



Stark Inequality:

Financial Asset Inequality Undermines Retirement Security

Research Webinar

| September 8, 2021



NATIONAL INSTITUTE ON
Retirement Security

Reliable Research. Sensible Solutions.

AGENDA

01. Introductions

02. Research Review

03. Q&A

STARK INEQUALITY

FINANCIAL ASSET
INEQUALITY UNDERMINES
RETIREMENT SECURITY



Logistics

- Attendees in listen only mode.
- Questions are welcome. Submit using “Question” function on control panel
- Audio/technical issues during webinar: call GoToWebinar at 1-800-263-6316
- Webinar replay and slides will be posted at nirsonline.org/reports/starkinequality/



SPEAKER



Tyler Bond

NIRS Research Manager and Report Author

ABOUT THE REPORT

- Updates and expands upon previous research from the Government Accountability Office (GAO) and NIRS.
- Analyzes data from four survey years of the Federal Reserve's Survey of Consumer Finances (SCF): 2004, 2010, 2016, 2019.
- Examines the ownership of financial assets by net worth, as well as by generation and race.
- Financial asset ownership is directly connected to retirement security because the premise of the dominant retirement savings system depends upon workers building a nest egg for retirement on their own

Are Retirement Plans Sheltering Wealth?



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The Number of People With IRAs Worth \$5 Million or More Has Tripled, Congress Says

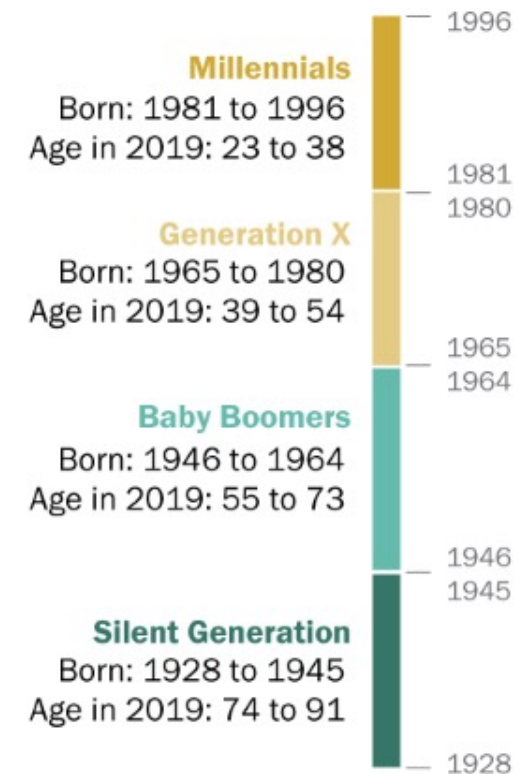
After ProPublica revealed that some wealthy Americans hold Roth IRAs worth hundreds of millions — compared to \$39,000 for the average account holder — Democrats requested data. It shows more than 28,000 people with IRAs worth \$5 million or more.

The Generations Defined

- Baby Boomers: Born between 1946 and 1964
- Generation X: Born between 1965 and 1980
- Millennials: Born between 1981 and 1996

Source: <https://www.pewresearch.org/fact-tank/2020/04/28/millennials-overtake-baby-boomers-as-americas-largest-generation/>

