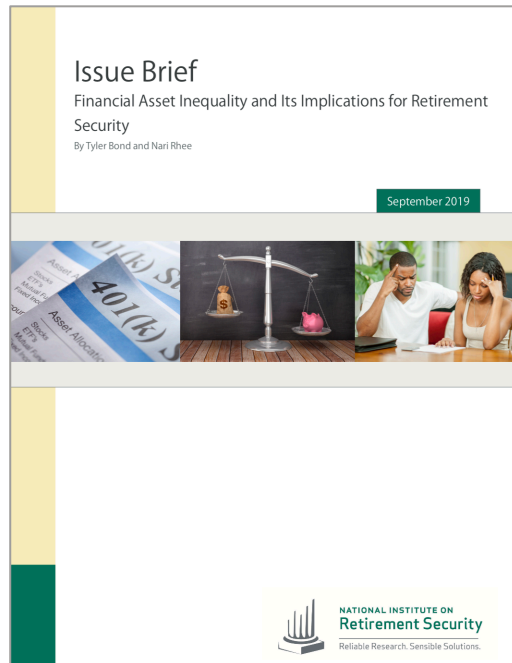


Issue Brief:

Financial Asset Inequality & Its Implications for Retirement Security



Webinar

October 1, 2019

2:00 PM ET

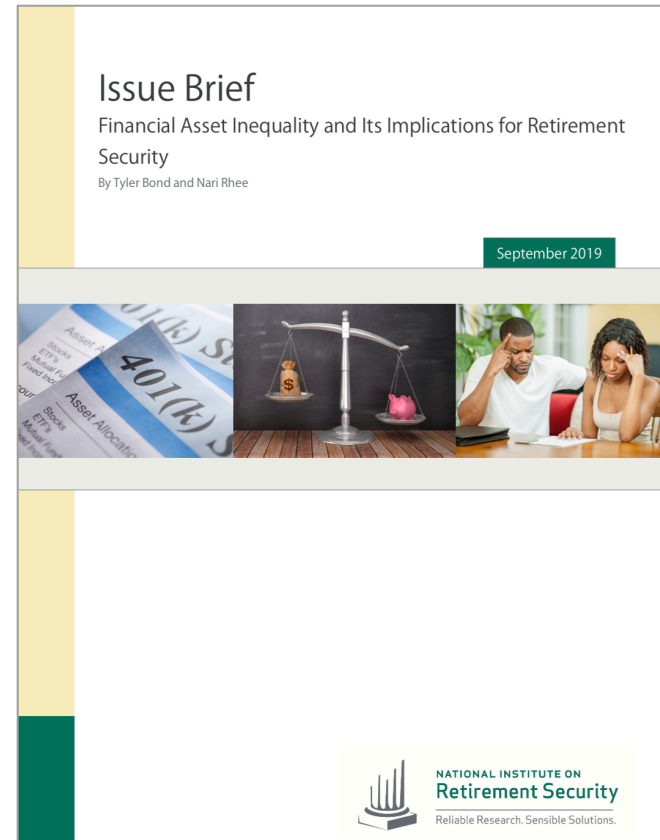


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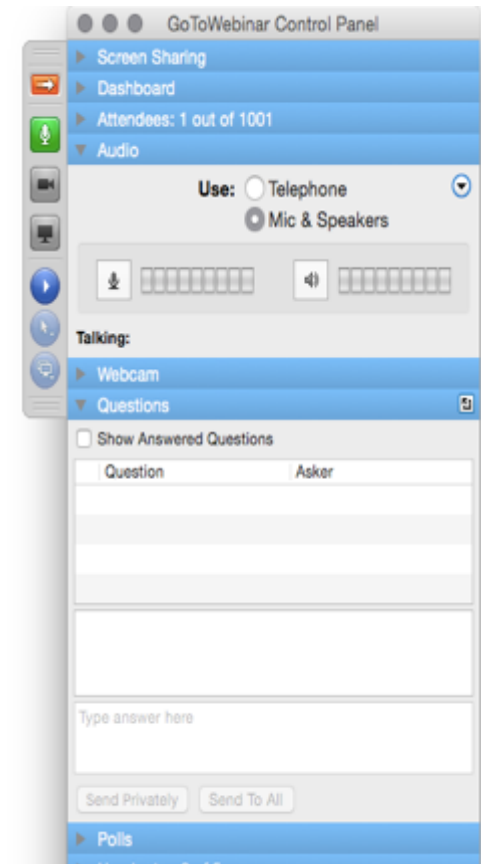
Agenda

