 percent. It is calculated that 9.5 percent of the racial gap in mean SSW among all households was due to mortality rate differentials. The results are again strongest for the youngest group, 12.6 percent.

The impact was stronger on median values and, in some cases, quite sizeable. The substitution enlarges median SSW among all Black households by 10.8 percent (about the same as mean SSW) but 15.3 percent for the youngest age group. It raises the Black/white ratio of median SSW by 0.12 among all households from 0.56 to 0.68 (compared to 0.06 for mean SSW). Moreover, 17.6 percent of the racial gap in median SSW among all households is due to mortality rate differentials and 25.3 percent for the youngest group. However, still the biggest explanatory factor is the residual which reflects difference in earnings history and coverage rates.

On the policy front, with regard to retirement wealth, the results of this study highlight the importance of Social Security in the minority community. Social Security wealth constitutes a much higher proportion of total (augmented) wealth for minorities than whites. As a result, efforts to curtail Social Security payouts will have a much more deleterious effect on the finances of the two minority groups than those of whites. Such proposals are of two main forms. The first is to raise the “normal” retirement age at which full Social Security benefits are received. The normal retirement age has already been raised from 65 to a scheduled 67. Raising the normal retirement age is tantamount to a cut in lifetime Social Security benefits since the number of years for which benefits are received is effectively reduced. The second is to reduce the actual dollar amount of benefits collected at a given age of retirement. This can take the form of a downward adjustment in the formula used to convert AIME into PIA. It can also involve cutting back on the annual cost of living adjustment (using a different inflation index than the CPI-U, for example). Other proposals have also been made. In either case, the cutback will differentially adversely affect the minority community and raise the augmented wealth gap between them and whites.

Interestingly, other proposals might adversely affect white beneficiaries. First, raising the earnings cap on social Security contributions (without adjusting the benefit structure) will raise the relative cost for whites since, on average, their earnings are higher than those of Blacks or Hispanics. Second, means-testing Social Security benefits would likewise be more detrimental for white retirees than minority ones since their income is, on average, higher. Third, currently there are no income taxes assessed on Social Security benefits if adjusted gross income is less than



\$25,000 for singles and \$32,000 for couples. Lowering these limits would likely impact white seniors more than minority ones and lower after-tax Social Security income more for the former.

The take-up rate for 401(k) plans, IRAs, and other defined contribution plans is abysmally low among minorities. In 2019, while 56.6 percent of white households had one of these plans, only 34.8 percent of Black households and an even lower 29.0 percent of Hispanic households held this form of wealth. Behaviorists propose a nudge in the form of making joining up the default option in employment contracts. However, it is more likely that the low level of participation among minorities is due to two other factors. First, minorities have lower income so that many cannot afford to participate in such a plan. Second, it is also likely that firms that employ minorities are less likely to offer such a plan in the first place. One policy option to consider is to legally require firms above a certain size (say, 100 employees) to provide such plans and make employer contributions mandatory, as opposed to contingent on employee contributions.

Though the racial and ethnic gap in Social Security wealth has closed over the years, it was still quite large in 2019. Perhaps, the most direct way to address this issue is to alter the basic formula for converting AIME into PIA. There are three possibilities. The first is to tweak the overall formula to make it more redistributive. While it is true that the current formula is redistributive, giving a higher replacement rate to lower earning workers, there is no reason why it cannot be made even more redistributive. This adjustment will, of course, benefit not just minority workers but all low income workers.

Second, with regard to the racial gap in SSW in particular, one could employ a mortality rate adjustment by race in recalibrating the Social Security benefit. This could take the form of a higher replacement rate in the basic formula for Blacks to reflect the fact that Blacks have lower life expectancies than whites. In fact, the Social Security Administration could use a procedure similar to the one I employed in my “counterfactual analysis” by substituting white mortality rates for Black mortality rates and adjust Social Security for Black workers accordingly. However, as noted above, this would close the racial gap in social Security wealth by only about 9.5 percent on average. Moreover, this procedure would not benefit Hispanic Americans and might even adversely affect them in terms of Social Security wealth.

Third, one could add a “discrimination adjustment” in calculating lifetime earnings as a basis for computing AIME. It is well known from the labor economics literature that Black and Hispanic workers received lower wages even after controlling for numerous other factors such as

education, age, union status, geographic location, industry, occupation, and the like. It is quite feasible to estimate such “discrimination coefficients.” These could then be used to adjust the stream of lifetime earnings that is used to compute AIME for each individual worker. This procedure would benefit both Black and Latino workers. These three methods would help to lower the racial and ethnic differential in Social Security wealth.

What are the implications of the Pandemic for the Social Security trust fund? Can the Pandemic be a “silver lining”? Because of increased mortality rates, future Social Security payouts will be way down. What about future contributions to the Social Security system? This will also be reduced. Which will fall more? This depends on differential mortality rates by age group. It has now been well established that mortality rates from Covid-19 are much higher for the elderly than younger people. As a result, persons receiving Social Security benefits (or who are soon to receive the benefits) will experience higher mortality rates than those persons contributing into the Social Security system, it is likely that the net effect is a greater reduction in Social Security payouts than in Social Security contributions. (In the extreme case, imagine that all workers continue to contribute into the system and then die when they reach retirement age.) As a result, it is likely that the Pandemic will improve the reserves of the Social Security trust fund (Dushi et. al., 2022, reach a similar conclusion). .

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**Table 1: Basic Trends in Net Worth (NW), 1983-2019**  
(In thousands, 2019 dollars)

Variable	1983	1989	2001	2007	2010	2016	2019
1. Median	81.7	88.8	106.4	126.7	71.0	83.2	100.8
2. Mean	318.0	369.9	550.3	662.6	556.2	711.3	723.8
3. Gini coefficient	0.799	0.828	0.826	0.834	0.866	0.877	0.869
<b>Percentage or Actual Change<sup>a</sup></b>							
	1983- 1989	1989- 2001	2001- 2007	2007- 2010	2010- 2016	2016- 2019	1983- 2019
1. Median	8.7	19.9	19.0	-43.9	17.1	21.2	23.4
2. Mean	16.3	48.8	20.4	-16.1	27.9	1.8	127.6
3. Gini coefficient	0.029	-0.001	0.008	0.032	0.011	-0.008	0.070
<b>Annual Growth Rate (percentage)</b>							
	1983- 1989	1989- 2001	2001- 2007	2007- 2010	2010- 2016	2016- 2019	1983- 2019
1. Median	1.39	1.51	2.90	-19.28	2.63	6.40	0.58
2. Mean	2.52	3.31	3.10	-5.84	4.10	0.58	2.28

Source: author's computations from the 1983, 1989, 2001, 2007, 2010, 2016, and 2019 SCF.

Wealth figures are deflated using the Consumer Price Index (CPI-U-RS).

a. Percentage change for lines 1 and 2; actual change for lines 3 and 4.

**Table 2. Composition of Household Wealth, 1983-2019**  
(Percent of gross assets)

<b><u>A. All Households, 1983-2016</u></b>	<b>1983</b>	<b>1989</b>	<b>2001</b>	<b>2007</b>	<b>2010</b>	<b>2019</b>
Principal residence	30.1	30.2	28.2	32.8	30.7	26.9
Liquid assets (bank deposits, money market funds, and cash surrender value of life insurance)	17.4	17.5	8.8	6.6	7.7	6.8
DC Pension accounts <sup>a</sup>	1.5	2.9	12.3	12.1	15.1	15.5
Corporate stock, financial securities, mutual funds, and personal trusts	15.9	13.3	21.8	15.5	15.4	20.0
Unincorporated business equity other real estate	33.8	31.2	27.0	31.3	29.3	29.4
Miscellaneous assets <sup>b</sup>	1.3	4.9	1.8	1.7	1.7	1.4
<b>Total assets</b>	<b>100.0</b>	<b>100.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b><u>Memo (selected ratios in percent):</u></b>						
Debt / net worth ratio	15.1	17.6	14.3	18.1	20.6	14.9
Debt / income ratio	68.4	87.6	81.1	118.7	127.0	104.0
All stocks <sup>c</sup> / total assets	11.3	10.2	24.5	16.8	17.5	22.6
<b><u>Ownership Rates (Percentage)</u></b>						
Principal residence	63.4	62.8	67.7	68.6	67.2	64.9
Other real estate	18.5	20.2	16.8	19.0	18.6	17.2
DC Pension assets	11.1	24.0	52.2	52.6	50.4	50.5
Unincorporated business	13.8	11.6	11.9	12.0	12.1	12.0
Corporate stock, financial securities, mutual funds, and personal trusts	22.7	33.1	33.0	27.8	22.9	23.7
Stocks, directly or indirectly owned <sup>c</sup>	--	31.7	51.9	49.1	46.9	49.6

Source: author's computations from the 1983, 1989, 2001, 2007, 2010, and 2019 SCF.

a. IRAs, Keogh plans, 401(k) plans, the accumulated value of defined contribution pension plans, and other retirement accounts.

b. Gold and other precious metals, royalties, jewelry, antiques, furs, loans to friends and relatives, future contracts, and miscellaneous assets.

c. Includes direct ownership of stock shares and indirect ownership through mutual funds, trusts, and IRAs, Keogh plans, 401(k) plans, and other retirement accounts

**Table 3. Percent of Households with Pension Wealth, 1983-2019**

	1983	1989	2001	2007	2010	2019	Percentage Point Change					1983-2019	1989-2019
							1983-89	1989-01	2001-07	2007-10	2010-19		
<b>A. All Households</b>													
1. DC Accounts	11.1	24.0	52.2	52.6	50.4	50.5	12.9	28.2	0.4	-2.3	0.2	39.5	26.5
2. DB Plans	--	45.6	34.4	36.8	32.7	33.3	--	-11.2	2.3	-4.1	0.6		-12.2
3. Pension Wealth	--	56.0	65.6	65.1	62.6	63.3	--	9.6	-0.5	-2.5	0.7		7.4
<b>B. Ages 46 and under</b>													
1. DC Accounts	13.7	31.2	53.8	49.9	47.9	50.4	17.5	22.6	-3.9	-2.0	2.5	36.6	19.2
2. DB Plans	--	37.9	22.8	24.6	20.6	23.4	--	-15.1	1.8	-4.0	2.8		-14.5
3. Pension Wealth	--	52.2	60.7	55.2	53.5	57.2	--	8.6	-5.5	-1.7	3.7		5.0
<b>C. Ages 47-64</b>													
1. DC Accounts	12.3	28.3	62.0	63.8	59.6	56.2	16.0	33.7	1.8	-4.2	-3.4	43.9	27.9
2. DB Plans	68.5	56.8	45.3	43.4	36.3	32.5	-11.7	-11.5	-1.9	-7.1	-3.8	-36.0	-24.3
3. Pension Wealth	70.3	67.5	75.9	75.7	70.1	65.9	-2.8	8.4	-0.2	-5.6	-4.2	-4.3	-1.6
<b>D. Ages 65 and over</b>													
1. DC Accounts	2.0	1.3	35.0	40.8	41.0	43.7	-0.7	33.7	5.8	0.2	2.7	41.7	42.4
2. DB Plans	67.0	51.3	46.5	52.2	50.8	49.6	-15.7	-4.7	5.7	-1.4	-1.3	-17.4	-1.7
3. Pension Wealth	67.8	51.8	62.6	69.5	68.9	69.6	-15.9	10.8	6.9	-0.6	0.7	1.8	17.8

Note: author's computations from the 1983, 1989, 2001, 2007, 2010, and 2019 SCF.  
Households are classified into age groups by the age of the head of household. Key:  
Pension Wealth PW = DBW + DCW

**Table 4. Household Pension Wealth, 1983-2019**

(In thousands, 2019 dollars)

	Old series				New series			2020 Mortality Rates
	1983	1989	2001	2007	2007	2010	2019	
<b>I. Mean Values</b>								
<b>A. All Households</b>								
1. Mean DC Pension Wealth	5.4	12.6	77.7	94.9	94.9	101.1	129.1	129.1
2. Mean DB Pension Wealth	--	67.5	71.7	75.6	77.8	71.3	86.2	67.9
3. Mean Pension Wealth	--	80.2	149.4	170.6	172.7	172.4	215.3	196.9
Memo: Median PW among PW Holders Only	--	70.1	97.3	115.6	114.6	99.7	127.0	110.3
<b>B. Ages 46 and under</b>								
1. Mean DC Pension Wealth	3.5	11.0	40.9	37.9	37.9	35.7	46.6	46.6
2. Mean DB Pension Wealth	--	30.0	25.1	30.4	25.2	19.1	22.4	16.9
3. Mean Pension Wealth	--	41.0	66.0	68.3	63.2	54.9	69.1	63.5
Memo: Median PW among PW Holders Only	--	38.1	44.8	51.9	49.4	41.1	51.0	45.7
<b>C. Ages 47-64</b>								
1. Mean DC Pension Wealth	11.4	24.4	139.8	165.4	165.4	169.2	193.7	193.7
2. Mean DB Pension Wealth	105.9	119.7	122.2	113.0	118.2	103.3	95.9	76.9
3. Mean Pension Wealth	117.3	144.3	262.0	278.4	283.7	272.5	289.7	270.6
Memo: Median PW among PW Holders Only	100.5	123.8	163.4	185.4	191.0	176.5	206.1	191.7
<b>D. Ages 65 and over</b>								
1. Mean DC Pension Wealth	2.4	2.7	77.5	104.5	104.5	123.9	176.3	176.3
2. Mean DB Pension Wealth	86.6	98.4	110.3	112.8	125.7	124.0	172.4	135.2
3. Mean Pension Wealth	89.0	101.1	187.8	217.2	230.2	247.9	348.7	311.5
Memo: Median PW among PW Holders Only	97.2	102.5	156.6	148.3	154.5	160.8	213.6	173.0
<b>II. Percentage Change</b>								
	Old series			New series			Combined series	
	1983-89	1989-01	2001-07	2007-10	2010-19	2019-20	1983-2019	1989-2019
<b>A. All Households</b>								
1. Mean DC Pension Wealth	132.1	515.6	22.2	6.5	27.6	0.0	2273.7	922.9
2. Mean DB Pension Wealth	--	6.2	5.5	-8.3	21.0	-21.3	--	24.3
3. Mean Pension Wealth	--	86.3	14.2	-0.2	24.8	-8.5	--	165.2
Memo: Median PW among	--	38.7	18.8	-13.0	27.3	-13.2	--	82.6