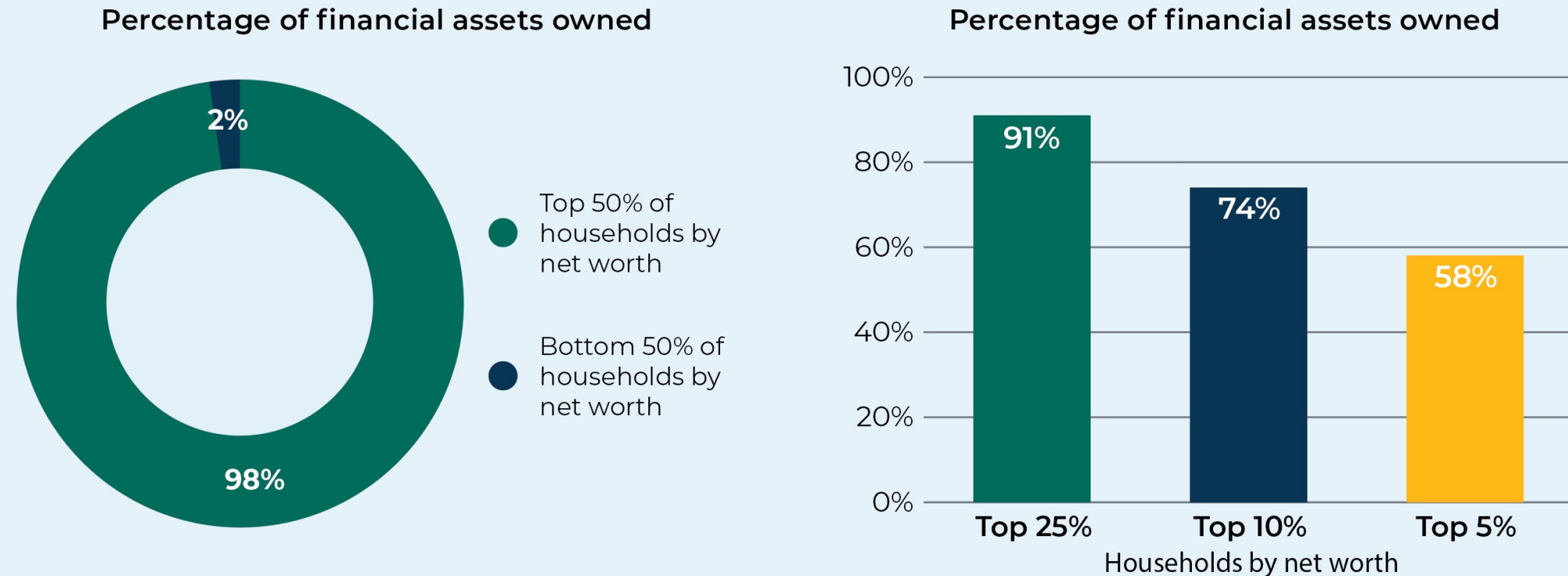
The generations defined



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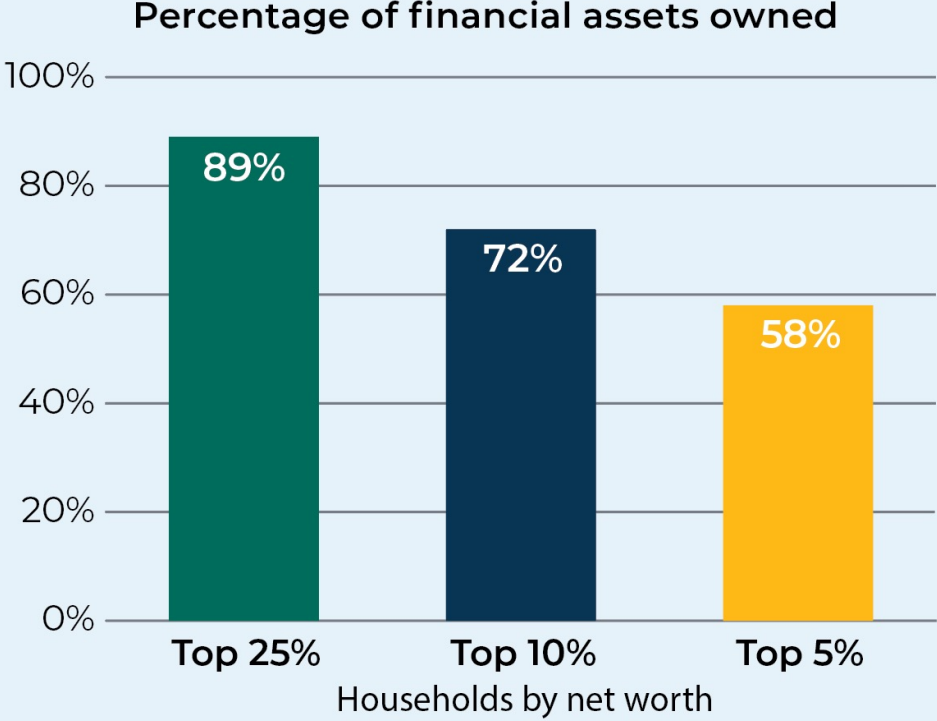
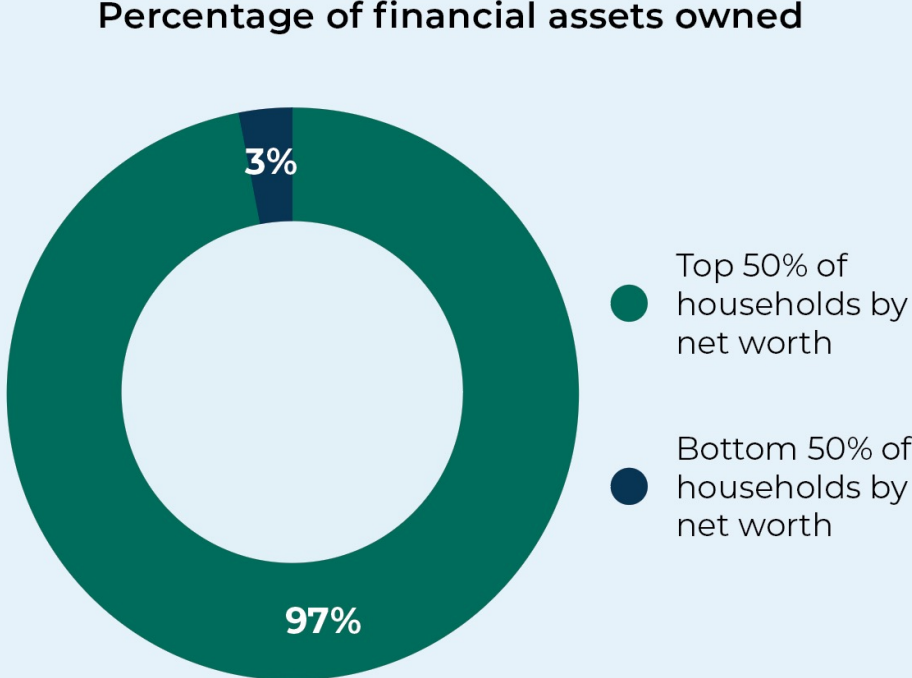
High Net Worth Boomers Own Vast Majority of Boomer Financial Assets

