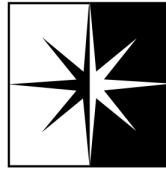


California Legislative Women's Caucus

California
Commission on the Status of Women



California Women's Agenda

NEW AMERICA
FOUNDATION

Women & Wealth

Strategies to Thrive in Tough Economic Times

July 17, 2009

**Joan B. Kroc Institute for Peace and Justice
University of San Diego**

The Gender Wealth Gap

- What is it?
- Why does it matter?



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Income vs. Wealth

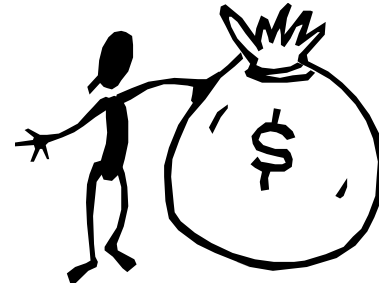
- Income = flow of money into a household over a period of time
- Wealth = net worth; value of a household's assets minus debts at a single point in time



Wealth = Assets-Liabilities

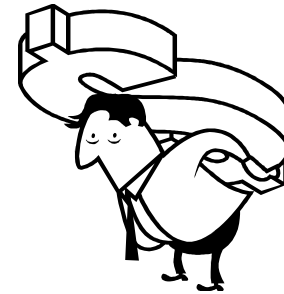
- Assets:

- Savings, Checking Accounts
- Real Estate Owned
- Stocks, Bonds, Mutual Funds
- Business Assets
- 401k, IRAs
- Etc.



- Liabilities:

- Mortgage
- Credit Card Debt
- Loans
- Etc.





Why Wealth?

- Wealth inequality >> income inequality
 - Top 1% - 17% income, 34% wealth
 - Bottom 60% - 22% income, **4%** wealth (Wolff '07)
- Wealth confers benefits income doesn't
 - Can generate further income
 - Collateral for loans
 - Passed from generation to generation
 - Weather financial crises (unemployment, illness)



Why Care About the *Gender Wealth Gap*?

- About half of all households are non-married households
- About half of all marriages end in divorce
- Married women outlive husbands; widowhood is not a financial windfall for most
- People marry at later ages and spend more of their adult lives not married
- Women need more wealth because they live longer than men



Data

- 2004 Survey of Consumer Finances
 - National survey
 - Conducted by the Federal Reserve Board
 - 4519 Households