<b>PW Holders Only</b>								
<b><u>B. Ages 46 and under</u></b>								
1. Mean DC Pension Wealth	215.6	271.5	-7.2	-5.8	30.5	0.0	1237.5	323.8
2. Mean DB Pension Wealth	--	-16.3	21.0	-24.2	17.4	-24.8	--	-9.9
3. Mean Pension Wealth	--	61.0	3.6	-13.1	25.9	-8.0	--	82.3
Memo: Median PW among PW Holders Only	--	17.5	15.9	-16.8	24.0	-10.5	--	40.6
<b><u>C. Ages 47-64</u></b>								
1. Mean DC Pension Wealth	114.5	472.5	18.4	2.3	14.5	0.0	1602.0	693.6
2. Mean DB Pension Wealth	13.0	2.1	-7.6	-12.6	-7.1	-19.9	-13.4	-23.4
3. Mean Pension Wealth	23.0	81.6	6.3	-3.9	6.3	-6.6	142.3	97.1
Memo: Median PW among PW Holders Only	23.2	32.0	13.5	-7.6	16.7	-7.0	99.0	61.5
<b><u>D. Ages 65 and over</u></b>								
1. Mean DC Pension Wealth	12.8	2750.3	34.8	18.6	42.3	0.0	7210.7	6381.6
2. Mean DB Pension Wealth	13.7	12.1	2.2	-1.3	39.0	-21.6	78.7	57.2
3. Mean Pension Wealth	13.6	85.8	15.7	7.7	40.7	-10.7	269.9	225.6
Memo: Median PW among PW Holders Only	5.5	52.7	-5.3	4.1	32.9	-19.0	111.1	100.0
<p>Note: author's computations from the 1983, 1989, 2001, 2007, 2010, and 2019 SCF.  The "old series" is based on mortality rates for whites and blacks. The new series is based on mortality rates for non-Hispanic whites, non-Hispanic blacks, and Hispanics. The "combined series" uses the percentage change for 1983 (or 1989)- 2007 based on the old series and the percentage change for 2007-2019 based on the new series.  Dollar figures are converted to 2019 dollars based on the CPI-U-RS price deflator.  Households are classified into age groups by the age of the head of household. Key:  Pension Wealth PW = DB + DC</p>								



**Table 5. Mean Social Security, Retirement, and Augmented Wealth, 1983-2019**

(In thousands, 2019 dollars)

	Old series				New series			2020 Mortality Rates
	1983	1989	2001	2007	2007	2010	2019	
<b><u>I. Mean Values</u></b>								
<b><u>A. All Households</u></b>								
1. Social Security Wealth SSW	--	138.1	201.5	203.9	221.3	201.3	253.2	185.6
2. Retirement Wealth RW	--	220.8	350.5	374.2	394.0	376.2	468.4	382.4
3. Net Worth (NW)	318.0	369.9	550.3	662.6	662.6	556.2	723.8	723.8
4. Private Augmented Wealth (PAW)	--	451.7	620.8	737.1	740.7	627.7	810.7	792.3
5. Augmented Wealth (AW)	--	589.8	822.3	941.1	962.0	831.9	1063.9	977.9
<b><u>B. Ages 46 and under</u></b>								
1. Social Security Wealth SSW	--	114.6	158.6	155.1	171.5	144.8	189.6	133.8
2. Retirement Wealth RW	--	157.0	224.4	223.4	234.7	200.4	258.6	197.3
3. Net Worth (NW)	156.2	211.2	252.9	258.9	259.4	171.1	247.5	247.5
4. Private Augmented Wealth (PAW)	--	242.2	278.0	289.3	284.6	190.2	269.9	264.3
5. Augmented Wealth (AW)	--	356.8	436.5	444.4	456.1	333.8	459.5	398.2
<b><u>C. Ages 47-64</u></b>								
1. Social Security Wealth SSW	195.6	170.8	266.4	266.1	287.1	248.0	304.7	228.1
2. Retirement Wealth RW	318.1	319.6	527.9	544.0	570.8	523.3	594.4	498.7
3. Net Worth (NW)	539.8	588.5	864.2	991.0	992.8	846.8	1025.4	1025.4
4. Private Augmented Wealth (PAW)	649.3	712.2	986.2	1103.8	1111.1	950.1	1121.3	1102.2
5. Augmented Wealth (AW)	844.2	882.9	1252.6	1369.8	1398.2	1198.6	1426.0	1330.3
<b><u>D. Ages 65 and over</u></b>								
1. Social Security Wealth SSW	172.7	157.4	211.8	209.3	223.1	239.4	287.5	212.7
2. Retirement Wealth RW	266.0	261.9	399.2	426.1	453.3	491.6	635.7	523.7
3. Net Worth (NW)	535.7	560.2	805.4	998.3	1000.1	862.0	1085.5	1085.5
4. Private Augmented Wealth (PAW)	624.1	661.8	915.4	1110.8	1125.8	986.0	1260.4	1223.1
5. Augmented Wealth (AW)	796.8	819.2	1127.3	1320.1	1349.0	1235.6	1547.9	1435.8
<b><u>II. Percentage Change</u></b>								
	Old series			New series			Combined series	
	1983-89	1989-01	2001-07	2007-10	2010-19	2019-20	1983-2019	1989-2019
<b><u>A. All Households</u></b>								
1. Social Security Wealth SSW	--	46.0	1.2	-9.0	25.8	-26.7	--	69.0
2. Retirement Wealth RW	--	58.8	6.7	-4.5	24.5	-18.4	--	101.5
3. Net Worth (NW)	16.3	48.8	20.4	-16.1	30.1	0.0	127.6	95.7

4. Private Augmented Wealth (PAW)	--	37.4	18.7	-15.3	29.2	-2.3	--	78.6
5. Augmented Wealth (AW)	--	39.4	14.4	-13.5	27.9	-8.1	--	76.5
<b><u>B. Ages 46 and under</u></b>								
1. Social Security Wealth SSW	--	38.3	-2.2	-15.6	30.9	-29.4	--	49.6
2. Retirement Wealth RW	--	43.0	-0.5	-14.6	29.1	-23.7	--	56.8
3. Net Worth (NW)	35.2	19.7	2.4	-34.0	44.6	0.0	58.2	17.0
4. Private Augmented Wealth (PAW)	--	14.8	4.1	-33.2	41.9	-2.1	--	13.2
5. Augmented Wealth (AW)	--	22.3	1.8	-26.8	37.7	-13.3	--	25.5
<b><u>C. Ages 47-64</u></b>								
1. Social Security Wealth SSW	-12.7	56.0	-0.1	-13.6	22.9	-25.2	44.4	65.4
2. Retirement Wealth RW	0.5	65.2	3.1	-8.3	13.6	-16.1	78.1	77.2
3. Net Worth (NW)	9.0	46.9	14.7	-14.7	21.1	0.0	89.6	73.9
4. Private Augmented Wealth (PAW)	9.7	38.5	11.9	-14.5	18.0	-1.7	71.6	56.4
5. Augmented Wealth (AW)	4.6	41.9	9.4	-14.3	19.0	-6.7	65.5	58.2
<b><u>D. Ages 65 and over</u></b>								
1. Social Security Wealth SSW	-8.8	34.6	-1.2	7.3	20.1	-26.0	56.2	71.3
2. Retirement Wealth RW	-1.6	52.4	6.7	8.4	29.3	-17.6	124.6	128.2
3. Net Worth (NW)	4.6	43.8	23.9	-13.8	25.9	0.0	102.3	93.4
4. Private Augmented Wealth (PAW)	6.0	38.3	21.3	-12.4	27.8	-3.0	99.2	87.9
5. Augmented Wealth (AW)	2.8	37.6	17.1	-8.4	25.3	-7.2	90.1	84.9

Note: author's computations from the 1983, 1989, 2001, 2007, 2010, and 2019 SCF.

The "old series" is based on mortality rates for whites and blacks. The new series is based on mortality rates for non-Hispanic whites, non-Hispanic blacks, and Hispanics. The "combined series" uses the percentage change for 1983 (or 1989) - 2007 based on the old series and the percentage change for 2007-2019 based on the new series.

Dollar figures are converted to 2019 dollars based on the CPI-U-RS price deflator.

Households are classified into age groups by the age of the head of household. Key:

Retirement Wealth RW = PW + SSW

Private Augmented Wealth PAW = NW + DBW

Augmented Wealth AW = NW+DBW+SSW

**Table 6. Median Social Security, Retirement, and Augmented Wealth, 1983-2019**

(In thousands, 2019 dollars)

	Old series				New series			2020
	1983	1989	2001	2007	2007	2010	2019	Mortality Rates
<b>I. Median Values</b>								
<b>A. All Households</b>								
1. Social Security Wealth SSW	--	124.0	174.3	171.7	189.0	170.5	215.6	154.6
2. Retirement Wealth RW	--	155.5	227.6	231.5	251.4	222.3	281.4	208.7
3. Net Worth (NW)	81.7	88.8	106.4	126.7	126.7	71.0	100.8	100.8
4. Private Augmented Wealth (PAW)	--	140.7	146.0	176.1	177.5	106.3	146.2	136.9
5. Augmented Wealth (AW)	--	277.6	342.4	381.5	396.8	302.5	388.0	310.9
<b>B. Ages 46 and under</b>								
1. Social Security Wealth SSW	--	108.2	147.9	138.8	157.3	133.0	165.9	115.1
2. Retirement Wealth RW	--	123.8	168.2	161.0	177.0	149.8	194.4	138.8
3. Net Worth (NW)	37.5	34.3	29.9	26.9	26.9	9.2	17.9	17.9
4. Private Augmented Wealth (PAW)	--	49.9	47.5	43.2	41.7	16.8	33.3	31.2
5. Augmented Wealth (AW)	--	173.4	203.9	192.3	208.6	160.5	217.5	158.0
<b>C. Ages 47-64</b>								
1. Social Security Wealth SSW	183.9	170.4	254.7	241.5	264.0	229.7	284.2	209.4
2. Retirement Wealth RW	253.7	233.7	368.1	372.5	397.6	326.4	382.2	293.2
3. Net Worth (NW)	156.5	192.4	198.7	255.2	255.2	155.4	168.2	168.2
4. Private Augmented Wealth (PAW)	265.6	279.9	307.7	350.1	358.3	234.3	237.0	225.1
5. Augmented Wealth (AW)	449.9	460.4	586.5	598.8	634.2	474.7	528.0	442.6
<b>D. Ages 65 and over</b>								
1. Social Security Wealth SSW	159.2	130.7	183.4	163.6	172.4	203.3	246.8	180.0
2. Retirement Wealth RW	227.5	189.4	269.9	261.3	275.9	311.9	378.9	287.6
3. Net Worth (NW)	151.2	158.0	217.7	260.9	260.9	229.2	246.0	246.0
4. Private Augmented Wealth (PAW)	236.8	231.5	318.9	341.9	349.5	327.9	366.2	339.1
5. Augmented Wealth (AW)	422.3	383.4	526.1	537.3	556.4	570.9	632.9	532.5
<b>II. Percentage Change</b>								
<b>A. All Households</b>	Old series			New series			Combined series	
	1983-89	1989-01	2001-07	2007-10	2010-19	2019-20	1983-2019	1989-2019
1. Social Security Wealth SSW	--	40.6	-1.5	-9.8	26.5	-28.3	--	58.0
2. Retirement Wealth RW	--	46.4	1.7	-11.5	26.5	-25.8	--	66.6
3. Net Worth (NW)	8.7	19.9	19.0	-43.9	41.9	0.0	23.4	13.6

4. Private Augmented Wealth (PAW)	--	3.7	20.7	-40.1	37.5	-6.3	--	3.1
5. Augmented Wealth (AW)	--	23.3	11.4	-23.8	28.3	-19.9	--	34.3
<b><u>B. Ages 46 and under</u></b>								
1. Social Security Wealth SSW	--	36.6	-6.1	-15.5	24.8	-30.6	--	35.3
2. Retirement Wealth RW	--	35.9	-4.3	-15.4	29.8	-28.6	--	42.8
3. Net Worth (NW)	-8.5	-13.0	-9.9	-66.0	95.3	0.0	-52.3	-47.9
4. Private Augmented Wealth (PAW)	--	-4.8	-9.2	-59.6	98.0	-6.3	--	-30.9
5. Augmented Wealth (AW)	--	17.6	-5.7	-23.1	35.5	-27.4	--	15.6
<b><u>C. Ages 47-64</u></b>								
1. Social Security Wealth SSW	-7.3	49.4	-5.2	-13.0	23.7	-26.3	41.4	52.6
2. Retirement Wealth RW	-7.9	57.5	1.2	-17.9	17.1	-23.3	41.1	53.2
3. Net Worth (NW)	23.0	3.3	28.4	-39.1	8.2	0.0	7.5	-12.6
4. Private Augmented Wealth (PAW)	5.4	9.9	13.8	-34.6	1.2	-5.0	-12.8	-17.2
5. Augmented Wealth (AW)	2.3	27.4	2.1	-25.2	11.2	-16.2	10.8	8.3
<b><u>D. Ages 65 and over</u></b>								
1. Social Security Wealth SSW	-17.9	40.3	-10.8	17.9	21.4	-27.1	47.1	79.2
2. Retirement Wealth RW	-16.7	42.5	-3.2	13.1	21.5	-24.1	57.7	89.4
3. Net Worth (NW)	4.5	37.8	19.8	-12.2	7.3	0.0	62.7	55.7
4. Private Augmented Wealth (PAW)	-2.2	37.8	7.2	-6.2	11.7	-7.4	51.3	54.7
5. Augmented Wealth (AW)	-9.2	37.2	2.1	2.6	10.9	-15.9	44.8	59.4

Note: author's computations from the 1983, 1989, 2001, 2007, 2010, and 2019 SCF.

The "old series" is based on mortality rates for whites and blacks. The new series is based on mortality rates for non-Hispanic whites, non-Hispanic blacks, and Hispanics. The "combined series" uses the percentage change for 1983 (or 1989) - 2007 based on the old series and the percentage change for 2007-2019 based on the new series.

Dollar figures are converted to 2019 dollars based on the CPI-U-RS price deflator.