Figure 4: Distribution of Baby Boomer Financial Assets by Wealth Percentiles, 2019



Gen X Sees Similar Numbers as Boomers

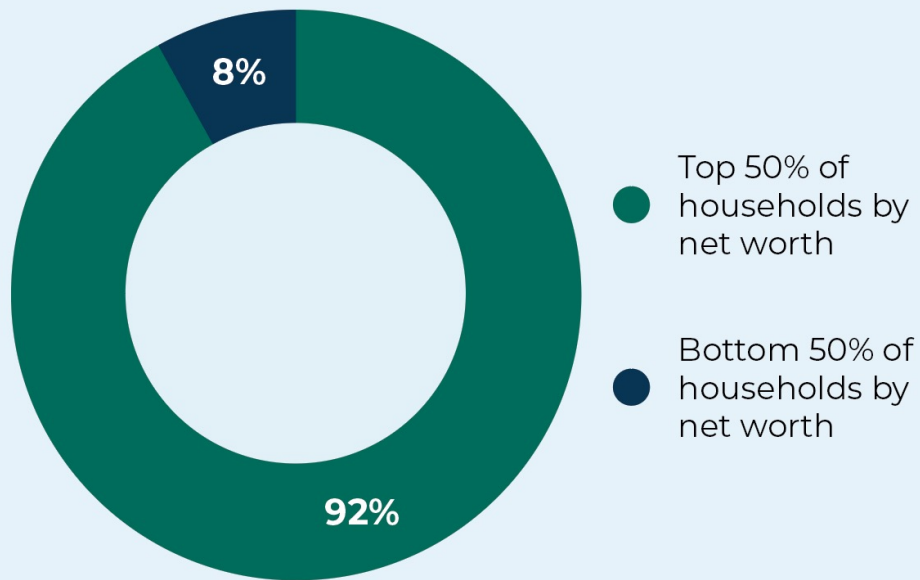
Figure 12: Distribution of Generation X Financial Assets by Wealth Percentiles, 2019