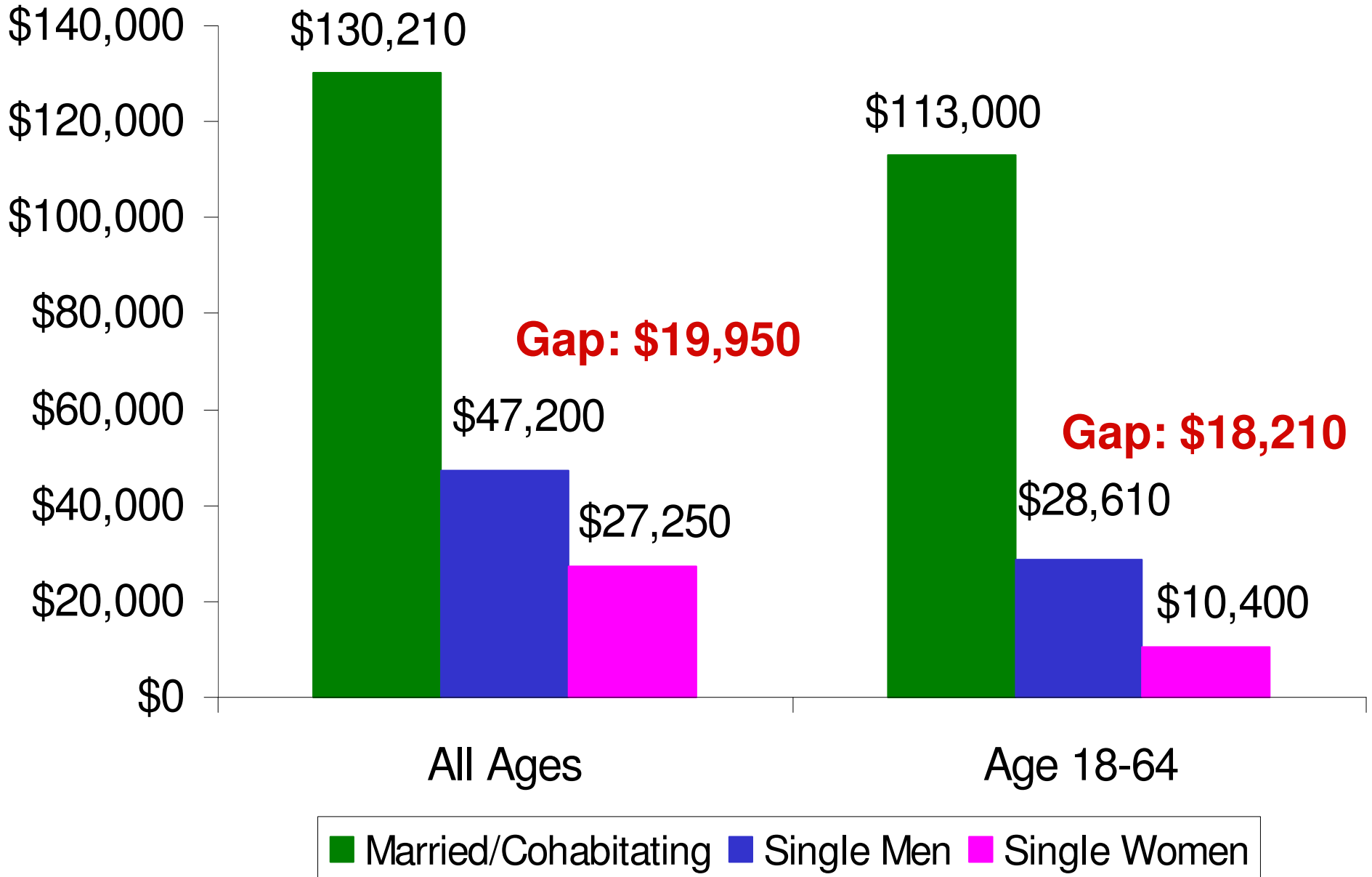


Measuring Wealth: Mean vs. Median

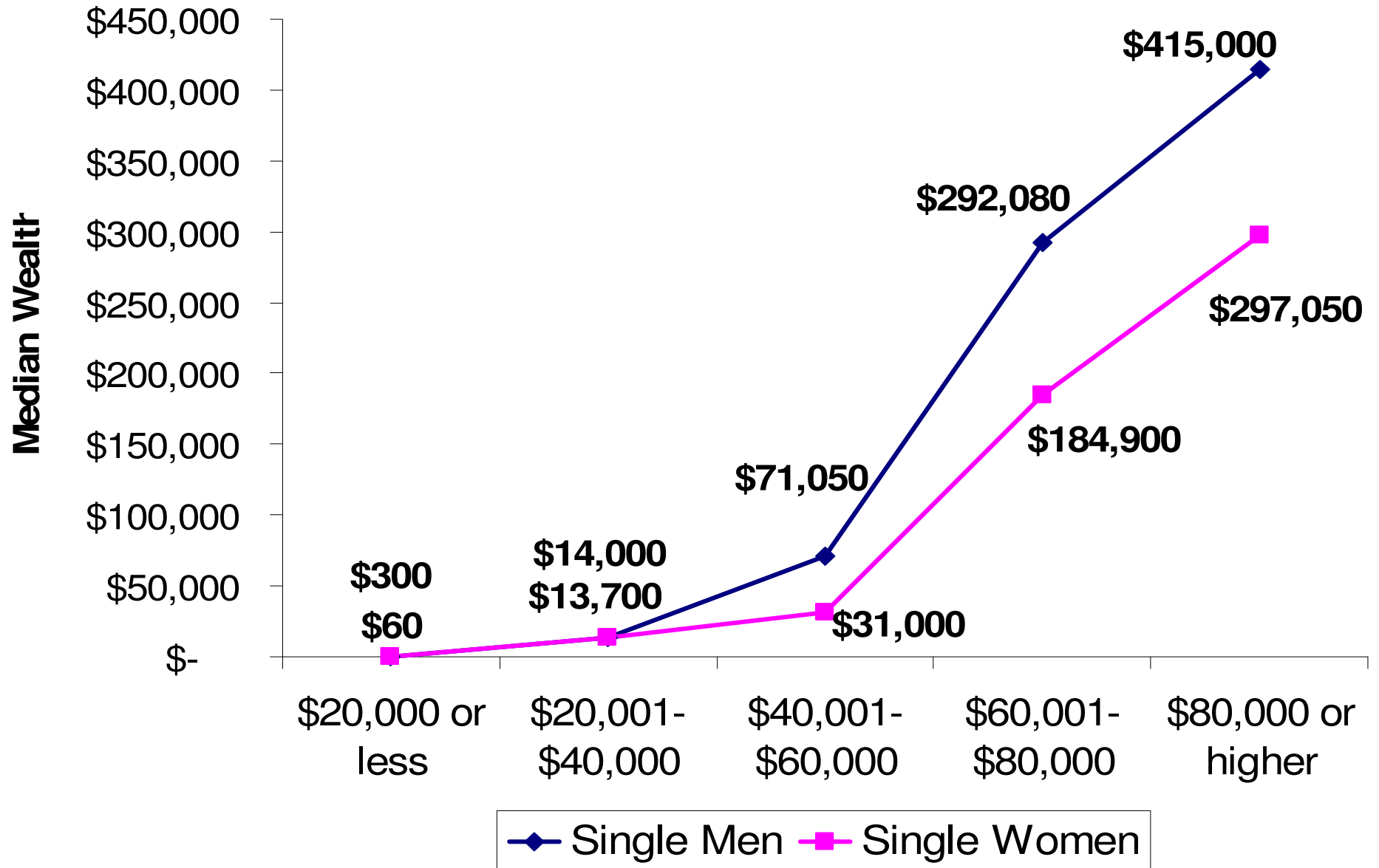
- Mean = mathematical average (the *extremely* wealthy pull average higher)
- Median = half have more; half have less