- Introductions
- Research Review
- Q&A



Webinar Logistics

- Attendees in listen only mode.
- Questions welcome. Type question using “Question” function on control panel, and we will answer.
- Audio, technical issues during webinar, call GoToWebinar at 1-800-263-6317.
- Webinar replay will be available.



Speakers



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About This Study

- Examines the ownership of financial assets across three generations (Baby Boomers, Generation X, and Millennials). Examines ownership by net worth percentiles within each of these generations.
- Considers the implications for retirement security of the highly unequal ownership of financial assets within and across generations.



Methodology

1. Analyzed data from the 2004, 2010, and 2016 Survey of Consumer Finances (SCF).
2. Defined generations as:
 - Baby Boomers as those born from 1946 to 1964
 - Generation X from 1965 to 1980
 - Millennials from 1981 to 1996
3. Within each generational cohort, we created net worth percentiles and calculated financial asset ownership for the relevant percentiles.



Three Key Findings

1. Financial asset inequality has increased significantly among Baby Boomers since 2004.
2. Financial asset inequality appears to be growing worse across generations. Generation X and Millennials appear to have reached comparable degrees of financial asset concentration at younger ages than Baby Boomers.
3. Financial asset inequality is exacerbated by regressive tax incentives for retirement savings and unequal access to employer-provided retirement plans.



Overview: Baby Boomers

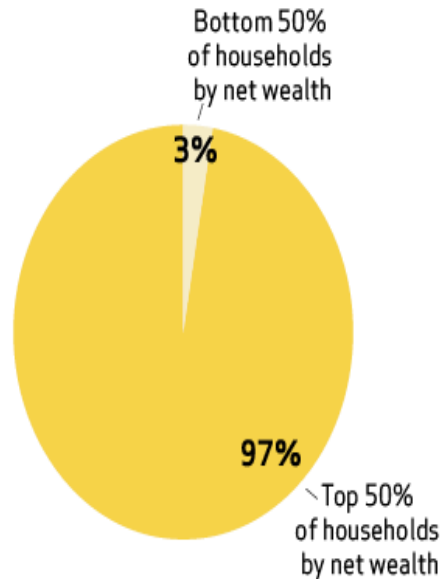
- The share of Baby Boomer assets owned by the bottom 50 percent of Baby Boomer households shrank from 3 percent in 2004 to less than 2 percent in 2016.
- The share owned by the top 25 percent grew from 86 percent to 91 percent.
- The share of financial assets owned by the top 10 percent of Baby Boomer households grew from 68 percent to 75 percent.
- The share of financial assets owned by the wealthiest 5 percent of households in this generation grew from 52 percent in 2004 to 60 percent in 2016.