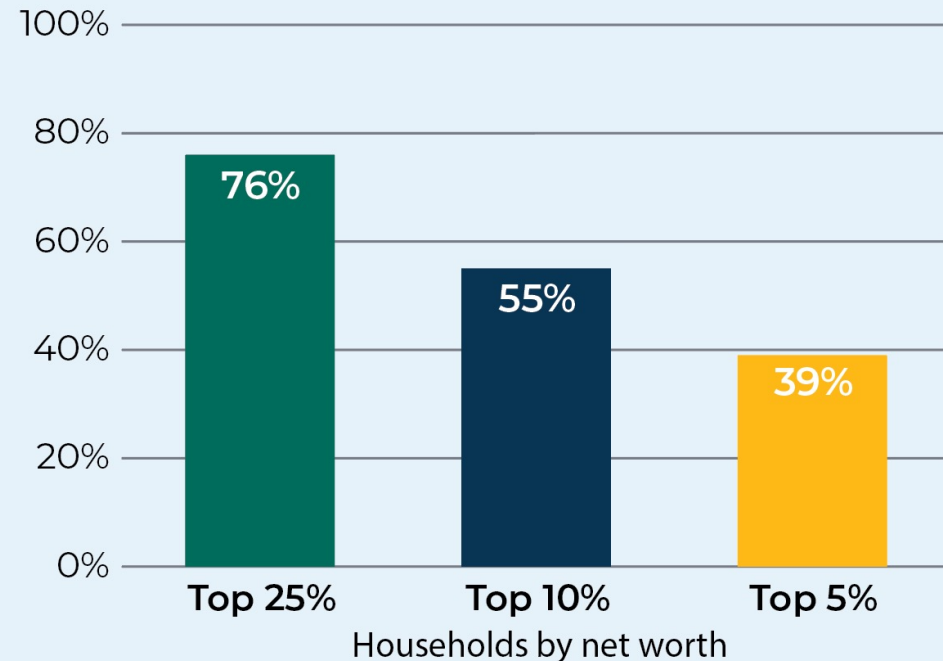
Millennials in 2019 Were Somewhat More Equitable

Figure 18: Distribution of Millennial Financial Assets by Wealth Percentiles, 2019

Percentage of financial assets owned



Percentage of financial assets owned



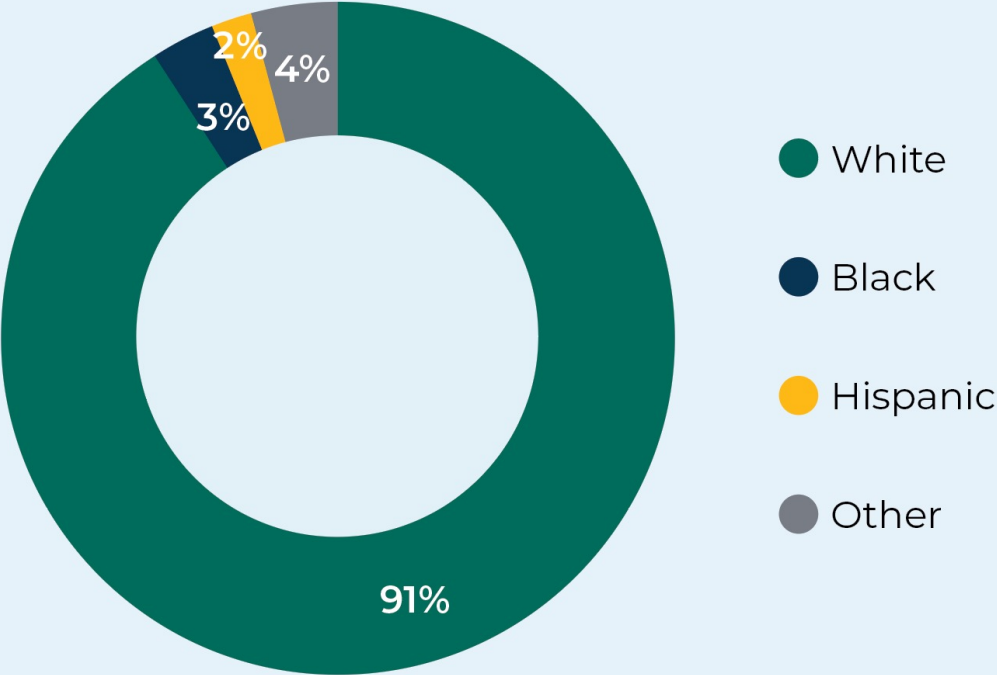
Millennials and Gen X Both More Diverse Than Boomers