Households are classified into age groups by the age of the head of household. Key:

Retirement Wealth RW = PW + SSW

Private Augmented Wealth PAW = NW + DBW

Augmented Wealth AW = NW+DBW+SSW

**Table 7. Inequality of Social Security, Retirement, and Augmented Wealth, 1983-2019**

(Gini coefficients)

	Old series				New series			2020	
	1983	1989	2001	2007	2007	2010	2019	Mortality Rates	
<b>I. Gini Coefficients</b>									
<b>A. All Households</b>									
1. Pension Wealth (PW)	--	0.799	0.788	0.783	0.780	0.804	0.799	0.805	
2. Social Security Wealth SSW	--	0.370	0.344	0.363	0.356	0.361	0.352	0.366	
3. Retirement Wealth RW	--	0.485	0.493	0.514	0.501	0.528	0.519	0.555	
4. Net Worth (NW)	0.799	0.828	0.826	0.834	0.834	0.866	0.869	0.869	
5. Private Augmented Wealth (PAW)	--	0.793	0.796	0.805	0.804	0.833	0.839	0.844	
6. Augmented Wealth (AW)	--	0.663	0.661	0.684	0.675	0.693	0.699	0.733	
<b>B. Ages 46 and under</b>									
1. Pension Wealth (PW)	--	0.810	0.801	0.810	0.805	0.819	0.807	0.811	
2. Social Security Wealth SSW	--	0.306	0.320	0.327	0.314	0.335	0.334	0.344	
3. Retirement Wealth RW	--	0.405	0.430	0.440	0.413	0.438	0.427	0.460	
4. Net Worth (NW)	0.797	0.887	0.859	0.880	0.880	0.972	0.951	0.951	
5. Private Augmented Wealth (PAW)	--	0.851	0.830	0.850	0.852	0.929	0.914	0.921	
6. Augmented Wealth (AW)	--	0.642	0.616	0.636	0.619	0.631	0.638	0.694	
<b>C. Ages 47-64</b>									
1. Pension Wealth (PW)	0.666	0.715	0.724	0.716	0.707	0.748	0.752	0.757	
2. Social Security Wealth SSW	0.297	0.314	0.297	0.305	0.299	0.300	0.306	0.312	
3. Retirement Wealth RW	0.378	0.454	0.464	0.470	0.454	0.496	0.484	0.517	
4. Net Worth (NW)	0.761	0.775	0.798	0.795	0.795	0.825	0.841	0.841	
5. Private Augmented Wealth (PAW)	0.688	0.721	0.756	0.758	0.755	0.787	0.810	0.815	
6. Augmented Wealth (AW)	0.574	0.619	0.637	0.650	0.639	0.665	0.682	0.712	
<b>D. Ages 65 and over</b>									
1. Pension Wealth (PW)	0.638	0.796	0.754	0.755	0.753	0.758	0.752	0.764	
2. Social Security Wealth SSW	0.412	0.463	0.356	0.415	0.421	0.385	0.360	0.375	
3. Retirement Wealth RW	0.378	0.529	0.486	0.535	0.537	0.516	0.524	0.559	
4. Net Worth (NW)	0.778	0.778	0.762	0.784	0.784	0.781	0.807	0.807	
5. Private Augmented Wealth (PAW)	0.708	0.738	0.724	0.748	0.746	0.737	0.764	0.772	
6. Augmented Wealth (AW)	0.599	0.652	0.626	0.665	0.660	0.635	0.662	0.689	
		Old series			New series			Combined series	
<b>II. Change</b>	1983-89	1989-01	2001-07	2007-10	2010-19	2019-20	1983-2019	1989-2019	

<b><u>A. All Households</u></b>								
1. Pension Wealth (PW)	--	-0.011	-0.005	0.024	-0.005	0.006	--	0.002
2. Social Security Wealth SSW	--	-0.026	0.019	0.005	-0.009	0.014	--	-0.011
3. Retirement Wealth RW	--	0.009	0.021	0.027	-0.010	0.037	--	0.047
4. Net Worth (NW)	0.029	-0.001	0.008	0.032	0.003	0.000	0.070	0.041
5. Private Augmented Wealth (PAW)	--	0.003	0.009	0.029	0.006	0.005	--	0.047
6. Augmented Wealth (AW)	--	-0.002	0.023	0.018	0.007	0.033	--	0.046
<b><u>B. Ages 46 and under</u></b>								
1. Pension Wealth (PW)	--	-0.009	0.009	0.014	-0.012	0.004	--	0.003
2. Social Security Wealth SSW	--	0.013	0.008	0.020	0.000	0.010	--	0.041
3. Retirement Wealth RW	--	0.024	0.010	0.025	-0.012	0.033	--	0.048
4. Net Worth (NW)	0.089	-0.027	0.021	0.092	-0.021	0.000	0.154	0.064
5. Private Augmented Wealth (PAW)	--	-0.021	0.019	0.077	-0.015	0.007	--	0.061
6. Augmented Wealth (AW)	--	-0.025	0.020	0.012	0.007	0.056	--	0.014
<b><u>C. Ages 47-64</u></b>								
1. Pension Wealth (PW)	0.049	0.010	-0.008	0.042	0.004	0.005	0.096	0.047
2. Social Security Wealth SSW	0.017	-0.017	0.008	0.001	0.006	0.006	0.015	-0.002
3. Retirement Wealth RW	0.075	0.010	0.007	0.042	-0.011	0.033	0.123	0.047
4. Net Worth (NW)	0.013	0.024	-0.003	0.030	0.016	0.000	0.080	0.067
5. Private Augmented Wealth (PAW)	0.033	0.034	0.003	0.032	0.023	0.005	0.125	0.092
6. Augmented Wealth (AW)	0.045	0.018	0.013	0.025	0.018	0.029	0.119	0.074
<b><u>D. Ages 65 and over</u></b>								
1. Pension Wealth (PW)	0.158	-0.042	0.001	0.005	-0.005	0.012	0.116	-0.042
2. Social Security Wealth SSW	0.051	-0.108	0.059	-0.036	-0.025	0.015	-0.058	-0.109
3. Retirement Wealth RW	0.151	-0.043	0.049	-0.020	0.007	0.035	0.144	-0.007
4. Net Worth (NW)	0.000	-0.016	0.022	-0.003	0.026	0.000	0.029	0.029
5. Private Augmented Wealth (PAW)	0.029	-0.013	0.024	-0.009	0.027	0.007	0.058	0.029
6. Augmented Wealth (AW)	0.053	-0.026	0.039	-0.026	0.028	0.027	0.068	0.015
<p>Note: author's computations from the 1983, 1989, 2001, 2007, 2010, and 2019 SCF.</p> <p>The "old series" is based on mortality rates for whites and blacks. The new series is based on mortality rates for non-Hispanic whites, non-Hispanic blacks, and Hispanics. The "combined series" uses the change for 1983 (or 1989) - 2007 based on the old series and the change for 2007-2019 based on the new series.</p> <p>Households are classified into age groups by the age of the head of household. Key:</p> <p>Retirement Wealth RW = PW + SSW</p> <p>Private Augmented Wealth PAW = NW + DBW</p> <p>Augmented Wealth AW = NW+DBW+SSW</p>								

<b>Table 8. The Composition of Augmented Wealth, 1983-2019</b>								<b>2020 Mortality Rates</b>	<b>Percentage Point Change</b>		
<b>Component</b>	<b>Old series</b>				<b>New series</b>				<b>2019-20</b>	<b>Combined Series</b>	
	<b>1983</b>	<b>1989</b>	<b>2001</b>	<b>2007</b>	<b>2007</b>	<b>2010</b>	<b>2019</b>			<b>1983-2019</b>	<b>1989-2019</b>
<b><u>A. All Households</u></b>											
1. Non-Pension Net Worth (NWX)	--	62.6	57.3	60.2	59.0	54.7	56.0	60.9	4.9	--	-5.5
2. DC Wealth (DCW)	--	2.2	9.4	10.1	9.9	12.2	12.1	13.2	1.1	--	10.1
3. DB Wealth (DBW)	--	11.8	8.7	8.0	8.1	8.6	8.1	6.9	-1.2	--	-3.8
4. Social Security Wealth SSW	--	23.4	24.5	21.7	23.0	24.2	23.8	19.0	-4.8	--	-0.9
Augmented Wealth (AW)	--	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0	--	-0.1
Memo: Ratio of Pension Wealth PW to Retirement Wealth RW	--	37.5	42.5	45.5	43.8	46.1	46.0	51.5	5.5	--	10.1
<b><u>B. Ages 46 and under</u></b>											
1. Non-Pension Net Worth (NWX)	--	56.0	48.6	49.7	48.6	40.6	43.7	50.4	6.7	--	-11.1
2. DC Wealth (DCW)	--	3.2	9.3	8.5	8.3	10.7	10.1	11.7	1.6	--	7.2
3. DB Wealth (DBW)	--	8.7	5.7	6.8	5.5	5.7	4.9	4.2	-0.6	--	-2.5
4. Social Security Wealth SSW	--	32.1	36.3	34.9	37.6	43.4	41.3	33.6	-7.7	--	6.5
Augmented Wealth (AW)	--	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0	--	0.0
Memo: Ratio of Pension Wealth PW to Retirement Wealth RW	--	27.0	29.3	30.5	26.9	27.5	26.7	32.2	5.5	--	3.3
<b><u>C. Ages 47-64</u></b>											
1. Non-Pension Net Worth (NWX)	62.3	63.8	57.9	60.3	59.2	56.5	58.3	62.5	4.2	-2.9	-4.4
2. DC Wealth (DCW)	1.4	2.9	11.1	12.1	11.8	14.1	13.6	14.6	1.0	12.4	11.0
3. DB Wealth (DBW)	13.2	14.0	9.7	8.2	8.5	8.6	6.7	5.8	-0.9	-6.7	-7.5
4. Social Security Wealth SSW	23.2	19.3	21.3	19.4	20.5	20.7	21.4	17.1	-4.2	-2.9	0.9
Augmented Wealth (AW)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0	0.0	0.0
Memo: Ratio of Pension Wealth PW to Retirement Wealth RW	38.7	46.6	49.5	51.1	49.7	52.4	48.7	54.3	5.5	11.4	3.5
<b><u>D. Ages 65 and over</u></b>											
1. Non-Pension Net Worth (NWX)	66.6	68.0	64.6	67.7	66.4	59.7	58.9	63.5	4.6	-6.4	-7.8
2. DC Wealth (DCW)	0.3	0.3	6.9	7.9	7.7	10.0	11.4	12.3	0.9	11.2	11.2
3. DB Wealth (DBW)	11.4	12.4	9.8	8.5	9.3	10.0	11.1	9.4	-1.7	-1.1	-2.1
4. Social Security Wealth SSW	21.7	19.2	18.8	15.9	16.5	19.4	18.6	14.8	-3.8	-3.8	-1.3
Augmented Wealth (AW)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0	0.0	0.0
Memo: Ratio of Pension Wealth PW to Retirement Wealth RW	35.1	39.9	46.9	50.9	50.8	50.9	54.8	59.4	4.6	19.8	15.0

**Note: author's computations from the 1983, 1989, 2001, 2007, 2010, and 2019 SCF.**

**The "old series" is based on mortality rates for whites and blacks. The new series is based on mortality rates for non-Hispanic whites, non-Hispanic blacks, and Hispanics. The "combined series" uses the change for 1983 (or 1989) - 2007 based on the old series and the change for 2007-2019 based on the new series.**

**Households are classified into age groups by the age of the head of household.**

**See notes to Table 5 for the key.**



**Table 9. Household Income and Wealth by Race and Ethnicity, 1983-2019**  
(In thousands, 2019 dollars)

<b>Component</b>	<b>1983</b>	<b>1989</b>	<b>2001</b>	<b>2007</b>	<b>2010</b>	<b>2016</b>	<b>2019</b>
<b><u>A. Mean Income</u></b>							
Whites	76.2	84.7	109.9	114.1	102.0	125.6	117.8
Blacks	41.0	37.7	53.2	55.1	48.7	57.4	55.2
Hispanics	46.1	38.6	54.4	57.3	57.7	60.7	60.5
<b>Ratio:</b>							
Blacks/Whites	0.54	0.45	0.48	0.48	0.48	0.46	0.47
Hispanics/Whites	0.60	0.46	0.50	0.50	0.57	0.48	0.51
<b><u>B. Median Income</u></b>							
Whites	53.6	56.5	63.7	61.8	59.9	63.9	66.0
Blacks	29.9	21.4	36.2	37.1	35.3	37.3	38.0
Hispanics	35.5	27.1	34.7	43.3	40.0	41.5	42.0
<b>Ratio:</b>							
Blacks/Whites	0.56	0.38	0.57	0.60	0.59	0.58	0.58
Hispanics/Whites	0.66	0.48	0.55	0.70	0.67	0.65	0.64
<b><u>C. Mean Net Worth</u></b>							
Whites	371.6	446.4	674.3	806.1	711.0	932.8	925.2
Blacks	69.9	74.8	96.0	151.6	102.1	134.6	126.6
Hispanics	60.4	73.5	115.9	210.6	109.3	176.7	173.5
<b>Ratio:</b>							
Blacks/Whites	0.19	0.17	0.14	0.19	0.14	0.14	0.14
Hispanics/Whites	0.16	0.16	0.17	0.26	0.15	0.19	0.19
<b><u>D. Median Net Worth</u></b>							
Whites	107.0	129.0	154.0	177.5	121.5	149.6	160.2
Blacks	7.1	3.3	15.4	11.4	7.4	3.7	9.0
Hispanics	4.1	2.7	4.3	11.3	3.2	6.7	14.0
<b>Ratio:</b>							
Blacks/Whites	0.07	0.03	0.10	0.06	0.06	0.02	0.06
Hispanics/Whites	0.04	0.02	0.03	0.06	0.03	0.04	0.09
<b><u>E. Homeownership Rate (in Percent)</u></b>							
Whites	68.1	69.3	74.1	74.8	74.6	71.9	72.8

<b>Blacks</b>	<b>44.3</b>	<b>41.7</b>	<b>47.4</b>	<b>48.6</b>	<b>47.7</b>	<b>44.0</b>	<b>44.0</b>
<b>Hispanics</b>	<b>32.6</b>	<b>39.8</b>	<b>44.3</b>	<b>49.2</b>	<b>47.3</b>	<b>45.4</b>	<b>47.3</b>
<b>Ratio:</b>							
<b>Blacks/Whites</b>	<b>0.65</b>	<b>0.60</b>	<b>0.64</b>	<b>0.65</b>	<b>0.64</b>	<b>0.61</b>	<b>0.61</b>
<b>Hispanics/Whites</b>	<b>0.48</b>	<b>0.57</b>	<b>0.60</b>	<b>0.66</b>	<b>0.63</b>	<b>0.63</b>	<b>0.65</b>