Wealth scholars use the median

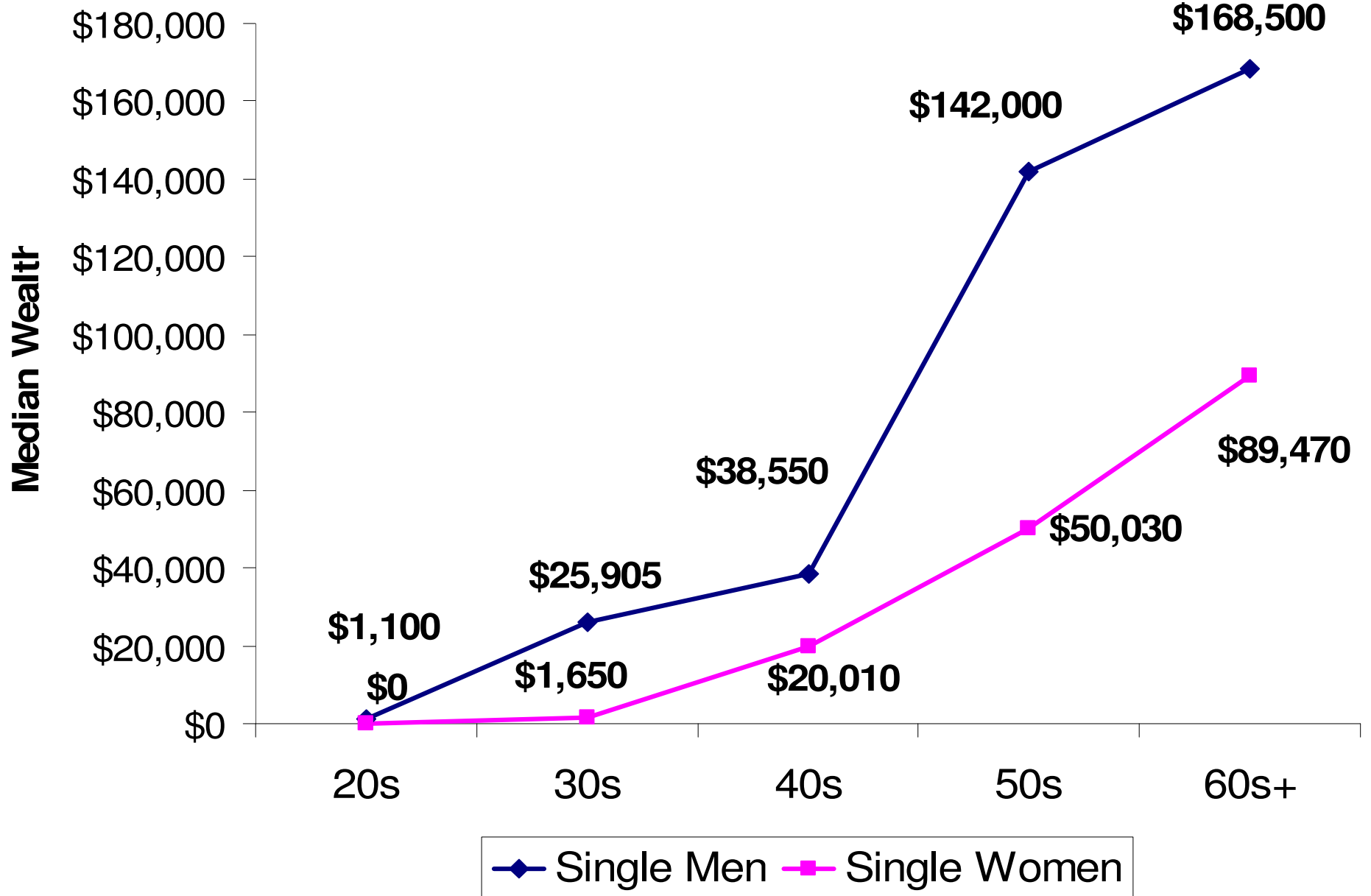
Median Wealth, 2004



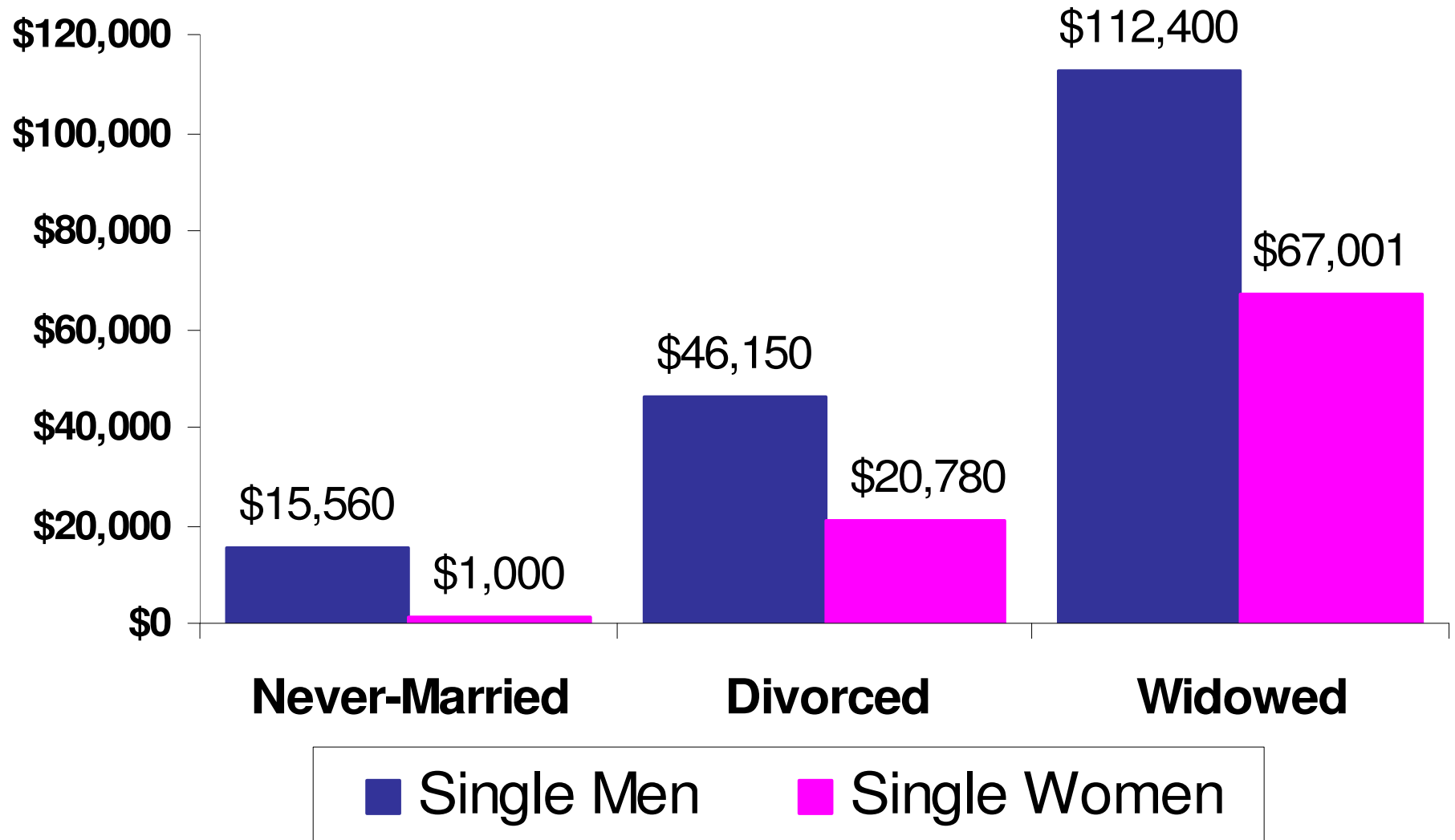