Figure 19: Percentage of Race Within Each Generation, 2019

Generation	White	Black	Hispanic	Other
Millennial	59%	18%	15%	8%
Generation X	63%	16%	14%	7%
Baby Boomer	74%	15%	7%	4%

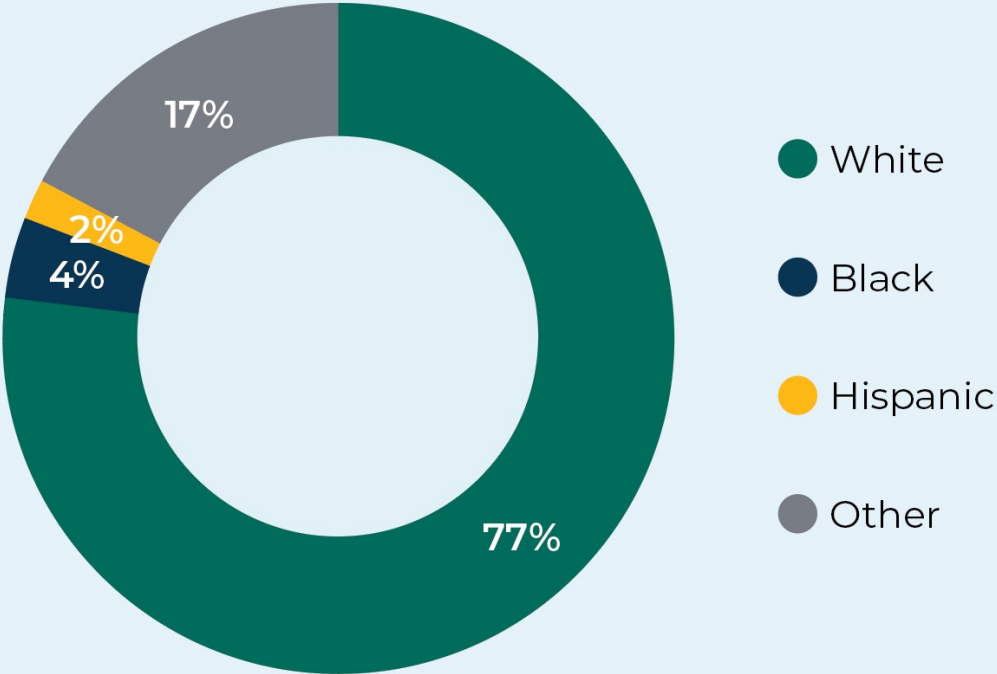
White Boomers Own 9/10 of Boomer Financial Assets