**Source: author's computations from the SCF.**

**Dollar figures are deflated by the CPI-U-RS.**

**Households are divided into four racial/ethnic groups: (i) non-Hispanic whites; (ii) non-Hispanic blacks; (iii) Hispanics; and (iv) American Indians, Asians, and others. For 1995, 1998, and 2001, the classification scheme does not explicitly indicate non-Hispanic whites and non-Hispanic blacks for the first two categories so that some Hispanics may have classified themselves as either whites or blacks.**

**Table 10. Pension Coverage Rates by Race and Ethnicity, 1983-2019**

(Percentages)

Category	1983	1989	2001	2007	2010	2019	1983- 1989	1989- 2001	2001- 2007	2007- 2010	2010- 2019	1983- 2019	1989- 2019
<b>I. Coverage Rates</b>													
<b><u>A. Non-Hispanic White</u></b>													
<b><u>1. All White Households</u></b>													
DC Wealth DCW	12.1	26.2	56.9	57.4	57.3	56.6	14.2	30.6	0.5	-0.2	-0.6	44.6	30.4
DB Wealth DBW	--	50.5	37.4	40.0	36.5	37.0	--	-13.1	2.5	-3.5	0.5	--	-13.5
Pension Wealth PW	--	61.5	70.5	70.1	69.6	70.0	--	9.0	-0.4	-0.5	0.4	--	8.5
<b><u>2. Ages 46 and under</u></b>													
DC Wealth DCW	15.1	35.8	59.4	55.8	57.1	58.5	20.7	23.6	-3.6	1.3	1.5	43.4	22.8
DB Wealth DBW	--	42.0	24.9	27.5	23.8	26.3	--	-17.1	2.6	-3.8	2.6	--	-15.7
Pension Wealth PW	--	58.2	66.4	60.9	62.4	65.4	--	8.2	-5.5	1.6	3.0	--	7.2
<b><u>3. Ages 47-64</u></b>													
DC Wealth DCW	13.6	29.7	67.2	67.7	65.8	62.6	16.1	37.5	0.5	-2.0	-3.1	49.0	32.9
DB Wealth DBW	69.9	62.6	48.2	45.4	38.6	33.9	-7.2	-14.4	-2.8	-6.8	-4.7	-35.9	-28.7
Pension Wealth PW	71.4	72.6	80.5	79.3	75.1	71.2	1.2	7.9	-1.2	-4.2	-4.0	-0.3	-1.4
<b><u>4. Ages 65 and over</u></b>													
DC Wealth DCW	2.1	1.6	39.0	45.3	45.5	48.1	-0.5	37.4	6.3	0.3	2.5	46.0	46.5
DB Wealth DBW	70.4	56.1	48.1	52.6	52.9	52.7	-14.3	-8.1	4.5	0.3	-0.2	-17.7	-3.4
Pension Wealth PW	71.2	56.8	65.9	71.9	72.7	74.1	-14.4	9.1	6.1	0.8	1.4	2.9	17.4
<b><u>B. Non-Hispanic Black</u></b>													
<b><u>1. All Black Households</u></b>													
DC Wealth DCW	5.4	15.8	38.9	36.6	32.4	34.8	10.4	23.2	-2.4	-4.2	2.4	29.5	19.1
DB Wealth DBW	--	34.0	27.7	32.7	29.6	30.0	--	-6.3	5.0	-3.1	0.4	--	-3.9
Pension Wealth PW	--	39.8	52.6	52.5	48.5	49.4	--	12.9	-0.2	-3.9	0.9	--	9.7
<b><u>2. Ages 46 and under</u></b>													
DC Wealth DCW	6.8	23.6	47.5	37.0	33.5	36.7	16.8	23.8	-10.4	-3.5	3.1	29.8	13.0
DB Wealth DBW	--	30.0	20.3	20.3	20.8	22.6	--	-9.7	0.0	0.5	1.8	--	-7.4
Pension Wealth PW	--	39.4	53.9	42.8	42.0	44.2	--	14.5	-11.1	-0.8	2.2	--	4.8
<b><u>3. Ages 47-64</u></b>													

DC Wealth DCW	4.3	12.9	38.3	48.4	38.3	41.2	8.6	25.4	10.1	-10.0	2.9	36.9	28.3
DB Wealth DBW	59.1	41.6	38.3	44.1	35.5	30.9	-17.6	-3.3	5.9	-8.6	-4.6	-28.3	-10.7
Pension Wealth PW	59.0	45.2	57.4	66.4	56.0	54.3	-13.8	12.3	9.0	-10.4	-1.7	-4.7	9.2
<b><u>4. Ages 65 and over</u></b>													
DC Wealth DCW	2.0	0.0	9.5	3.9	17.6	20.8	-2.0	9.5	-5.6	13.7	3.3	18.9	20.8
DB Wealth DBW	49.6	32.5	35.6	54.4	42.6	44.2	-17.2	3.2	18.7	-11.8	1.6	-5.4	11.8
Pension Wealth PW	70.4	56.1	39.6	56.5	52.2	52.5	-14.3	-16.5	16.8	-4.3	0.4	-17.9	-3.6
<b><u>C. Hispanic</u></b>													
<b><u>1. All Hispanic Households</u></b>													
DC Wealth DCW	7.5	12.6	30.8	32.0	27.6	29.0	5.1	18.2	1.2	-4.4	1.4	21.5	16.4
DB Wealth DBW	--	24.6	21.1	18.6	15.1	18.4	--	-3.5	-2.5	-3.5	3.3	--	-6.1
Pension Wealth PW	--	31.4	42.5	39.4	36.0	38.8	--	11.1	-3.0	-3.5	2.9	--	7.5
<b><u>2. Ages 46 and under</u></b>													
DC Wealth DCW	7.6	10.9	27.9	30.5	25.5	30.8	3.2	17.0	2.6	-5.0	5.3	23.1	19.9
DB Wealth DBW	--	22.1	16.0	14.3	10.7	14.2	--	-6.1	-1.7	-3.6	3.4	--	-7.9
Pension Wealth PW	--	28.4	36.2	35.5	31.0	37.5	--	7.8	-0.7	-4.5	6.5	--	9.1
<b><u>3. Ages 47-64</u></b>													
DC Wealth DCW	10.2	27.2	43.0	41.4	38.5	31.2	17.0	15.8	-1.6	-2.9	-7.3	21.0	4.0
DB Wealth DBW	81.1	35.2	28.5	24.5	22.2	25.7	-45.9	-6.6	-4.1	-2.2	3.5	-55.4	-9.5
Pension Wealth PW	81.1	48.3	55.1	49.7	49.1	43.4	-32.8	6.8	-5.4	-0.6	-5.7	-37.7	-4.9
<b><u>4. Ages 65 and over</u></b>													
DC Wealth DCW	0.0	0.0	14.0	19.5	13.1	15.0	0.0	14.0	5.6	-6.4	1.9	15.0	15.0
DB Wealth DBW	25.0	23.3	45.2	36.5	28.7	21.3	-1.7	21.9	-8.6	-7.8	-7.4	-3.7	-2.0
Pension Wealth PW	25.0	23.3	58.6	43.2	36.8	34.1	-1.7	35.3	-15.4	-6.4	-2.7	9.1	10.8
<b><u>II. Differences in Pension Coverage by Component</u></b>													
<b><u>A. Whites minus Blacks</u></b>													
<b><u>1. All Households</u></b>													
	<u>1983</u>	<u>1989</u>	<u>2001</u>	<u>2007</u>	<u>2010</u>	<u>2019</u>							
DC Wealth DCW	6.7	10.5	17.9	20.8	24.9	21.8							
DB Wealth DBW	--	16.5	9.7	7.3	6.9	6.9							
Pension Wealth PW	--	21.7	17.9	17.6	21.1	20.5							
<b><u>2. Ages 46 and under</u></b>													

DC Wealth DCW	8.3	12.1	12.0	18.8	23.5	21.9
DB Wealth DBW	--	12.0	4.6	7.2	3.0	3.8
Pension Wealth PW	--	18.9	12.5	18.0	20.5	21.2
<b><u>3. Ages 47-64</u></b>						
DC Wealth DCW	9.3	16.8	28.9	19.4	27.4	21.4
DB Wealth DBW	10.7	21.1	10.0	1.3	3.1	3.1
Pension Wealth PW	12.4	27.4	23.1	12.9	19.1	16.8
<b><u>4. Ages 65 and over</u></b>						
DC Wealth DCW	0.1	1.6	29.5	41.4	28.0	27.2
DB Wealth DBW	20.7	23.7	12.4	-1.8	10.3	8.5
Pension Wealth PW	0.8	0.7	26.2	15.4	20.5	21.6
<b><u>Whites minus Hispanics</u></b>						
<b><u>1. All Households</u></b>						
DC Wealth DCW	4.5	13.6	26.1	25.4	29.6	27.6
DB Wealth DBW	--	26.0	16.3	21.4	21.4	18.6
Pension Wealth PW	--	30.1	28.0	30.6	33.6	31.2
<b><u>2. Ages 46 and under</u></b>						
DC Wealth DCW	7.5	24.9	31.5	25.3	31.5	27.8
DB Wealth DBW	--	19.9	8.9	13.2	13.0	12.2
Pension Wealth PW	--	29.9	30.2	25.4	31.4	27.9
<b><u>3. Ages 47-64</u></b>						
DC Wealth DCW	3.4	2.5	24.2	26.3	27.3	31.4
DB Wealth DBW	-11.2	27.5	19.7	20.9	16.4	8.2
Pension Wealth PW	-9.7	24.3	25.4	29.6	26.0	27.7
<b><u>4. Ages 65 and over</u></b>						
DC Wealth DCW	2.1	1.6	25.0	25.7	32.5	33.1
DB Wealth DBW	45.4	32.8	2.9	16.0	24.2	31.4
Pension Wealth PW	46.2	33.5	7.3	28.7	35.9	40.1
<b>Note: author's computations from the 1983, 1989, 2001, 2007, 2010, and 2019 SCF.</b>						
<b>Key: Pension Wealth PW = DCW + DBW</b>						

**Table 11. Mean Retirement Wealth by Race/Ethnicity and Age Class, 1983-2019**

(in thousands, 2019 dollars)

Category	Old series				New series			2020
	1983	1989	2001	2007	2007	2010	2019	Mortality Rates
<b><u>I. Mean Values</u></b>								
<b><u>A. Non-Hispanic White</u></b>								
<b><u>1. All Age Groups</u></b>								
Pension Wealth PW	--	92.5	175.6	202.5	205.2	211.6	267.0	245.6
DB Wealth DBW	--	77.0	80.9	86.2	88.9	83.4	103.3	81.9
DC Wealth DCW	6.2	15.4	94.7	116.3	116.3	128.2	163.8	163.8
Social Security Wealth SSW	--	151.9	225.6	225.7	239.4	221.2	277.3	205.2
Retirement Wealth RW	--	244.3	401.2	428.3	444.6	435.2	544.4	450.9
<b><u>2. Ages 46 and under</u></b>								
Pension Wealth PW	--	49.5	80.6	83.5	77.2	71.9	85.9	79.5
DB Wealth DBW	--	35.4	28.3	36.5	30.2	24.9	27.3	20.9
DC Wealth DCW	4.2	14.0	52.3	47.0	47.0	47.0	58.6	58.6
Social Security Wealth SSW	--	126.8	182.7	178.7	189.7	162.1	209.7	150.8
Retirement Wealth RW	--	176.2	263.3	262.2	266.9	235.0	295.6	230.3
<b><u>3. Ages 47-64</u></b>								
Pension Wealth PW	129.5	166.9	298.9	319.3	325.3	317.3	343.8	323.4
DB Wealth DBW	116.5	137.5	133.7	124.5	130.5	112.3	107.5	87.1
DC Wealth DCW	12.9	29.3	165.3	194.8	194.8	205.0	236.3	236.3
Social Security Wealth SSW	203.2	186.9	295.7	289.2	306.9	266.0	328.6	248.5
Retirement Wealth RW	332.6	353.8	594.6	608.5	632.2	585.0	672.4	571.8
<b><u>4. Ages 65 and over</u></b>								
Pension Wealth PW	96.7	105.7	203.9	229.7	242.3	273.9	397.0	357.0
DB Wealth DBW	94.2	102.4	116.1	112.4	125.1	131.0	187.5	147.5
DC Wealth DCW	2.5	3.3	87.9	117.3	117.3	142.9	209.9	209.9
Social Security Wealth SSW	170.7	169.0	220.1	211.8	223.7	247.1	301.9	222.9
Retirement Wealth RW	267.4	274.6	424.1	441.5	466.1	526.0	698.9	580.0
<b><u>B. Non-Hispanic Black</u></b>								
<b><u>1. All Age Groups</u></b>								

Pension Wealth PW	--	42.0	65.6	82.1	81.7	70.0	94.7	80.8
DB Wealth DBW	--	38.5	47.9	53.0	52.6	49.9	57.9	44.1
DC Wealth DCW	2.1	3.4	17.7	29.1	29.1	20.1	36.8	36.8
Social Security Wealth SSW	--	66.4	118.3	129.6	142.3	127.1	166.0	117.7
Retirement Wealth RW	--	108.3	183.9	211.7	224.0	199.6	260.7	198.5
<b><u>2. Ages 46 and under</u></b>								
Pension Wealth PW	--	22.3	30.7	31.7	29.2	25.9	33.9	29.1
DB Wealth DBW	--	17.8	18.1	15.3	12.9	12.4	15.7	10.9
DC Wealth DCW	0.4	4.5	12.6	16.4	16.4	13.5	18.2	18.2
Social Security Wealth SSW	--	58.2	97.7	90.4	100.8	85.0	121.0	79.7
Retirement Wealth RW	--	80.5	128.4	122.1	130.0	111.5	154.9	108.8
<b><u>3. Ages 47-64</u></b>								
Pension Wealth PW	59.6	77.0	123.1	139.2	138.3	114.3	144.6	127.3
DB Wealth DBW	54.5	72.4	94.1	85.0	84.1	80.5	75.0	57.6
DC Wealth DCW	5.8	4.2	31.2	58.3	58.3	36.4	69.6	69.6
Social Security Wealth SSW	106.8	77.5	140.4	176.1	193.0	156.2	201.6	145.5
Retirement Wealth RW	166.7	153.8	263.5	315.3	331.3	275.0	346.3	272.8
<b><u>4. Ages 65 and over</u></b>								
Pension Wealth PW	45.6	38.9	89.4	143.5	152.8	105.9	140.7	113.6
DB Wealth DBW	43.2	38.9	73.5	127.0	136.3	94.4	118.0	91.0
DC Wealth DCW	2.4	0.0	15.9	16.5	16.5	11.5	22.8	22.8
Social Security Wealth SSW	111.7	70.2	153.6	171.8	183.4	186.1	202.0	151.6
Retirement Wealth RW	157.3	109.0	243.0	315.3	336.1	295.0	342.6	265.3
<b><u>C. Hispanic</u></b>								
<b><u>1. All Age Groups</u></b>								
Pension Wealth PW	--	26.6	44.5	55.4	58.9	40.6	64.2	56.7
DB Wealth DBW	--	23.1	29.3	30.8	34.3	20.4	29.9	22.4
DC Wealth DCW	1.5	3.5	15.2	24.6	24.6	20.3	34.3	34.3
Social Security Wealth SSW	--	72.2	119.8	131.9	183.1	152.2	210.1	146.5
Retirement Wealth RW	--	98.8	164.3	187.3	242.0	191.8	274.3	203.2
<b><u>2. Ages 46 and under</u></b>								
Pension Wealth PW	--	11.5	29.8	36.0	34.5	16.8	29.4	26.3
DB Wealth DBW	--	10.4	19.8	18.3	16.8	6.5	10.7	7.6