Baby Boomer Financial Asset Ownership - 2004

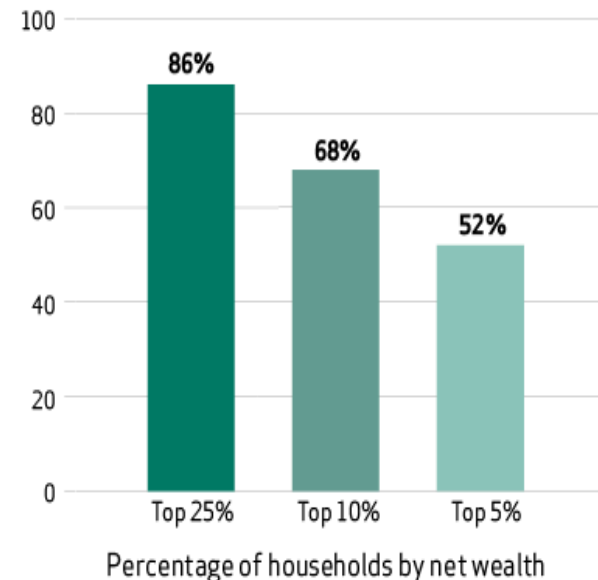
Figure 1: **Distribution of Baby Boomer Financial Assets, by Wealth Percentiles - 2004**

Percentage of financial assets owned



Source: GAO analysis of 2004 Survey of Consumer Finances

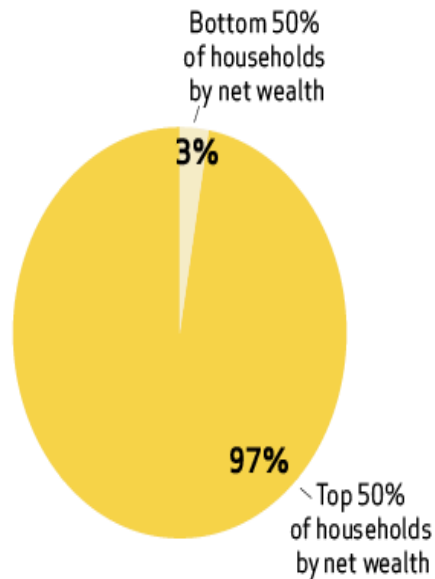
Percentage of financial assets owned



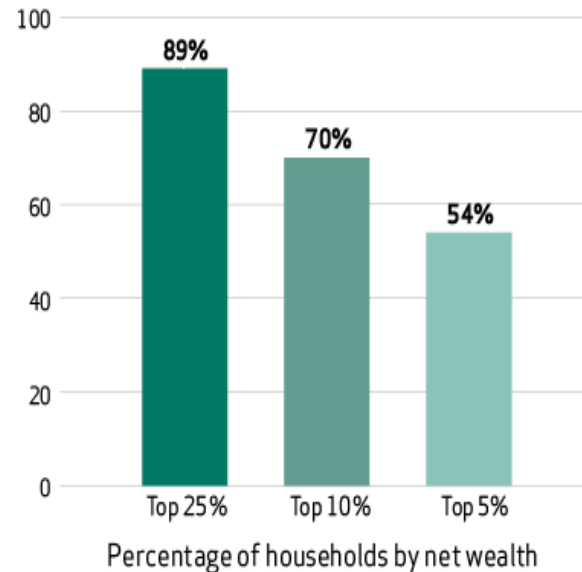
Baby Boomer Financial Asset Ownership - 2010

Figure 2: **Distribution of Baby Boomer Financial Assets, by Wealth Percentiles - 2010**