Figure 8: Ownership of Baby Boomer Financial Assets by Race, 2019



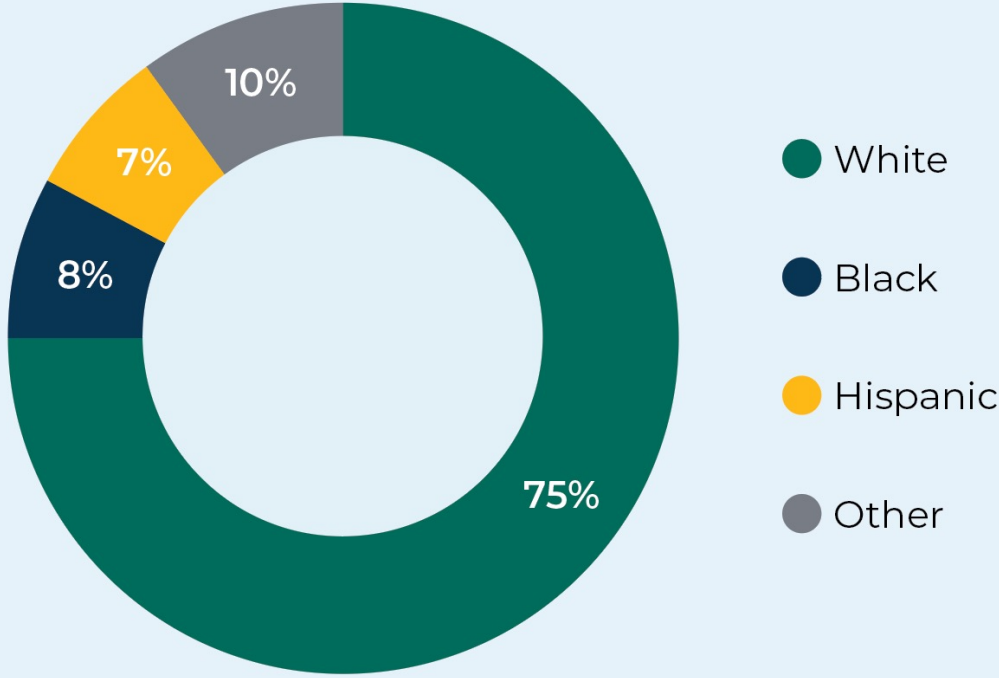
White Gen Xers Own More Than 3/4 of Financial Assets

Figure 16: Ownership of Generation X Financial Assets by Race, 2019



Millennials Also Had Highly Unequal Ownership by Race

Figure 20: Ownership of Millennial Financial Assets by Race, 2019



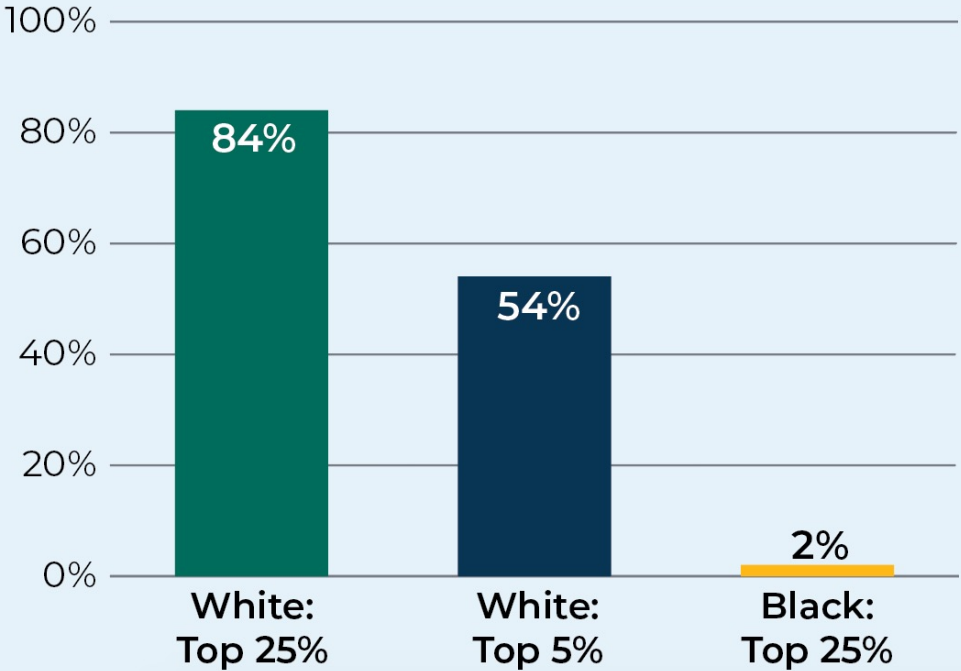
Racial Disparities Are Readily Apparent in Means and Medians