DC Wealth DCW	2.1	1.1	10.0	17.7	17.7	10.3	18.7	18.7	
Social Security Wealth SSW	--	63.9	96.0	107.0	154.1	122.6	174.6	117.7	
Retirement Wealth RW	--	75.3	125.8	143.1	188.6	139.3	204.0	144.0	
<b><u>3. Ages 47-64</u></b>									
Pension Wealth PW	58.8	75.3	80.3	94.9	105.7	88.8	131.0	116.5	
DB Wealth DBW	58.4	60.0	48.8	45.0	55.8	45.5	62.2	47.7	
DC Wealth DCW	0.4	15.1	31.5	49.9	49.9	43.4	68.8	68.8	
Social Security Wealth SSW	108.9	112.3	165.4	175.4	239.4	210.9	270.2	193.5	
Retirement Wealth RW	167.7	187.4	245.7	270.3	345.1	296.3	401.2	310.0	
<b><u>4. Ages 65 and over</u></b>									
Pension Wealth PW	18.7	44.0	58.5	100.9	124.0	87.0	68.5	57.1	
DB Wealth DBW	18.7	44.0	52.9	88.5	111.7	55.7	43.7	32.2	
DC Wealth DCW	0.0	0.0	5.5	12.4	12.4	31.3	24.8	24.8	
Social Security Wealth SSW	183.0	60.5	189.1	208.7	258.2	215.3	234.8	171.0	
Retirement Wealth RW	201.7	104.5	247.6	309.6	382.2	302.8	303.3	228.1	
		Old series			New series			Combined series	
		1983-89	1989-01	2001-07	2007-10	2010-19	2019-20	1983-2019	1989-2019
<b><u>II. Percentage Change</u></b>									
<b><u>A. Non-Hispanic White</u></b>									
<b><u>1. All Age Groups</u></b>									
Pension Wealth PW	--	89.9	15.3	3.1	26.2	-8.0	--	185.0	
DB Wealth DBW	--	5.0	6.5	-6.2	23.9	-20.7	--	30.1	
DC Wealth DCW	146.7	515.4	22.8	10.2	27.8	0.0	2525.9	964.5	
Social Security Wealth SSW	--	48.5	0.1	-7.6	25.4	-26.0	--	72.2	
Retirement Wealth RW	--	64.2	6.7	-2.1	25.1	-17.2	--	114.7	
<b><u>2. Ages 46 and under</u></b>									
Pension Wealth PW	--	62.9	3.6	-6.8	19.4	-7.5	--	87.9	
DB Wealth DBW	--	-20.2	29.2	-17.4	9.6	-23.5	--	-6.7	
DC Wealth DCW	236.3	272.5	-10.2	0.1	24.6	0.0	1302.5	317.1	
Social Security Wealth SSW	--	44.1	-2.2	-14.5	29.3	-28.1	--	55.8	
Retirement Wealth RW	--	49.4	-0.4	-12.0	25.8	-22.1	--	64.8	
<b><u>3. Ages 47-64</u></b>									



Pension Wealth PW	28.8	79.1	6.8	-2.5	8.4	-5.9	160.6	102.2
DB Wealth DBW	18.1	-2.8	-6.9	-13.9	-4.3	-19.0	-12.0	-25.4
DC Wealth DCW	126.8	463.7	17.9	5.2	15.3	0.0	1727.9	706.0
Social Security Wealth SSW	-8.0	58.2	-2.2	-13.3	23.5	-24.4	52.4	65.6
Retirement Wealth RW	6.4	68.1	2.3	-7.5	14.9	-15.0	94.6	82.9
<b><u>4. Ages 65 and over</u></b>								
Pension Wealth PW	9.3	93.0	12.6	13.0	44.9	-10.1	289.1	256.1
DB Wealth DBW	8.7	13.4	-3.2	4.8	43.1	-21.3	78.8	64.5
DC Wealth DCW	31.2	2599.1	33.5	21.8	46.9	0.0	8359.4	6349.2
Social Security Wealth SSW	-1.0	30.3	-3.8	10.5	22.2	-26.2	67.4	69.2
Retirement Wealth RW	2.7	54.4	4.1	12.9	32.9	-17.0	147.6	141.1
<b><u>B. Non-Hispanic Black</u></b>								
<b><u>1. All Age Groups</u></b>								
Pension Wealth PW	--	56.0	25.1	-14.3	35.3	-14.6	--	126.4
DB Wealth DBW	--	24.5	10.6	-5.1	16.0	-23.9	--	51.6
DC Wealth DCW	62.5	413.8	64.5	-30.9	83.5	0.0	1639.3	970.5
Social Security Wealth SSW	--	78.2	9.5	-10.7	30.6	-29.1	--	127.7
Retirement Wealth RW	--	69.8	15.1	-10.9	30.6	-23.9	--	127.4
<b><u>2. Ages 46 and under</u></b>								
Pension Wealth PW	--	37.9	3.0	-11.5	30.9	-14.1	--	64.5
DB Wealth DBW	--	1.9	-15.6	-3.7	26.2	-30.5	--	4.5
DC Wealth DCW	918.4	180.4	30.0	-17.6	35.2	0.0	4031.3	305.6
Social Security Wealth SSW	--	67.9	-7.4	-15.7	42.4	-34.2	--	86.6
Retirement Wealth RW	--	59.6	-4.9	-14.3	38.9	-29.8	--	80.7
<b><u>3. Ages 47-64</u></b>								
Pension Wealth PW	29.2	60.0	13.1	-17.4	26.5	-12.0	144.4	89.2
DB Wealth DBW	32.7	30.0	-9.6	-4.3	-6.8	-23.2	39.0	4.7
DC Wealth DCW	-26.6	639.8	86.7	-37.6	91.5	0.0	1111.1	1549.3
Social Security Wealth SSW	-27.4	81.0	25.5	-19.0	29.1	-27.8	72.2	137.3
Retirement Wealth RW	-7.7	71.3	19.7	-17.0	25.9	-21.2	97.8	114.3
<b><u>4. Ages 65 and over</u></b>								
Pension Wealth PW	-14.9	130.1	60.4	-30.7	32.8	-19.2	189.3	239.9
DB Wealth DBW	-10.1	89.2	72.8	-30.8	25.0	-22.9	154.3	182.9

DC Wealth DCW	--	--	3.5	-30.0	97.9	0.0	847.1	--
Social Security Wealth SSW	-37.1	118.9	11.9	1.5	8.5	-24.9	69.5	169.7
Retirement Wealth RW	-30.7	122.9	29.7	-12.3	16.2	-22.6	104.3	194.7
<b>C. Hispanic</b>								
<b>1. All Age Groups</b>								
Pension Wealth PW	--	67.5	24.5	-31.1	58.0	-11.7	--	127.1
DB Wealth DBW	--	27.0	5.0	-40.7	46.8	-25.1	--	16.2
DC Wealth DCW	132.5	336.0	62.3	-17.7	69.3	0.0	2191.2	885.6
Social Security Wealth SSW	--	65.9	10.1	-16.9	38.1	-30.3	--	109.6
Retirement Wealth RW	--	66.3	14.0	-20.7	43.0	-25.9	--	114.9
<b>2. Ages 46 and under</b>								
Pension Wealth PW	--	159.6	21.1	-51.2	74.8	-10.6	--	167.8
DB Wealth DBW	--	90.2	-7.3	-61.1	63.6	-29.2	--	12.1
DC Wealth DCW	-49.4	831.6	77.2	-41.8	81.9	0.0	782.7	1645.8
Social Security Wealth SSW	--	50.3	11.5	-20.5	42.4	-32.6	--	89.8
Retirement Wealth RW	--	67.0	13.8	-26.1	46.4	-29.4	--	105.4
<b>3. Ages 47-64</b>								
Pension Wealth PW	28.0	6.6	18.2	-15.9	47.4	-11.1	100.0	56.2
DB Wealth DBW	2.8	-18.8	-7.8	-18.5	36.9	-23.3	-14.0	-16.4
DC Wealth DCW	3429.9	108.3	58.3	-13.1	58.5	0.0	15939.9	354.4
Social Security Wealth SSW	3.1	47.3	6.1	-11.9	28.1	-28.4	81.7	76.3
Retirement Wealth RW	11.7	31.1	10.0	-14.1	35.4	-22.7	87.3	67.7
<b>4. Ages 65 and over</b>								
Pension Wealth PW	135.6	33.0	72.5	-29.8	-21.3	-16.7	198.5	26.7
DB Wealth DBW	135.6	20.4	67.2	-50.1	-21.6	-26.2	85.5	-21.3
DC Wealth DCW	--	--	123.1	153.3	-20.8	0.0	--	--
Social Security Wealth SSW	-66.9	212.4	10.4	-16.6	9.1	-27.2	3.7	213.5
Retirement Wealth RW	-48.2	136.9	25.0	-20.8	0.2	-24.8	21.8	135.1

**III. Ratios in Retirement Wealth by Component**

<b>A. Blacks/Whites</b>	<b>Old series</b>				<b>New series</b>			<b>2020</b>
	<b>1983</b>	<b>1989</b>	<b>2001</b>	<b>2007</b>	<b>2007</b>	<b>2010</b>	<b>2019</b>	<b>Mortality Rates</b>
<b>1. All Age Groups</b>								

Pension Wealth PW	--	0.45	0.37	0.41	0.40	0.33	0.35	0.33
DB Wealth DBW	--	0.50	0.59	0.62	0.59	0.60	0.56	0.54
DC Wealth DCW	0.34	0.22	0.19	0.25	0.25	0.16	0.22	0.22
Social Security Wealth SSW	--	0.44	0.52	0.57	0.59	0.57	0.60	0.57
Retirement Wealth RW	--	0.44	0.46	0.49	0.50	0.46	0.48	0.44
<b><u>2. Ages 46 and under</u></b>								
Pension Wealth PW	--	0.45	0.38	0.38	0.38	0.36	0.39	0.37
DB Wealth DBW	--	0.50	0.64	0.42	0.43	0.50	0.57	0.52
DC Wealth DCW	0.11	0.32	0.24	0.35	0.35	0.29	0.31	0.31
Social Security Wealth SSW	--	0.46	0.53	0.51	0.53	0.52	0.58	0.53
Retirement Wealth RW	--	0.46	0.49	0.47	0.49	0.47	0.52	0.47
<b><u>3. Ages 47-64</u></b>								
Pension Wealth PW	0.46	0.46	0.41	0.44	0.43	0.36	0.42	0.39
DB Wealth DBW	0.47	0.53	0.70	0.68	0.64	0.72	0.70	0.66
DC Wealth DCW	0.44	0.14	0.19	0.30	0.30	0.18	0.29	0.29
Social Security Wealth SSW	0.53	0.41	0.47	0.61	0.63	0.59	0.61	0.59
Retirement Wealth RW	0.50	0.43	0.44	0.52	0.52	0.47	0.52	0.48
<b><u>4. Ages 65 and over</u></b>								
Pension Wealth PW	0.47	0.37	0.44	0.62	0.63	0.39	0.35	0.32
DB Wealth DBW	0.46	0.38	0.63	1.13	1.09	0.72	0.63	0.62
DC Wealth DCW	0.97	0.00	0.18	0.14	0.14	0.08	0.11	0.11
Social Security Wealth SSW	0.65	0.42	0.70	0.81	0.82	0.75	0.67	0.68
Retirement Wealth RW	0.59	0.40	0.57	0.71	0.72	0.56	0.49	0.46
<b><u>B. Hispanics/Whites</u></b>								
<b><u>1. All Age Groups</u></b>								
Pension Wealth PW	--	0.29	0.25	0.27	0.29	0.19	0.24	0.23
DB Wealth DBW	--	0.30	0.36	0.36	0.39	0.24	0.29	0.27
DC Wealth DCW	0.24	0.23	0.16	0.21	0.21	0.16	0.21	0.21
Social Security Wealth SSW	--	0.48	0.53	0.58	0.77	0.69	0.76	0.71
Retirement Wealth RW	--	0.40	0.41	0.44	0.54	0.44	0.50	0.45
<b><u>2. Ages 46 and under</u></b>								
Pension Wealth PW	--	0.23	0.37	0.43	0.45	0.23	0.34	0.33
DB Wealth DBW	--	0.29	0.70	0.50	0.56	0.26	0.39	0.36

DC Wealth DCW	0.51	0.08	0.19	0.38	0.38	0.22	0.32	0.32
Social Security Wealth SSW	--	0.50	0.53	0.60	0.81	0.76	0.83	0.78
Retirement Wealth RW	--	0.43	0.48	0.55	0.71	0.59	0.69	0.63
<b>3. Ages 47-64</b>								
Pension Wealth PW	0.45	0.45	0.27	0.30	0.32	0.28	0.38	0.36
DB Wealth DBW	0.50	0.44	0.36	0.36	0.43	0.40	0.58	0.55
DC Wealth DCW	0.03	0.52	0.19	0.26	0.26	0.21	0.29	0.29
Social Security Wealth SSW	0.54	0.60	0.56	0.61	0.78	0.79	0.82	0.78
Retirement Wealth RW	0.50	0.53	0.41	0.44	0.55	0.51	0.60	0.54
<b>4. Ages 65 and over</b>								
Pension Wealth PW	0.19	0.42	0.29	0.44	0.51	0.32	0.17	0.16
DB Wealth DBW	0.20	0.43	0.46	0.79	0.89	0.42	0.23	0.22
DC Wealth DCW	0.00	0.00	0.06	0.11	0.11	0.22	0.12	0.12
Social Security Wealth SSW	1.07	0.36	0.86	0.99	1.15	0.87	0.78	0.77
Retirement Wealth RW	0.75	0.38	0.58	0.70	0.82	0.58	0.43	0.39

**Note:** author's computations from the 1983, 1989, 2001, 2007, 2010, 2016, and 2019 SCF.

The "old series" is based on mortality rates for whites and blacks. The new series is based on mortality rates for non-Hispanic whites, non-Hispanic blacks, and Hispanics. The "combined series" uses the change for 1983 (or 1989) - 2007 based on the old series and the change for 2007-2019 based on the new series.