Gender Wealth Gap by Income, 2004



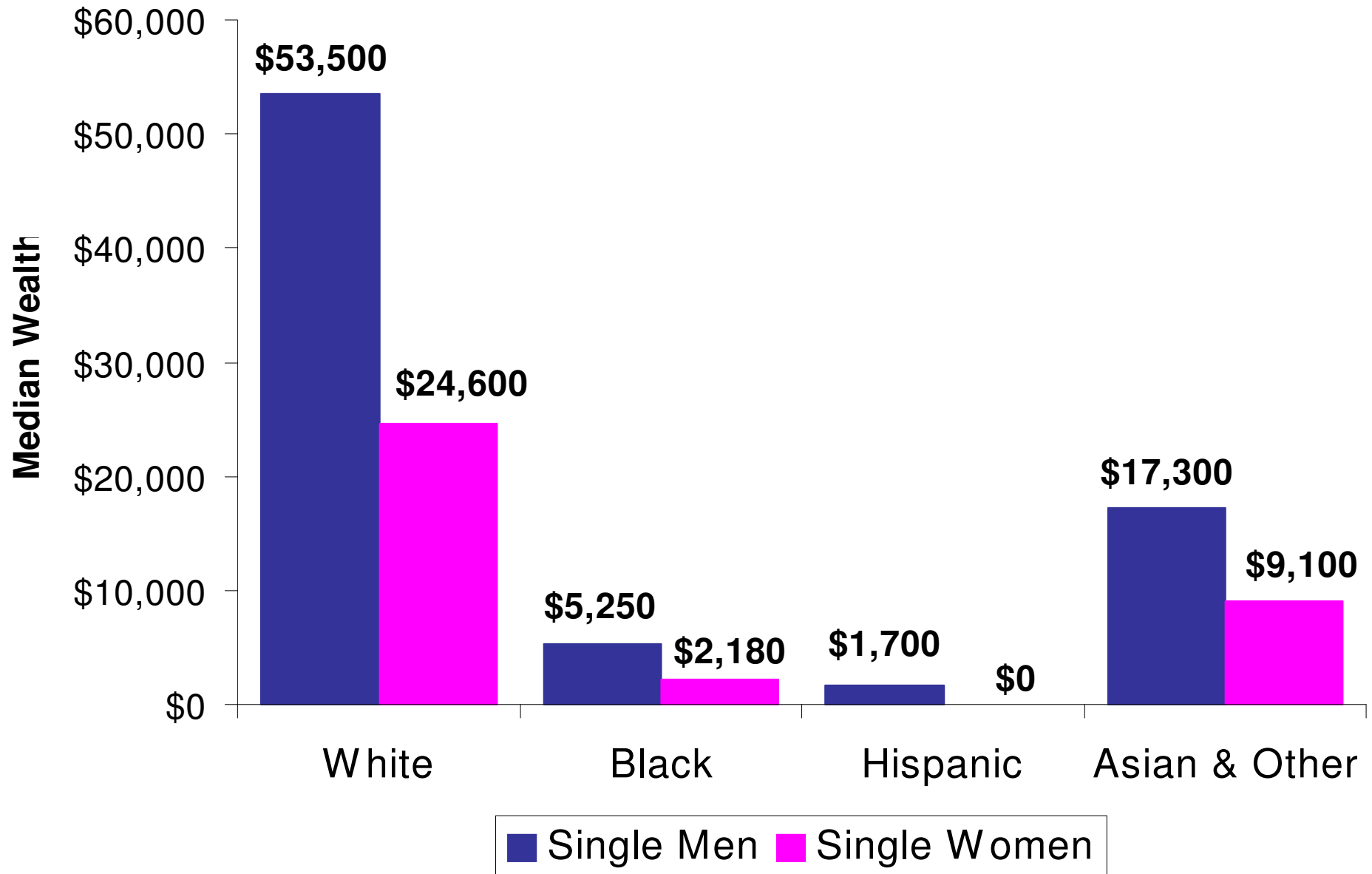
Gender Wealth Gap by