

Wealth

Wealth, or net worth, is a key determinant of living standards for American families. While liquid assets help families cope with cash emergencies, tangible assets, like cars, homes, and computers, provide people with opportunities and allow them to participate in work, school, and community life. Even assets like retirement plans make it easier to make investments in education or start a business. Given wealth's importance, wide and growing wealth inequalities in many ways surpass rising inequality in wages and income.

Wealth concentrates at the top of the income scale

35.4%

In 2010, the top 1 percent of households received 17.2 percent of all income in the economy, in addition to holding 35.4 percent of all wealth.

23.3%

In 2010, the bottom 90 percent received only 55.5 percent of all income and held just 23.3 percent of all wealth.

74.2%

From 1983–2010, 38.3 percent of the wealth growth went to the top 1 percent, and 74.2 percent went to the top 5 percent. The bottom 60 percent, meanwhile, suffered a decline in wealth.

\$3.8 billion

A subsection of the top 1 percent is the *Forbes* 400, the wealthiest people in the United States. From 1982–2011, the average wealth of the top 400 increased from \$1.1 billion to \$3.8 billion. The collective net worth of the top 400 individuals was \$1.5 trillion. By comparison, in 2010, the collective net worth of the entire bottom 60 percent of the wealth distribution—over 70 million households—was only \$900 billion.

288-to-1

In 1962, the wealthiest 1 percent had 125 times the wealth of a median household. In 2010, the ratio was 288-to-1.

Unrelenting disparities persist through the recession

↓ 47.1%

From 2007–2010, the average wealth of the top 1 percent dropped 15.6 percent. Wealth at the median, however, plummeted 47.1 percent.

\$57,000

The median household along the wealth distribution went from a net worth of \$107,800 in 2007 to \$57,000 in 2010—22.0 percent less than median wealth in 1983.

46.9%

In 2010, less than half (46.9 percent) of households owned any stock at all—even indirectly through mutual funds, and retirement plans. Less than one-third (31.1 percent) owned more than \$10,000 in stocks. The median African American and Latino family owns no stock at all.

Minorities fare worst of all

\$4,900

In 2010, median wealth was \$4,900 for black households and \$1,300 for Latino households. The median wealth for white households was \$97,000.

35.8%

Black and Latino households are nearly twice as likely as whites to have zero or negative net worth. A total of 18.6 percent of white households, 33.9 percent of black households, and 35.8 percent of Latino households have no wealth, or have liabilities exceeding their assets.

Unfavorable comparisons

60%

In a comparison of 20 advanced, industrialized nations, the median wealth for an adult in the United States is the fourth-lowest. For 12 countries on the list, median wealth per adult is at least 60 percent higher than in the United States.

No. 17

Among the same group of countries, the United States has more wealth inequality than 16 of its peers.

Spotlight UNDERSTANDING WEALTH DISPARITIES

Wealth is the sum of all assets (the most common of which are a home, bank balances, stocks, and retirement plans) minus liabilities (such as mortgages, credit card balances, student loans, and outstanding medical bills).

The homeownership rate for black households dropped from 49.1 percent in 2004 to 44.9 percent in 2011 and lags far behind the homeownership rate for whites (73.8 percent). Since fewer than half of black households own homes, this means that for the median (typical) black household, there is zero home equity. The median black household also owns no stock and therefore has no wealth from that asset class.

The Great Recession decimated wealth from all demographic groups, but minorities were especially hard hit. While median wealth of white households sank 35.8 percent, it plummeted for black households (49.7 percent) and nosedived for Latino households (86.3 percent) from 2007–2010.