Households are classified into age groups by the age of the head of household.

Retirement Wealth RW = PW + SSW

**Table 12. Mean and Median Augmented Wealth by Race/Ethnicity and Age Class, 1983-2019**

(in thousands, 2019 dollars)

Category	Old series				New series			2020
	1983	1989	2001	2007	2007	2010	2019	Mortality Rates
<b><u>A. Non-Hispanic White</u></b>								
<b><u>1. All Age Groups</u></b>								
Mean Net Worth NW	371.5	446.8	674.5	806.5	806.5	711.3	925.6	925.6
Mean PAW	--	523.0	755.4	892.6	895.3	794.7	1096.7	1008.0
Mean Augmented Wealth AW	--	675.0	981.0	1118.4	1134.7	1017.6	1306.8	1213.3
Median NW	106.6	130.2	154.0	177.5	177.5	121.5	160.2	160.2
Median AW	--	341.6	438.0	457.6	472.2	395.1	487.8	404.1
<b><u>2. Ages 46 and under</u></b>								
Mean Net Worth NW	174.4	242.1	326.4	327.5	327.5	224.0	310.6	310.6
Mean PAW	--	275.7	354.7	364.0	357.7	248.9	360.0	331.5
Mean Augmented Wealth AW	--	402.4	537.4	542.7	547.4	408.2	547.7	482.3
Median NW	53.8	73.3	61.4	52.8	52.8	23.2	44.8	44.8
Median AW	--	233.8	270.0	265.8	268.1	191.4	258.6	198.4
<b><u>3. Ages 47-64</u></b>								
Mean Net Worth NW	596.6	679.0	1028.8	1158.0	1158.0	1039.4	1276.4	1276.4
Mean PAW	711.2	815.2	1162.4	1282.4	1288.5	1151.7	1474.4	1363.5
Mean Augmented Wealth AW	913.8	1002.1	1458.2	1571.6	1595.3	1414.7	1712.5	1611.9
Median NW	193.3	224.3	258.8	311.7	311.7	225.6	232.3	232.3
Median AW	513.8	545.5	694.1	712.1	734.6	591.4	679.1	573.6
<b><u>4. Ages 65 and over</u></b>								
Mean Net Worth NW	571.4	643.5	900.7	1084.2	1084.2	985.9	1271.2	1271.2
Mean PAW	663.0	745.9	1016.8	1196.6	1209.3	1116.9	1556.8	1421.3
Mean Augmented Wealth AW	833.8	914.9	1236.9	1408.4	1433.0	1376.4	1763.2	1644.3
Median NW	169.8	196.1	288.5	290.1	290.1	278.4	297.0	297.0
Median AW	445.6	448.2	595.1	565.0	581.4	633.5	714.8	612.2
<b><u>B. Non-Hispanic Black</u></b>								
<b><u>1. All Age Groups</u></b>								

<b>Mean Net Worth NW</b>	<b>69.9</b>	<b>74.9</b>	<b>96.0</b>	<b>151.6</b>	<b>151.6</b>	<b>102.1</b>	<b>126.6</b>	<b>126.6</b>
<b>Mean PAW</b>	--	<b>113.7</b>	<b>144.0</b>	<b>204.7</b>	<b>204.3</b>	<b>152.0</b>	<b>196.1</b>	<b>170.3</b>
<b>Mean Augmented Wealth AW</b>	--	<b>180.0</b>	<b>262.3</b>	<b>334.3</b>	<b>346.6</b>	<b>283.9</b>	<b>349.7</b>	<b>287.7</b>
<b>Median NW</b>	<b>7.1</b>	<b>3.4</b>	<b>15.4</b>	<b>11.4</b>	<b>11.4</b>	<b>7.4</b>	<b>9.0</b>	<b>9.0</b>
<b>Median AW</b>	--	<b>83.2</b>	<b>146.8</b>	<b>156.2</b>	<b>170.6</b>	<b>141.4</b>	<b>189.9</b>	<b>140.9</b>
<b><u>2. Ages 46 and under</u></b>								
<b>Mean Net Worth NW</b>	<b>41.9</b>	<b>53.8</b>	<b>46.2</b>	<b>74.4</b>	<b>74.4</b>	<b>39.0</b>	<b>34.9</b>	<b>34.9</b>
<b>Mean PAW</b>	--	<b>71.6</b>	<b>64.4</b>	<b>89.7</b>	<b>87.3</b>	<b>51.4</b>	<b>53.8</b>	<b>45.8</b>
<b>Mean Augmented Wealth AW</b>	--	<b>129.7</b>	<b>162.0</b>	<b>180.2</b>	<b>188.1</b>	<b>137.3</b>	<b>171.5</b>	<b>125.4</b>
<b>Median NW</b>	<b>2.0</b>	<b>0.0</b>	<b>3.8</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Median AW</b>	--	<b>53.5</b>	<b>113.4</b>	<b>83.1</b>	<b>93.3</b>	<b>84.2</b>	<b>108.3</b>	<b>68.6</b>
<b><u>3. Ages 47-64</u></b>								
<b>Mean Net Worth NW</b>	<b>94.6</b>	<b>106.6</b>	<b>168.2</b>	<b>233.0</b>	<b>233.0</b>	<b>132.5</b>	<b>216.6</b>	<b>216.6</b>
<b>Mean PAW</b>	<b>148.9</b>	<b>180.5</b>	<b>262.3</b>	<b>318.0</b>	<b>317.1</b>	<b>213.0</b>	<b>310.7</b>	<b>274.2</b>
<b>Mean Augmented Wealth AW</b>	<b>255.6</b>	<b>257.7</b>	<b>402.6</b>	<b>494.1</b>	<b>510.1</b>	<b>376.9</b>	<b>493.2</b>	<b>419.7</b>
<b>Median NW</b>	<b>42.2</b>	<b>36.2</b>	<b>43.4</b>	<b>78.6</b>	<b>78.6</b>	<b>17.7</b>	<b>31.7</b>	<b>31.7</b>
<b>Median AW</b>	<b>202.2</b>	<b>112.1</b>	<b>215.9</b>	<b>355.6</b>	<b>382.5</b>	<b>213.0</b>	<b>251.9</b>	<b>188.9</b>
<b><u>4. Ages 65 and over</u></b>								
<b>Mean Net Worth NW</b>	<b>125.6</b>	<b>79.8</b>	<b>147.7</b>	<b>261.4</b>	<b>261.4</b>	<b>218.2</b>	<b>172.4</b>	<b>172.4</b>
<b>Mean PAW</b>	<b>168.9</b>	<b>118.6</b>	<b>221.2</b>	<b>388.4</b>	<b>397.7</b>	<b>312.6</b>	<b>308.0</b>	<b>262.4</b>
<b>Mean Augmented Wealth AW</b>	<b>280.5</b>	<b>188.8</b>	<b>374.8</b>	<b>560.2</b>	<b>581.1</b>	<b>505.0</b>	<b>489.7</b>	<b>412.9</b>
<b>Median NW</b>	<b>22.0</b>	<b>46.6</b>	<b>50.4</b>	<b>107.7</b>	<b>107.7</b>	<b>94.3</b>	<b>71.1</b>	<b>71.1</b>
<b>Median AW</b>	<b>159.5</b>	<b>99.4</b>	<b>204.2</b>	<b>292.2</b>	<b>313.4</b>	<b>330.7</b>	<b>313.9</b>	<b>244.5</b>
<b><u>C. Hispanic</u></b>								
<b><u>1. All Age Groups</u></b>								
<b>Mean Net Worth NW</b>	<b>60.4</b>	<b>73.6</b>	<b>116.0</b>	<b>210.6</b>	<b>210.6</b>	<b>109.3</b>	<b>173.5</b>	<b>173.5</b>
<b>Mean PAW</b>	--	<b>94.4</b>	<b>145.3</b>	<b>241.4</b>	<b>244.9</b>	<b>129.7</b>	<b>216.7</b>	<b>195.9</b>
<b>Mean Augmented Wealth AW</b>	--	<b>166.5</b>	<b>265.1</b>	<b>373.3</b>	<b>428.0</b>	<b>280.8</b>	<b>413.6</b>	<b>342.5</b>
<b>Median NW</b>	<b>4.1</b>	<b>2.7</b>	<b>4.3</b>	<b>11.3</b>	<b>11.3</b>	<b>3.2</b>	<b>14.0</b>	<b>14.0</b>
<b>Median AW</b>	--	<b>86.8</b>	<b>146.2</b>	<b>146.4</b>	<b>195.5</b>	<b>163.1</b>	<b>236.6</b>	<b>170.3</b>
<b><u>2. Ages 46 and under</u></b>								

Mean Net Worth NW	41.3	37.1	56.7	116.4	116.4	49.4	92.6	92.6
Mean PAW	--	47.5	76.5	134.8	133.2	55.9	110.0	100.2
Mean Augmented Wealth AW	--	111.4	172.5	241.8	287.4	178.0	277.9	217.9
Median NW	0.7	0.5	0.5	3.3	3.3	0.6	2.0	2.0
Median AW	--	75.7	112.5	110.2	158.1	135.6	196.0	133.6
<b><u>3. Ages 47-64</u></b>								
Mean Net Worth NW	130.0	235.9	224.2	475.5	475.5	246.5	311.9	311.9
Mean PAW	188.4	283.6	273.0	520.5	531.3	292.0	398.6	359.6
Mean Augmented Wealth AW	297.3	395.7	438.4	695.9	770.7	502.2	644.3	553.1
Median NW	92.8	61.9	59.8	91.3	91.3	49.4	68.4	68.4
Median AW	249.7	183.7	258.5	286.5	371.2	276.7	383.1	292.6
<b><u>4. Ages 65 and over</u></b>								
Mean Net Worth NW	16.5	42.8	309.1	246.2	246.2	181.7	226.0	226.0
Mean PAW	35.2	86.8	362.1	334.7	357.9	237.4	287.2	258.2
Mean Augmented Wealth AW	218.2	147.3	551.2	543.4	616.1	452.8	504.4	429.2
Median NW	0.0	1.6	51.3	38.3	38.3	94.1	71.4	71.4
Median AW	136.3	88.2	370.1	213.5	258.9	316.3	322.0	264.1
<b><u>II. Percentage Change</u></b>								
<b><u>A. Non-Hispanic White</u></b>								
<b><u>1. All Age Groups</u></b>								
Mean Net Worth NW	20.3	51.0	19.6	-11.8	30.1	0.0	149.1	107.2
Mean PAW	--	44.4	18.2	-11.2	38.0	-8.1	--	109.1
Mean Augmented Wealth AW	--	45.3	14.0	-10.3	28.4	-7.2	--	90.8
Median NW	22.2	18.3	15.3	-31.6	31.8	0.0	50.3	23.1
Median AW	--	28.2	4.5	-16.3	23.5	-17.1	--	38.4
<b><u>2. Ages 46 and under</u></b>								
Mean Net Worth NW	38.8	34.8	0.3	-31.6	38.7	0.0	78.1	28.3
Mean PAW	--	28.7	2.6	-30.4	44.6	-7.9	--	32.9
Mean Augmented Wealth AW	--	33.5	1.0	-25.4	34.2	-11.9	--	34.9

Median NW	36.3	-16.2	-14.1	-56.0	92.9	0.0	-16.7	-38.9
Median AW	--	15.5	-1.6	-28.6	35.1	-23.3	--	9.7
<b><u>3. Ages 47-64</u></b>								
Mean Net Worth NW	13.8	51.5	12.6	-10.2	22.8	0.0	113.9	88.0
Mean PAW	14.6	42.6	10.3	-10.6	28.0	-7.5	106.3	80.0
Mean Augmented Wealth AW	9.7	45.5	7.8	-11.3	21.0	-5.9	84.6	68.3
Median NW	16.0	15.4	20.4	-27.6	3.0	0.0	20.2	3.6
Median AW	6.2	27.2	2.6	-19.5	14.8	-15.5	28.1	20.7
<b><u>4. Ages 65 and over</u></b>								
Mean Net Worth NW	12.6	40.0	20.4	-9.1	28.9	0.0	122.5	97.5
Mean PAW	12.5	36.3	17.7	-7.6	39.4	-8.7	132.3	106.5
Mean Augmented Wealth AW	9.7	35.2	13.9	-4.0	28.1	-6.7	107.9	89.4
Median NW	15.5	47.1	0.6	-4.0	6.7	0.0	74.9	51.4
Median AW	0.6	32.8	-5.1	9.0	12.8	-14.4	55.9	55.0
<b><u>B. Non-Hispanic Black</u></b>								
<b><u>1. All Age Groups</u></b>								
Mean Net Worth NW	7.1	28.2	57.9	-32.7	24.0	0.0	81.0	69.0
Mean PAW	--	26.6	42.2	-25.6	29.0	-13.2	--	72.8
Mean Augmented Wealth AW	--	45.8	27.4	-18.1	23.2	-17.7	--	87.4
Median NW	-52.5	359.3	-25.9	-35.3	22.0	0.0	27.6	168.8
Median AW	--	76.5	6.4	-17.1	34.3	-25.8	--	109.0
<b><u>2. Ages 46 and under</u></b>								
Mean Net Worth NW	28.2	-14.0	61.1	-47.6	-10.6	0.0	-16.8	-35.1
Mean PAW	--	-10.1	39.4	-41.1	4.7	-15.0	--	-22.7
Mean Augmented Wealth AW	--	24.9	11.2	-27.0	24.9	-26.9	--	26.7
Median NW	-100.0	--	-98.3	272.8	-14.9	0.0	-90.0	--
Median AW	--	112.1	-26.7	-9.8	28.6	-36.6	--	80.3
<b><u>3. Ages 47-64</u></b>								
Mean Net Worth NW	12.6	57.8	38.5	-43.1	63.5	0.0	128.9	103.2
Mean PAW	21.3	45.3	21.3	-32.8	45.8	-11.7	109.2	72.6
Mean Augmented Wealth AW	0.9	56.2	22.7	-26.1	30.9	-14.9	87.0	85.4



