WEALTH INEQUALITY

UPDATED THROUGH APRIL 2024 | NATIONAL

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Takeaways | Wealth Inequality

- Wealth is distributed disproportionately across demographic groups. People with the most wealth tend to have high incomes, be college graduates, be over 55 years old, and/or be white. We define wealth as a group's assets minus its liabilities.

- Growth in per household wealth since the pandemic has been especially pronounced for people under 40 years old, people in the bottom half of the wealth distribution, and the 20th to 60th percentiles of income earners. Per household wealth growth since the pandemic has been similar across racial and ethnic groups and across education groups.

- The sources of wealth growth across those groups with relatively rapid growth are not consistent. Under-40-year-olds were propelled by considerable growth in financial assets; the 20th-60th percentile income group by steady growth in both financial and real estate assets; and the bottom 50% wealth group by strong growth in financial assets paired with limited growth in total liabilities. Groups like the top income and wealth groups that saw rapid financial asset growth and lesser total wealth growth were generally held back by low real estate growth.

- Demographic wealth inequalities remain similar in 2023 as they were in 2019, despite comparatively rapid wealth growth among some of the least wealthy demographic groups.

Full Report Highlights

- **INFLATION**
  Inflation trends continued to be very similar to the last quarter of 2023, with inflation inequality being low and AAPI households, households from the lowest-income 40% and young households experiencing relatively higher inflation.

- **EARNINGS**
  The Black earnings gap has marginally increased, nevertheless remaining well below pre-pandemic levels.

- **EMPLOYMENT**
  Black employment and labor force participation gaps declined to their lowest levels since the pandemic, driven by Black women.

- **CONSUMER SPENDING**
  Consumer spending rose overall in early 2024, with the increase shared by all groups except for the young (25-34).

- **WEALTH**
  Growth in wealth after 2019 was faster for some groups with little wealth relative to population, but did not meaningfully reduce stark wealth inequalities across demographic groups.

Data & Methods

- The Board of Governors of the Federal Reserve System publish the Distributional Financial Accounts (DFA) as a unique source of data on wealth holdings across demographic and economic groups

- The DFA combine sectoral balance sheet data from the Financial Accounts with individual-level holdings from the Survey of Consumer Finances as described in Batty et al. (2019)

- We plot nominal, per household holdings by group in each wealth category in line charts and each group's share of total households and nominal wealth types in bar graphs.

- Where possible we also present real holdings by deflating each group's holdings using demographic price indices created by the authors.
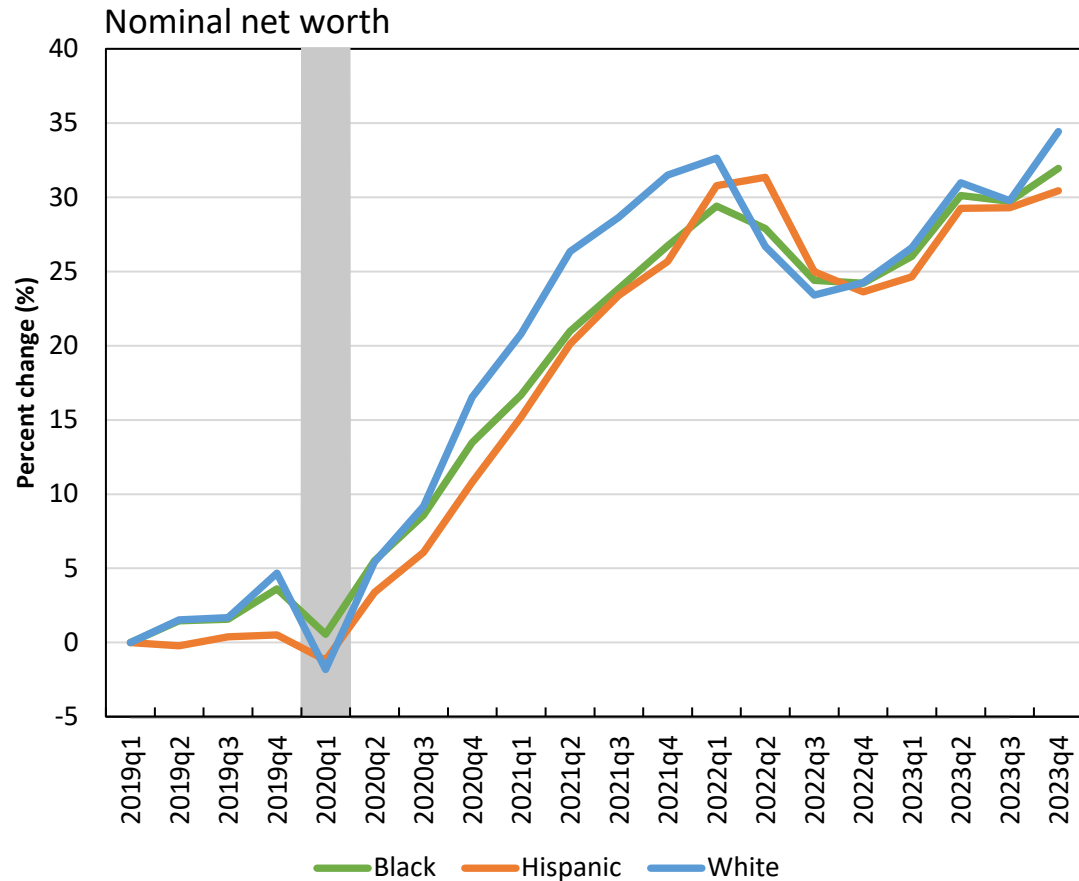
WEALTH INEQUALITY