Age Group, 2004



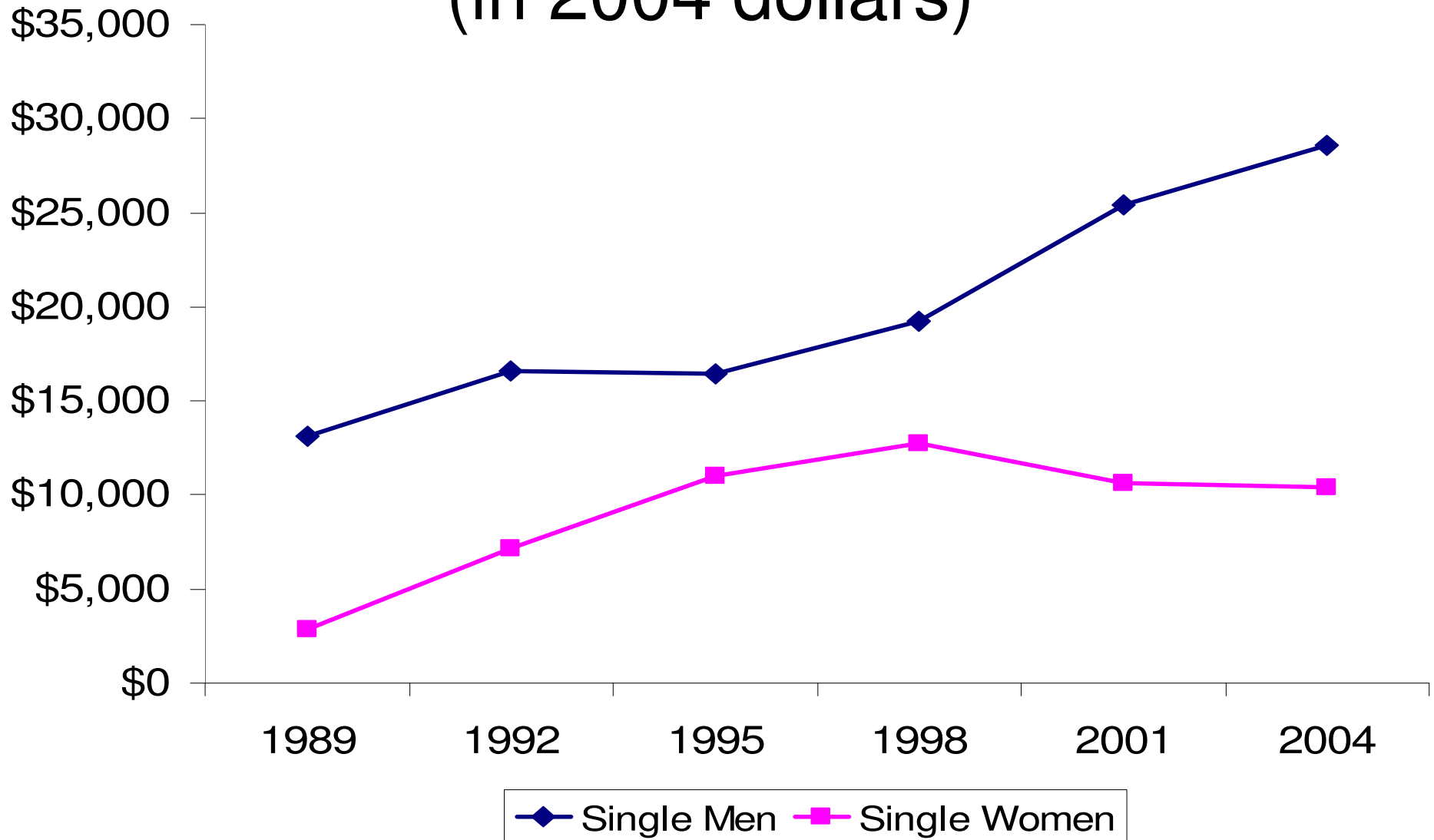
Median Wealth for Single Men and Women Ages 18-64, 2004