<b>Median NW</b>	<b>-14.4</b>	<b>20.1</b>	<b>81.1</b>	<b>-77.5</b>	<b>79.1</b>	<b>0.0</b>	<b>-25.0</b>	<b>-12.3</b>
<b>Median AW</b>	<b>-44.5</b>	<b>92.5</b>	<b>64.7</b>	<b>-44.3</b>	<b>18.3</b>	<b>-25.0</b>	<b>15.8</b>	<b>108.8</b>
<b><u>4. Ages 65 and over</u></b>								
<b>Mean Net Worth NW</b>	<b>-36.5</b>	<b>85.2</b>	<b>77.0</b>	<b>-16.5</b>	<b>-21.0</b>	<b>0.0</b>	<b>37.2</b>	<b>116.1</b>
<b>Mean PAW</b>	<b>-29.8</b>	<b>86.5</b>	<b>75.6</b>	<b>-21.4</b>	<b>-1.5</b>	<b>-14.8</b>	<b>78.1</b>	<b>153.5</b>
<b>Mean Augmented Wealth AW</b>	<b>-32.7</b>	<b>98.5</b>	<b>49.5</b>	<b>-13.1</b>	<b>-3.0</b>	<b>-15.7</b>	<b>68.3</b>	<b>150.1</b>
<b>Median NW</b>	<b>111.4</b>	<b>8.1</b>	<b>113.7</b>	<b>-12.4</b>	<b>-24.6</b>	<b>0.0</b>	<b>222.7</b>	<b>52.6</b>
<b>Median AW</b>	<b>-37.7</b>	<b>105.5</b>	<b>43.1</b>	<b>5.5</b>	<b>-5.1</b>	<b>-22.1</b>	<b>83.5</b>	<b>194.4</b>
<b><u>C. Hispanic</u></b>								
<b><u>1. All Age Groups</u></b>								
<b>Mean Net Worth NW</b>	<b>21.8</b>	<b>57.6</b>	<b>81.6</b>	<b>-48.1</b>	<b>58.7</b>	<b>0.0</b>	<b>187.3</b>	<b>135.9</b>
<b>Mean PAW</b>	<b>--</b>	<b>54.0</b>	<b>66.2</b>	<b>-47.0</b>	<b>67.1</b>	<b>-9.6</b>	<b>--</b>	<b>126.4</b>
<b>Mean Augmented Wealth AW</b>	<b>--</b>	<b>59.2</b>	<b>40.8</b>	<b>-34.4</b>	<b>47.3</b>	<b>-17.2</b>	<b>--</b>	<b>116.6</b>
<b>Median NW</b>	<b>-33.8</b>	<b>56.0</b>	<b>163.7</b>	<b>-71.8</b>	<b>341.3</b>	<b>0.0</b>	<b>238.6</b>	<b>411.5</b>
<b>Median AW</b>	<b>--</b>	<b>68.4</b>	<b>0.1</b>	<b>-16.6</b>	<b>45.0</b>	<b>-28.0</b>	<b>--</b>	<b>104.1</b>
<b><u>2. Ages 46 and under</u></b>								
<b>Mean Net Worth NW</b>	<b>-10.0</b>	<b>52.7</b>	<b>105.3</b>	<b>-57.6</b>	<b>87.5</b>	<b>0.0</b>	<b>124.4</b>	<b>149.3</b>
<b>Mean PAW</b>	<b>--</b>	<b>60.9</b>	<b>76.2</b>	<b>-58.0</b>	<b>96.8</b>	<b>-9.0</b>	<b>--</b>	<b>134.1</b>
<b>Mean Augmented Wealth AW</b>	<b>--</b>	<b>54.8</b>	<b>40.2</b>	<b>-38.1</b>	<b>56.1</b>	<b>-21.6</b>	<b>--</b>	<b>109.9</b>
<b>Median NW</b>	<b>-19.7</b>	<b>-3.9</b>	<b>546.5</b>	<b>-82.1</b>	<b>240.4</b>	<b>0.0</b>	<b>204.9</b>	<b>279.5</b>
<b>Median AW</b>	<b>--</b>	<b>48.5</b>	<b>-2.0</b>	<b>-14.2</b>	<b>44.6</b>	<b>-31.8</b>	<b>--</b>	<b>80.4</b>
<b><u>3. Ages 47-64</u></b>								
<b>Mean Net Worth NW</b>	<b>81.4</b>	<b>-4.9</b>	<b>112.1</b>	<b>-48.2</b>	<b>26.5</b>	<b>0.0</b>	<b>139.9</b>	<b>32.2</b>
<b>Mean PAW</b>	<b>50.5</b>	<b>-3.7</b>	<b>90.7</b>	<b>-45.0</b>	<b>36.5</b>	<b>-9.8</b>	<b>107.3</b>	<b>37.7</b>
<b>Mean Augmented Wealth AW</b>	<b>33.1</b>	<b>10.8</b>	<b>58.7</b>	<b>-34.8</b>	<b>28.3</b>	<b>-14.1</b>	<b>95.7</b>	<b>47.0</b>
<b>Median NW</b>	<b>-33.3</b>	<b>-3.4</b>	<b>52.8</b>	<b>-45.9</b>	<b>38.3</b>	<b>0.0</b>	<b>-26.3</b>	<b>10.5</b>
<b>Median AW</b>	<b>-26.5</b>	<b>40.8</b>	<b>10.8</b>	<b>-25.5</b>	<b>38.4</b>	<b>-23.6</b>	<b>18.4</b>	<b>61.0</b>
<b><u>4. Ages 65 and over</u></b>								
<b>Mean Net Worth NW</b>	<b>158.8</b>	<b>622.5</b>	<b>-20.4</b>	<b>-26.2</b>	<b>24.3</b>	<b>0.0</b>	<b>1266.9</b>	<b>428.1</b>
<b>Mean PAW</b>	<b>146.5</b>	<b>317.3</b>	<b>-7.5</b>	<b>-33.7</b>	<b>21.0</b>	<b>-10.1</b>	<b>663.5</b>	<b>209.7</b>
<b>Mean Augmented Wealth AW</b>	<b>-32.5</b>	<b>274.2</b>	<b>-1.4</b>	<b>-26.5</b>	<b>11.4</b>	<b>-14.9</b>	<b>103.9</b>	<b>202.1</b>

Median NW	--	3024.5	-25.3	145.6	-24.1	0.0	--	4253.6
Median AW	-35.3	319.4	-42.3	22.2	1.8	-18.0	94.8	200.9

### **III. Ratios in Augmented Wealth by Component**

<b><u>A. Blacks/Whites</u></b>	<b>Old series</b>				<b>New series</b>			<b>2020</b>
<b><u>1. All Age Groups</u></b>	<b>1983</b>	<b>1989</b>	<b>2001</b>	<b>2007</b>	<b>2007</b>	<b>2010</b>	<b>2019</b>	<b>Mortality Rates</b>
Mean Net Worth NW	0.19	0.17	0.14	0.19	0.19	0.14	0.14	0.14
Mean PAW	--	0.22	0.19	0.23	0.23	0.19	0.18	0.17
Mean Augmented Wealth AW	--	0.27	0.27	0.30	0.31	0.28	0.27	0.24
Median NW	0.07	0.03	0.10	0.06	0.06	0.06	0.06	0.06
Median AW	--	0.24	0.34	0.34	0.36	0.36	0.39	0.35
<b><u>2. Ages 46 and under</u></b>								
Mean Net Worth NW	0.24	0.22	0.14	0.23	0.23	0.17	0.11	0.11
Mean PAW	--	0.26	0.18	0.25	0.24	0.21	0.15	0.14
Mean Augmented Wealth AW	--	0.32	0.30	0.33	0.34	0.34	0.31	0.26
Median NW	0.04	0.00	0.06	0.00	0.00	0.01	0.00	0.00
Median AW	--	0.23	0.42	0.31	0.35	0.44	0.42	0.35
<b><u>3. Ages 47-64</u></b>								
Mean Net Worth NW	0.16	0.16	0.16	0.20	0.20	0.13	0.17	0.17
Mean PAW	0.21	0.22	0.23	0.25	0.25	0.18	0.21	0.20
Mean Augmented Wealth AW	0.28	0.26	0.28	0.31	0.32	0.27	0.29	0.26
Median NW	0.22	0.16	0.17	0.25	0.25	0.08	0.14	0.14
Median AW	0.39	0.21	0.31	0.50	0.52	0.36	0.37	0.33
<b><u>4. Ages 65 and over</u></b>								
Mean Net Worth NW	0.22	0.12	0.16	0.24	0.24	0.22	0.14	0.14
Mean PAW	0.25	0.16	0.22	0.32	0.33	0.28	0.20	0.18
Mean Augmented Wealth AW	0.34	0.21	0.30	0.40	0.41	0.37	0.28	0.25
Median NW	0.13	0.24	0.17	0.37	0.37	0.34	0.24	0.24
Median AW	0.36	0.22	0.34	0.52	0.54	0.52	0.44	0.40
<b><u>B. Hispanics/Whites</u></b>								
<b><u>1. All Age Groups</u></b>								

<b>Mean Net Worth NW</b>	<b>0.16</b>	<b>0.16</b>	<b>0.17</b>	<b>0.26</b>	<b>0.26</b>	<b>0.15</b>	<b>0.19</b>	<b>0.19</b>
<b>Mean PAW</b>	--	<b>0.18</b>	<b>0.19</b>	<b>0.27</b>	<b>0.27</b>	<b>0.16</b>	<b>0.20</b>	<b>0.19</b>
<b>Mean Augmented Wealth AW</b>	--	<b>0.25</b>	<b>0.27</b>	<b>0.33</b>	<b>0.38</b>	<b>0.28</b>	<b>0.32</b>	<b>0.28</b>
<b>Median NW</b>	<b>0.04</b>	<b>0.02</b>	<b>0.03</b>	<b>0.06</b>	<b>0.06</b>	<b>0.03</b>	<b>0.09</b>	<b>0.09</b>
<b>Median AW</b>	--	<b>0.25</b>	<b>0.33</b>	<b>0.32</b>	<b>0.41</b>	<b>0.41</b>	<b>0.48</b>	<b>0.42</b>
<b><u>2. Ages 46 and under</u></b>								
<b>Mean Net Worth NW</b>	<b>0.24</b>	<b>0.15</b>	<b>0.17</b>	<b>0.36</b>	<b>0.36</b>	<b>0.22</b>	<b>0.30</b>	<b>0.30</b>
<b>Mean PAW</b>	--	<b>0.17</b>	<b>0.22</b>	<b>0.37</b>	<b>0.37</b>	<b>0.22</b>	<b>0.31</b>	<b>0.30</b>
<b>Mean Augmented Wealth AW</b>	--	<b>0.28</b>	<b>0.32</b>	<b>0.45</b>	<b>0.52</b>	<b>0.44</b>	<b>0.51</b>	<b>0.45</b>
<b>Median NW</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.06</b>	<b>0.06</b>	<b>0.03</b>	<b>0.04</b>	<b>0.04</b>
<b>Median AW</b>	--	<b>0.32</b>	<b>0.42</b>	<b>0.41</b>	<b>0.59</b>	<b>0.71</b>	<b>0.76</b>	<b>0.67</b>
<b><u>3. Ages 47-64</u></b>								
<b>Mean Net Worth NW</b>	<b>0.22</b>	<b>0.35</b>	<b>0.22</b>	<b>0.41</b>	<b>0.41</b>	<b>0.24</b>	<b>0.24</b>	<b>0.24</b>
<b>Mean PAW</b>	<b>0.26</b>	<b>0.35</b>	<b>0.23</b>	<b>0.41</b>	<b>0.41</b>	<b>0.25</b>	<b>0.27</b>	<b>0.26</b>
<b>Mean Augmented Wealth AW</b>	<b>0.33</b>	<b>0.39</b>	<b>0.30</b>	<b>0.44</b>	<b>0.48</b>	<b>0.35</b>	<b>0.38</b>	<b>0.34</b>
<b>Median NW</b>	<b>0.48</b>	<b>0.28</b>	<b>0.23</b>	<b>0.29</b>	<b>0.29</b>	<b>0.22</b>	<b>0.29</b>	<b>0.29</b>
<b>Median AW</b>	<b>0.49</b>	<b>0.34</b>	<b>0.37</b>	<b>0.40</b>	<b>0.51</b>	<b>0.47</b>	<b>0.56</b>	<b>0.51</b>
<b><u>4. Ages 65 and over</u></b>								
<b>Mean Net Worth NW</b>	<b>0.03</b>	<b>0.07</b>	<b>0.34</b>	<b>0.23</b>	<b>0.23</b>	<b>0.18</b>	<b>0.18</b>	<b>0.18</b>
<b>Mean PAW</b>	<b>0.05</b>	<b>0.12</b>	<b>0.36</b>	<b>0.28</b>	<b>0.30</b>	<b>0.21</b>	<b>0.18</b>	<b>0.18</b>
<b>Mean Augmented Wealth AW</b>	<b>0.26</b>	<b>0.16</b>	<b>0.45</b>	<b>0.39</b>	<b>0.43</b>	<b>0.33</b>	<b>0.29</b>	<b>0.26</b>
<b>Median NW</b>	<b>0.00</b>	<b>0.01</b>	<b>0.18</b>	<b>0.13</b>	<b>0.13</b>	<b>0.34</b>	<b>0.24</b>	<b>0.24</b>
<b>Median AW</b>	<b>0.31</b>	<b>0.20</b>	<b>0.62</b>	<b>0.38</b>	<b>0.45</b>	<b>0.50</b>	<b>0.45</b>	<b>0.43</b>
<p><b>Note:</b> author's computations from the 1983, 1989, 2001, 2007, 2010, 2016, and 2019 SCF.</p> <p>The "old series" is based on mortality rates for whites and blacks. The new series is based on mortality rates for non-Hispanic whites, non-Hispanic blacks, and Hispanics. The "combined series" uses the change for 1983 (or 1989) - 2007 based on the old series and the change for 2007-2019 based on the new series.</p> <p>Households are classified into age groups by the age of the head of household. Key:</p> <p><b>Augmented Wealth AW = NW + DBW + SSW</b></p>								