Percentage of financial assets owned



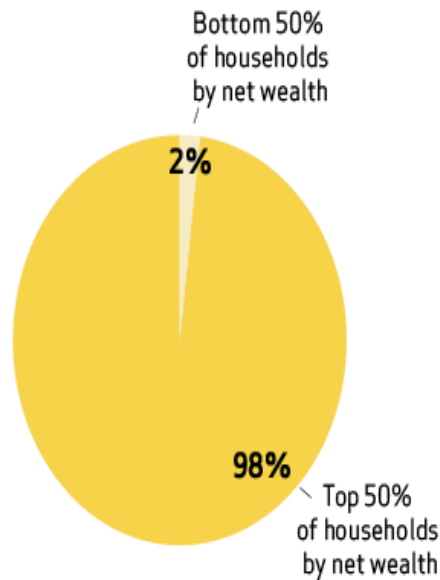
Percentage of financial assets owned



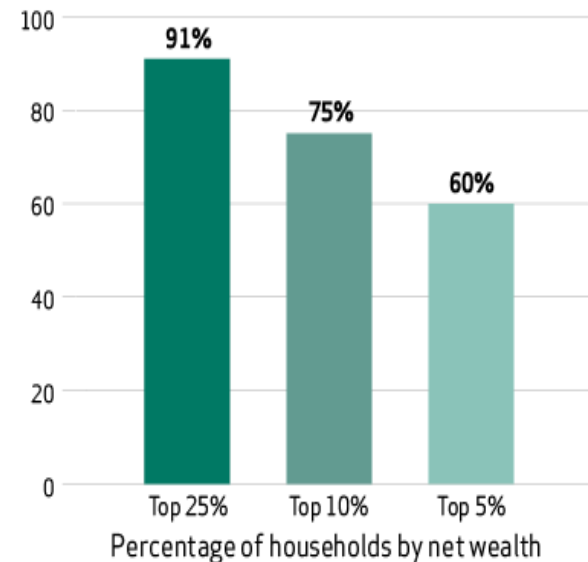
Baby Boomer Financial Asset Ownership - 2016

Figure 3: **Distribution of Baby Boomer Financial Assets, by Wealth Percentiles - 2016**

Percentage of financial assets owned



Percentage of financial assets owned



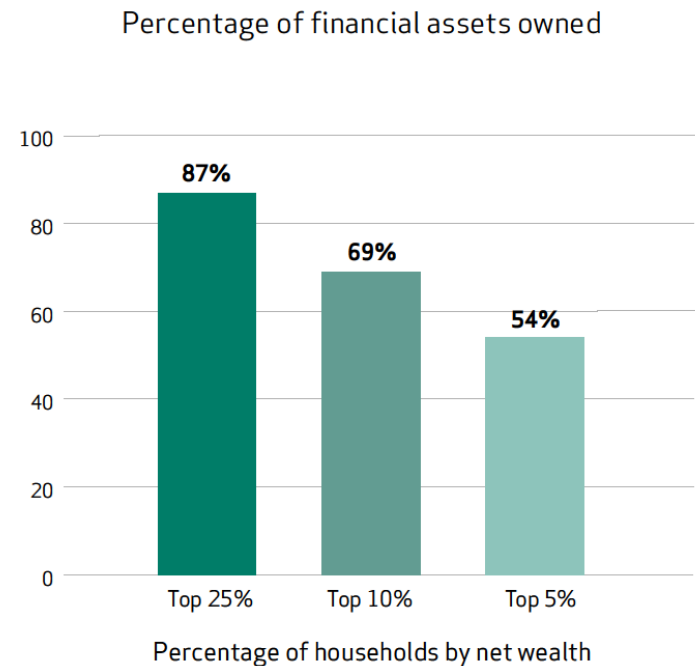
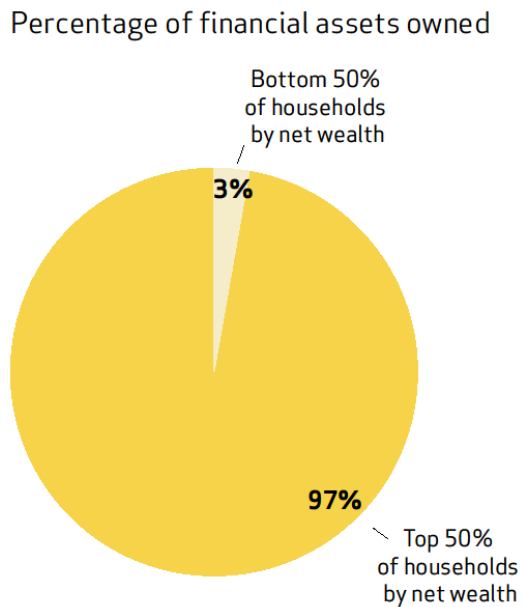
Financial Asset Ownership Among Generation X and Millennials

- In 2016, Generation X was about 4 years younger on average than Baby Boomers in 2004. Yet the top 25 percent of Generation X households owned 87 percent of financial assets in 2016, compared to 86 percent for their Baby Boomer counterparts in 2004.
- Millennials in 2016 reached a comparable degree of financial asset concentration as Baby Boomers in 2004 -- 85 percent versus 86 percent owned by the wealthiest 25 percent of their cohort – two full decades earlier in their lifecycle.