Figure 19: Financial Assets in 2019

Generation/Race	Median	Mean
Millennials (All)	\$10,300.00	\$49,999.02
White	\$16,050.00	\$63,318.00
Black	\$4,800.00	\$20,780.15
Hispanic	\$3,620.00	\$21,782.82
Generation X (All)	\$31,900.00	\$321,037.40
White	\$60,860.00	\$392,179.60
Black	\$9,040.00	\$80,269.66
Hispanic	\$4,550.00	\$56,970.26
Baby Boomers (All)	\$47,300.00	\$596,613.60
White	\$80,700.00	\$739,185.90
Black	\$5,020.00	\$99,425.74
Hispanic	\$4,900.00	\$174,700.20

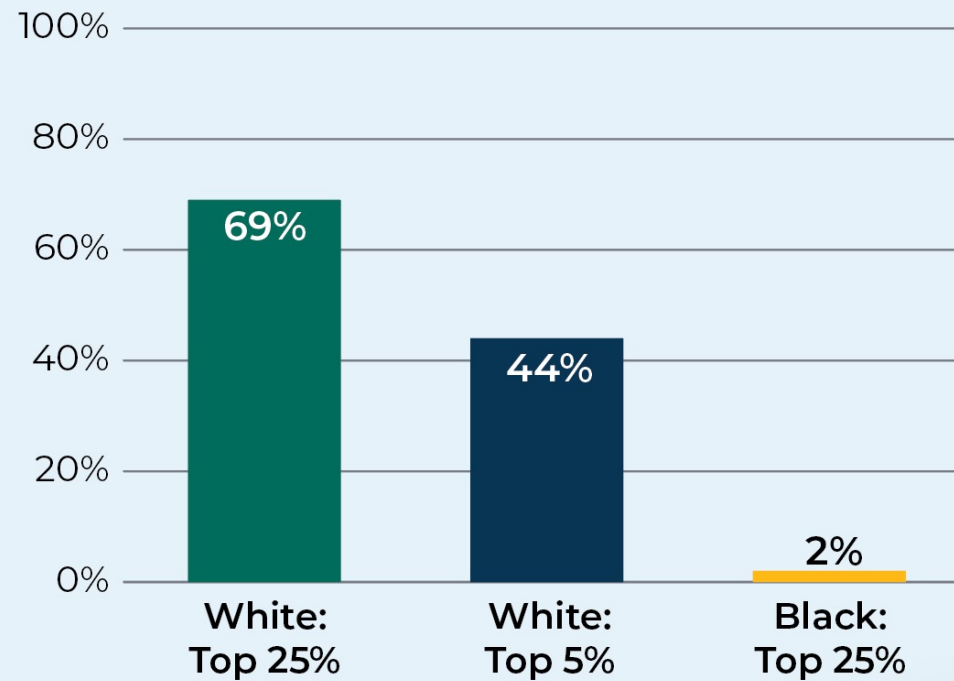
Financial Asset Ownership is Highly Concentrated Among Whites in Top 25%