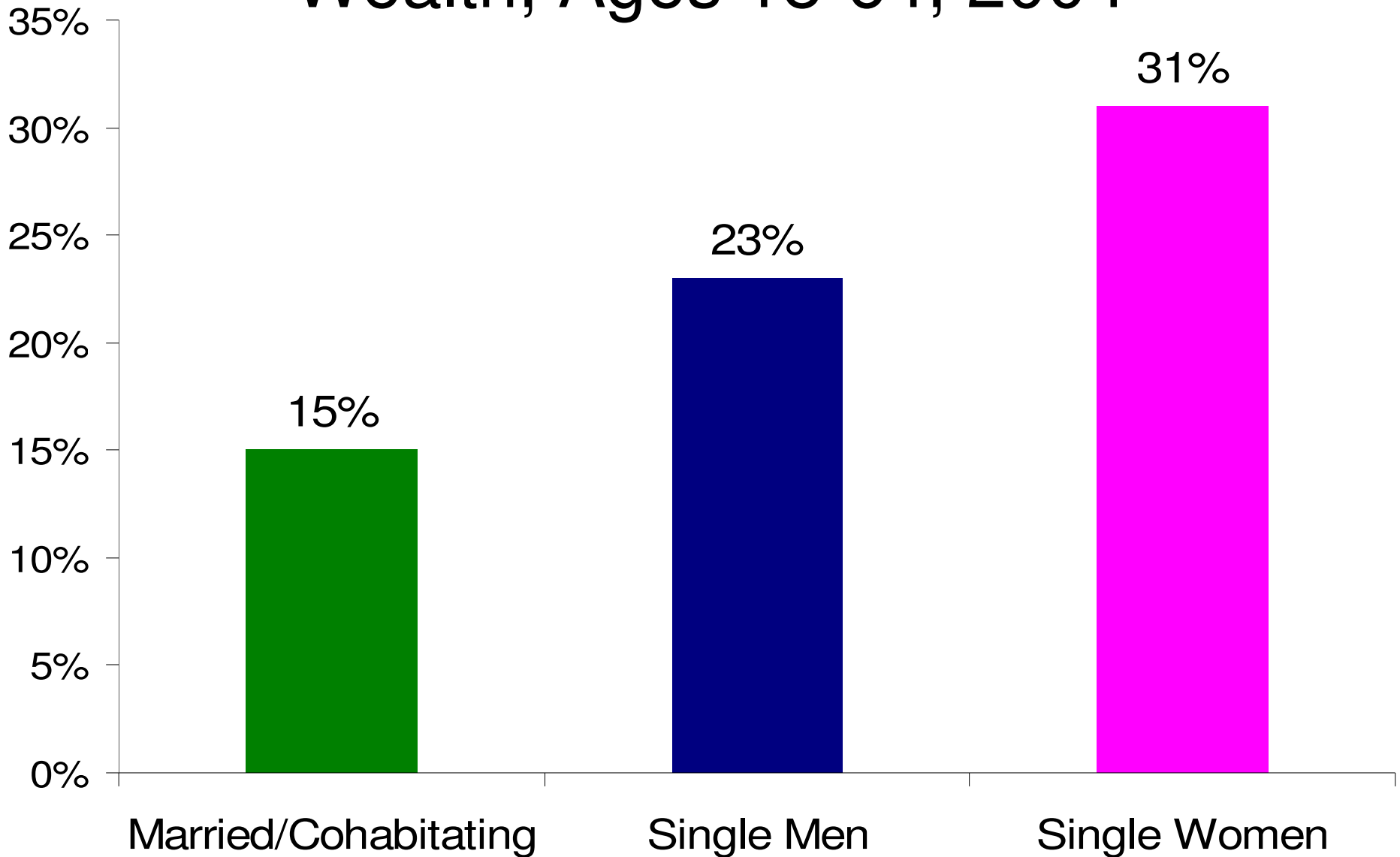
Gender Wealth Gap by Race, 2004



Trends in Median Wealth for Single Men and Women Ages 18-64, 1989-2004 (in 2004 dollars)