**Table 13. Retirement and Augmented Wealth for Black Households by Age Class, 2019:  
Counterfactual Scenario of Equating Black Mortality Rates to White Levels**

<b>Category</b>	<b>All Age Groups</b>	<b>Ages 46 and Under</b>	<b>Ages 47-64</b>	<b>Ages 47-64</b>
<b><u>I. Percentage Difference in Mean Values between Counterfactual and Actual for Black Households</u></b>				
DB Wealth DBW	8.0	14.3	10.0	4.2
Social Security Wealth SSW	10.4	14.4	11.0	4.7
Retirement Wealth RW	8.4	12.7	8.6	4.2
Augmented Wealth AW	6.3	11.4	6.0	2.9
<b><u>II. Black/White Ratios in Mean Retirement and Augmented Wealth by Component</u></b>				
<b><u>A. Actual Ratios</u></b>				
DB Wealth DBW	0.56	0.57	0.70	0.63
Social Security Wealth SSW	0.60	0.58	0.61	0.67
Retirement Wealth RW	0.48	0.52	0.52	0.49
Augmented Wealth AW	0.27	0.31	0.29	0.28
<b><u>B. Counterfactual Ratios</u></b>				
DB Wealth DBW	0.61	0.65	0.77	0.66
Social Security Wealth SSW	0.66	0.66	0.68	0.70
Retirement Wealth RW	0.52	0.59	0.56	0.51
Augmented Wealth AW	0.28	0.35	0.31	0.29
<b><u>C. Difference between Counterfactual Ratios and Actual Ratios</u></b>				
DB Wealth DBW	0.04	0.08	0.07	0.03
Social Security Wealth SSW	0.06	0.08	0.07	0.03
Retirement Wealth RW	0.04	0.07	0.04	0.02
Augmented Wealth AW	0.02	0.04	0.02	0.01
<b><u>D. Percentage Contribution of Mortality Rate Differences to Explaining Black/White Ratio<sup>a</sup></u></b>				
DB Wealth DBW	7.40	12.49	9.13	4.01
Social Security Wealth SSW	9.45	12.57	9.89	4.51
Retirement Wealth RW	7.77	11.25	7.89	4.05
Augmented Wealth AW	5.89	10.27	5.67	2.81

**III. Percentage Difference in Median Values between Counterfactual and Actual for Black Households**

Social Security Wealth SSW	10.8	15.3	10.4	5.1
Retirement Wealth RW	9.9	13.0	9.1	2.6
Augmented Wealth AW	8.7	18.4	5.7	4.4

**IV. Black/White Ratios in Median Retirement and Augmented Wealth by Component****A. Actual Ratios**

Social Security Wealth SSW	0.56	0.54	0.49	0.71
Retirement Wealth RW	0.50	0.51	0.49	0.63
Augmented Wealth AW	0.39	0.42	0.37	0.44

**B. Counterfactual Ratios**

Social Security Wealth SSW	0.68	0.72	0.60	0.77
Retirement Wealth RW	0.60	0.66	0.58	0.67
Augmented Wealth AW	0.42	0.50	0.39	0.46

**C. Difference between Counterfactual Ratios and Actual Ratios**

Social Security Wealth SSW	0.12	0.18	0.11	0.07
Retirement Wealth RW	0.10	0.15	0.09	0.04
Augmented Wealth AW	0.03	0.08	0.02	0.02

**D. Percentage Contribution of Mortality Rate Differences to Explaining Black/White Ratio<sup>a</sup>**

Social Security Wealth SSW	17.56	25.32	18.91	8.50
Retirement Wealth RW	16.88	22.77	15.76	5.70
Augmented Wealth AW	7.96	15.52	5.37	4.24

Note: author's computations from the 2019 SCF.

Households are classified into age groups by the age of the head of household.

Retirement Wealth RW = PW + SSW

a. Defined as the ratio of the difference between the counterfactual ratio and the actual ratio divided by the counterfactual ratio.

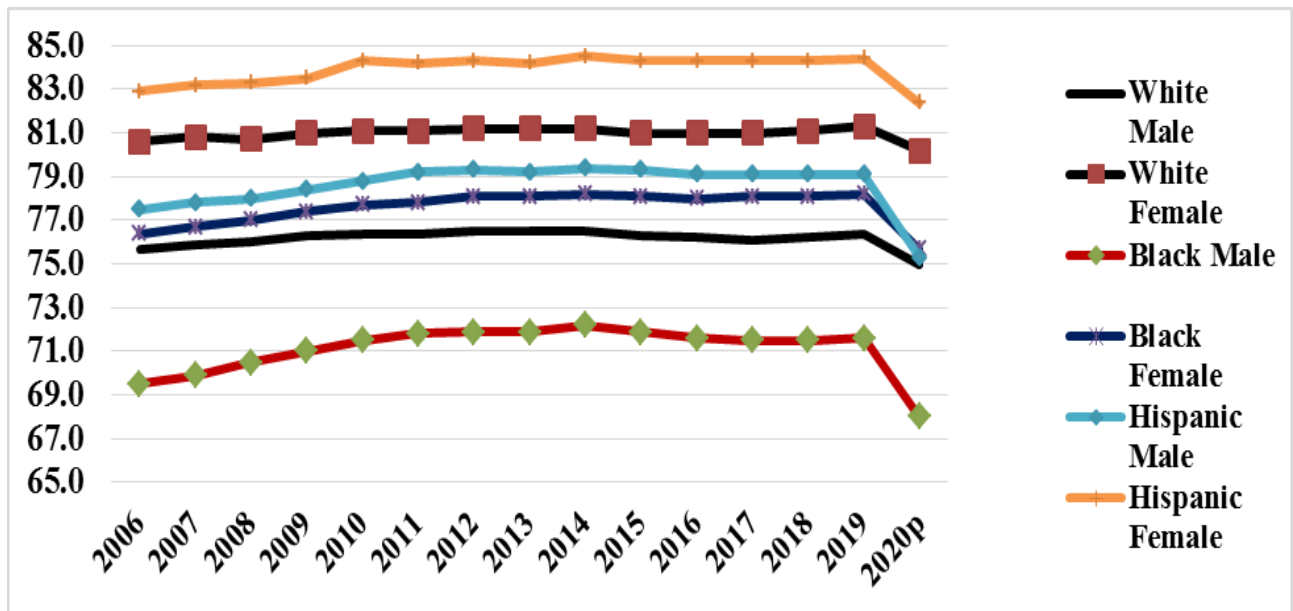


Figure 1. Life Expectancy at birth by race/ethnicity and gender, 2006-2020p

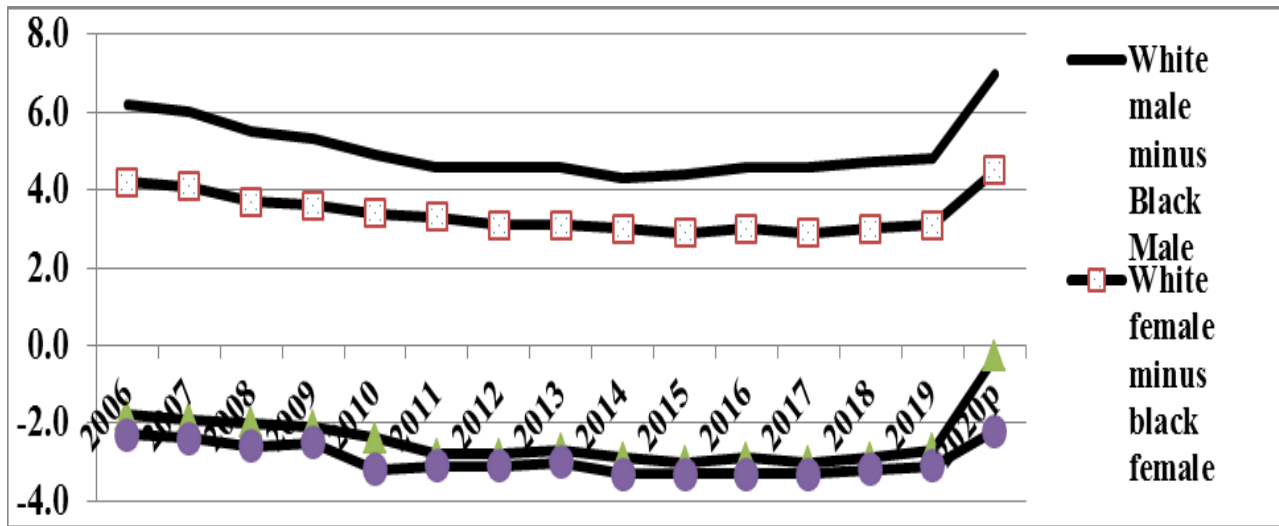


Figure 2. Gaps in life expectancy at birth by race/ethnicity and gender, 2006-2020p (in years)

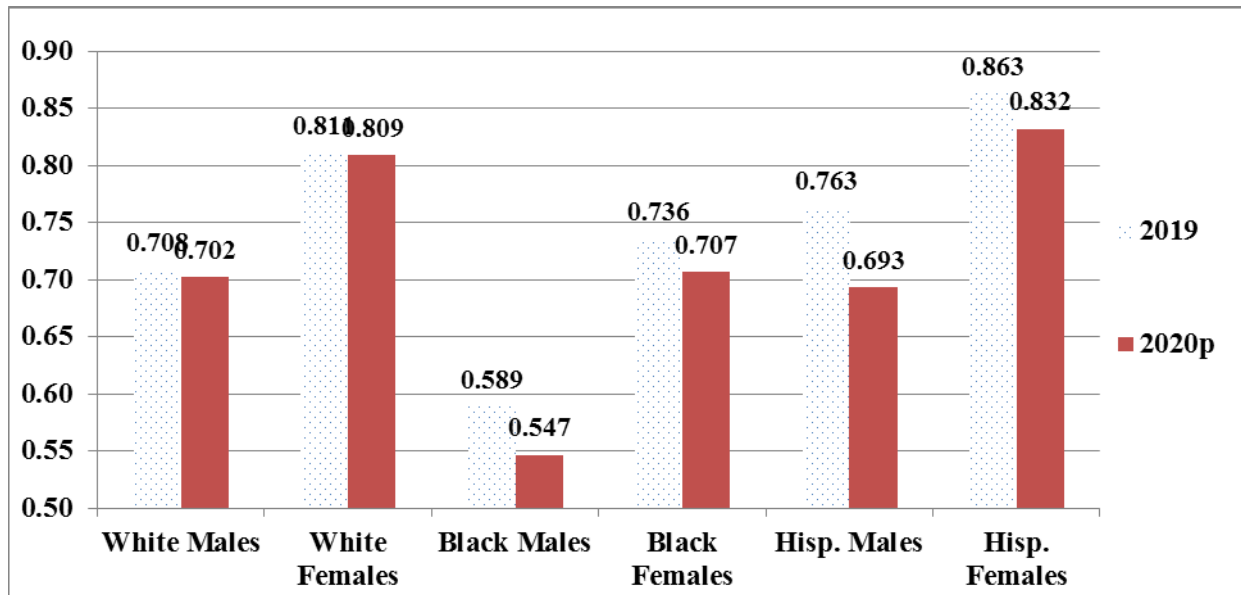


Figure 3. Probability of an 18-year old surviving to age 65 by race/ethnicity and gender in 2019 and 2020



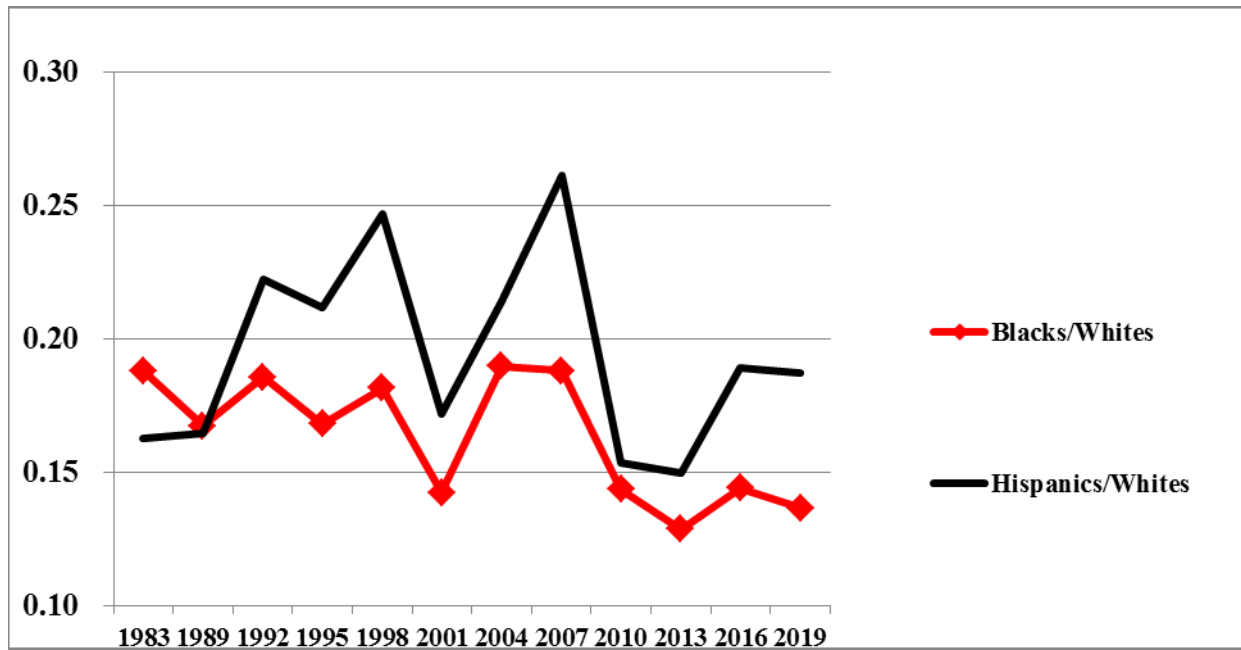


Figure 4. Ratio of Mean Net Worth between Racial and Ethnic Groups, 1983-2019