Figure A1: Ownership of Baby Boomer Financial Assets by Race and Net Worth, 2019



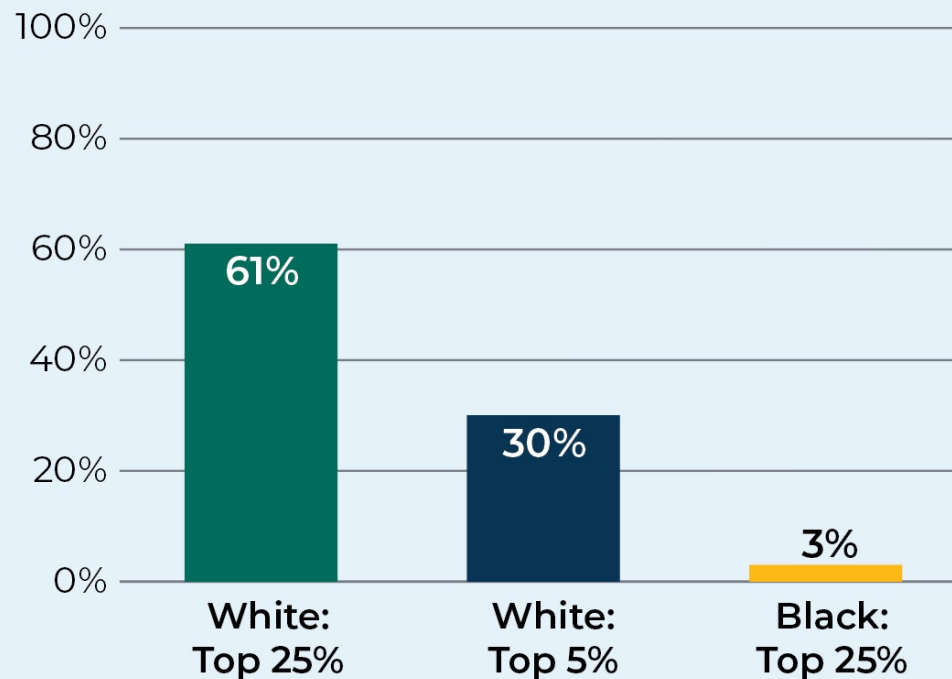
This Pattern is Consistent Across Generations

Figure A2: Ownership of Generation X Financial Assets by Race and Net Worth, 2019



Even a Young Cohort Like Millennials Demonstrates This Pattern

Figure A3: Ownership of Millennial Financial Assets by Race and Net Worth, 2019



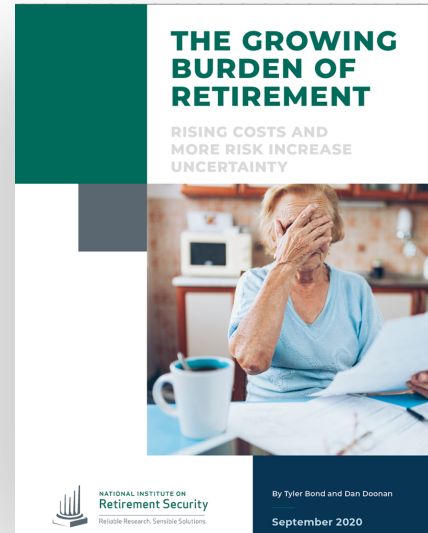
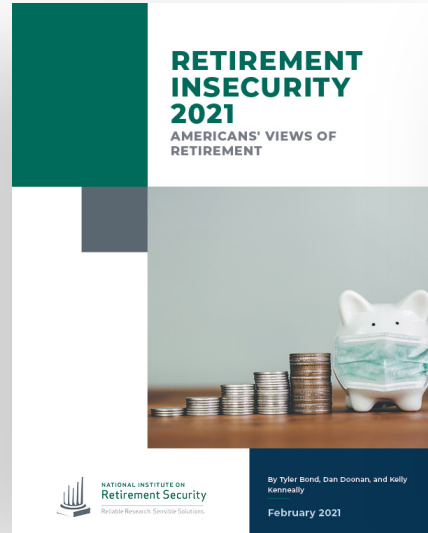
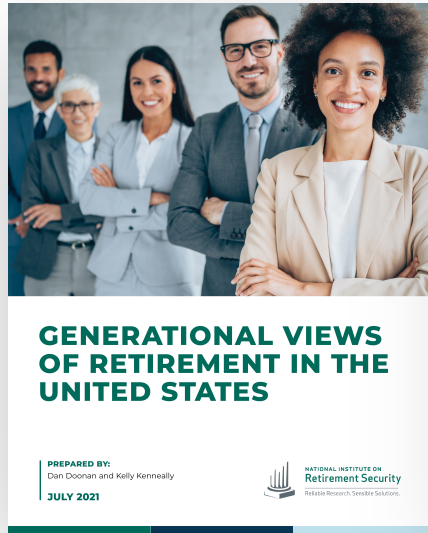
Solutions


- Strengthening and expanding Social Security
- Protecting defined benefit pensions
- Expanding access to workplace savings plans for lower-income workers
- Reforming retirement tax incentives

Questions



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