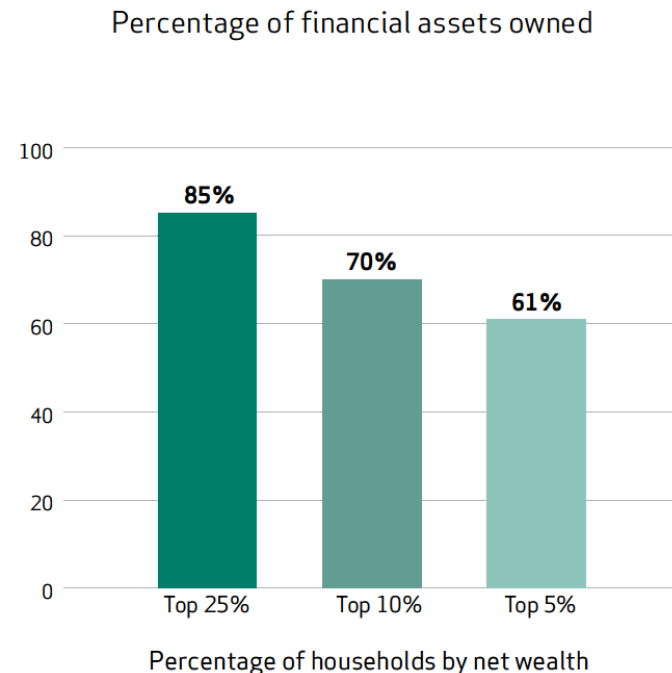
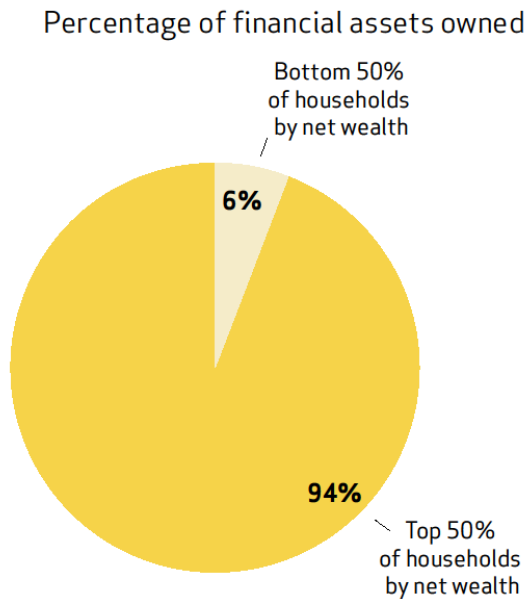
Generation X Financial Asset Ownership - 2016

Figure 4: **Distribution of Generation X Financial Assets, by Wealth Percentiles - 2016**



Millennial Financial Asset Ownership - 2016

Figure 5: **Distribution of Millennial Financial Assets, by Wealth Percentiles - 2016**



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Factors Contributing to Unequal Ownership

- Regressive tax structures.
- Inefficient tax incentives for retirement savings.
- Unequal access to employer-sponsored retirement savings plans.



Public Policy Proposals to Promote More Equitable Ownership

1. Strengthen and expand Social Security.
2. Support state and federal efforts to establish state-facilitated retirement savings plans in order to facilitate asset building among the roughly half of U.S. private sector workers who lack access to a workplace retirement plan.
3. Promote and improve the federal Saver's Credit to help build the retirement savings of low-income households.

Questions



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