Percentage with Zero (or Negative) Wealth, Ages 18-64, 2004

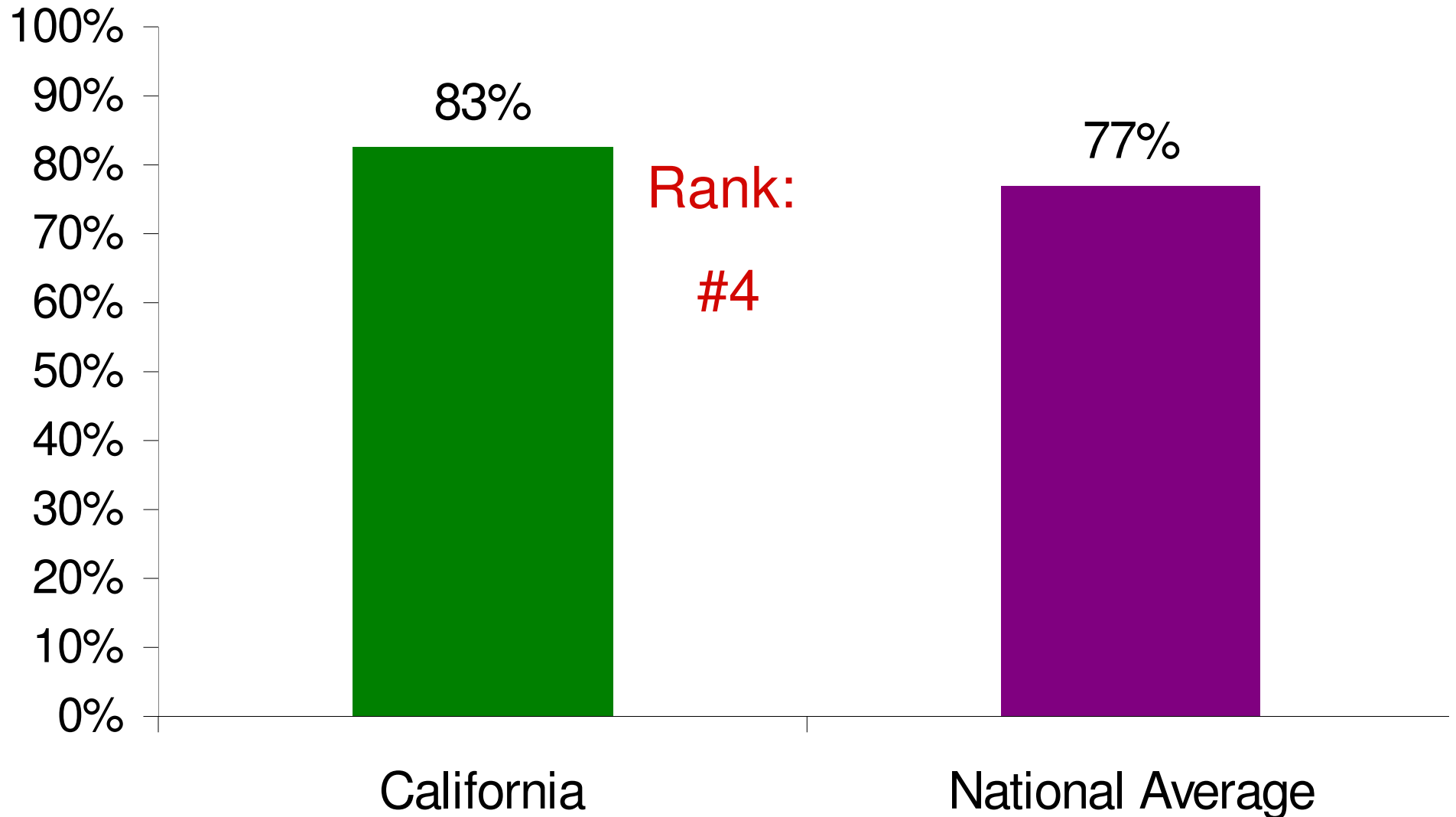




Why?

- Earnings Gap?

Gender Earnings Ratio for Full-Time Workers, 2006



Gender Income and Wealth Ratios for Full-Time Workers Ages 18-64 by Marital Status, 2004

	Income	Wealth
Never-Married	95.2%	15.8%
Divorced	83.9%	69.3%
Widowed	77.2%	n/a
Married	68.9%	



Why?

- Income gap is not the only answer
- Gender wealth gap would remain even if men and women had equal incomes



Causes of Gender Wealth Gap

- Women more likely to be single parents
 - Two (or more) can't live as cheaply as one
 - Less disposable income to save or invest



Causes of Gender Wealth Gap

Cont.

- Women less access to “wealth escalator” (translates income to wealth more quickly)
 - Ex: fringe benefits (employer-sponsored retirement plans, health insurance, etc.)
 - Types of jobs (ex: service sector)
 - Patterns of labor force participation (part-time, less-continuous)



Causes of Gender Wealth Gap

Cont.

- Debt anchor
 - Women have: more debt, higher interest rates on debt, and are more likely to have subprime loans



Key Points: Gender & Wealth

- Wealth better indicator of financial well-being than income
- Wealth gap is larger than income gap
- Gender wealth gap is increasing
- 31% single women have no wealth
- Gender wealth gap: \$18,210;
Single women own 36 cents for every dollar of wealth owned by single men



Further Information:

- Fall 2009:

www.mariko-chang.com