BY RACE & ETHNICITY

Population and Ownership Shares by Race & Ethnicity
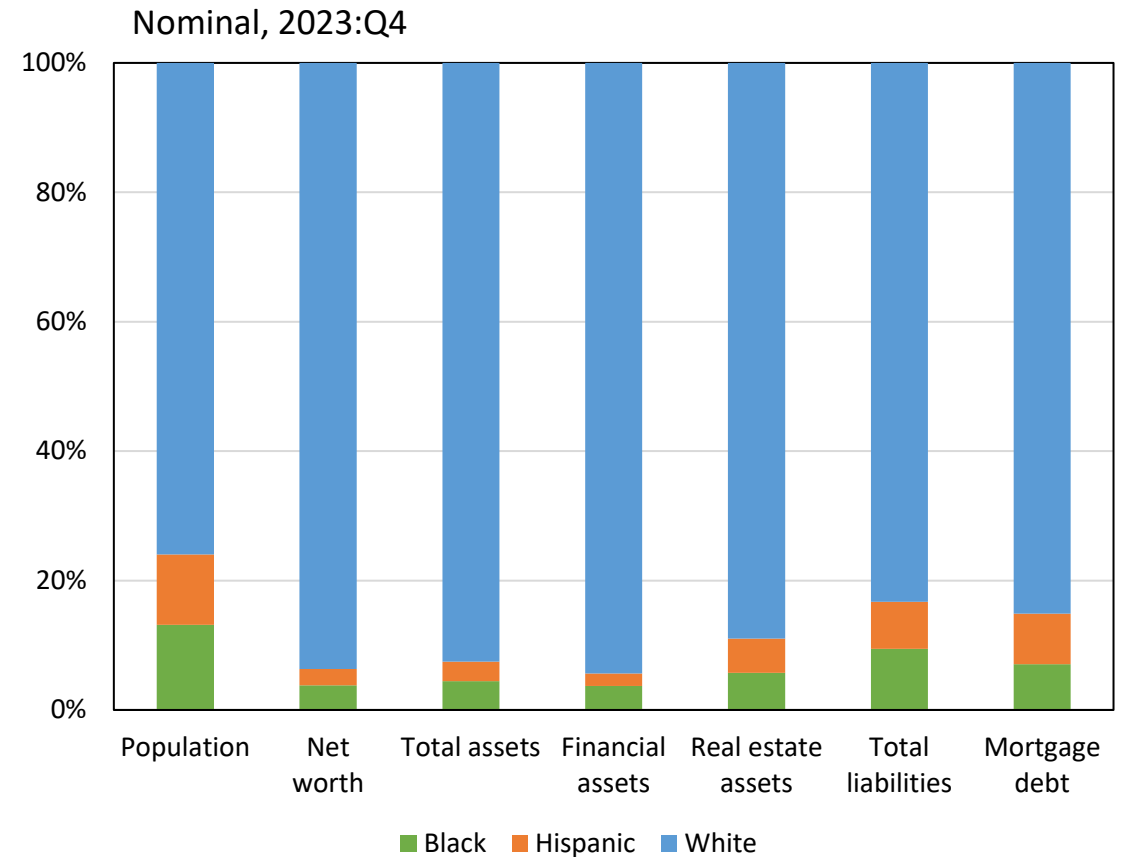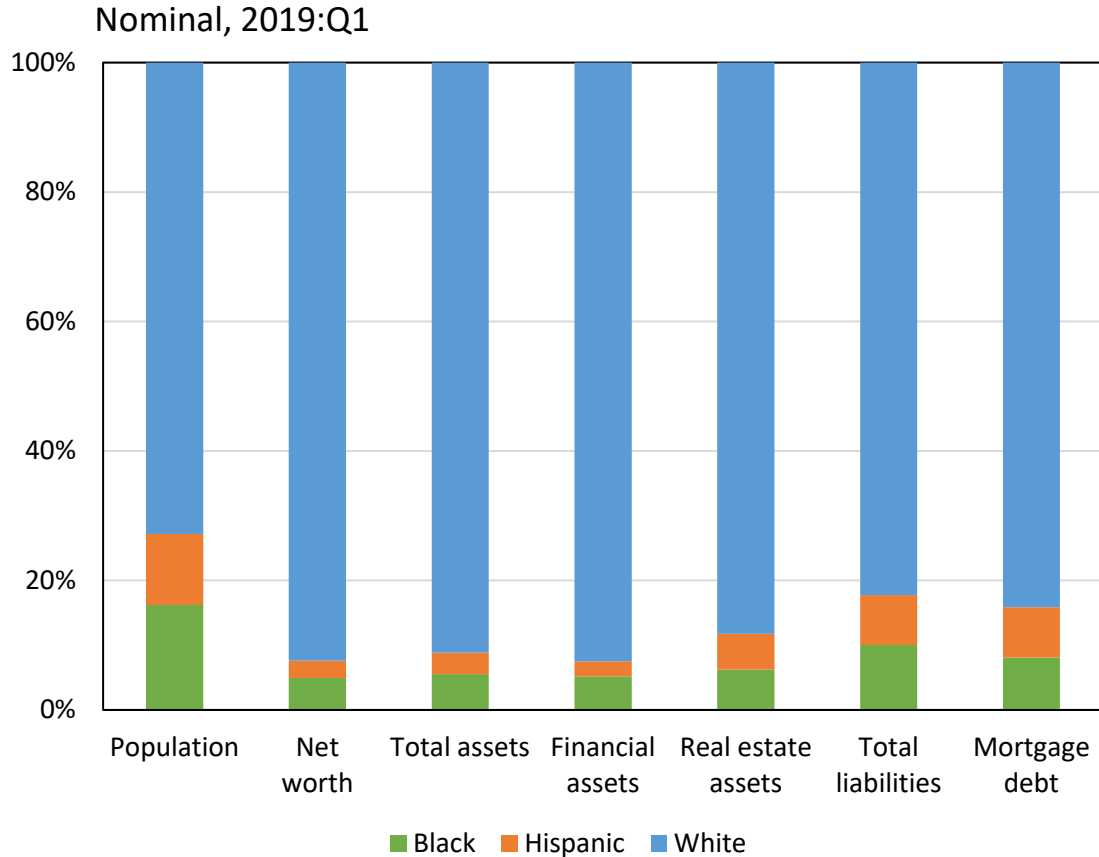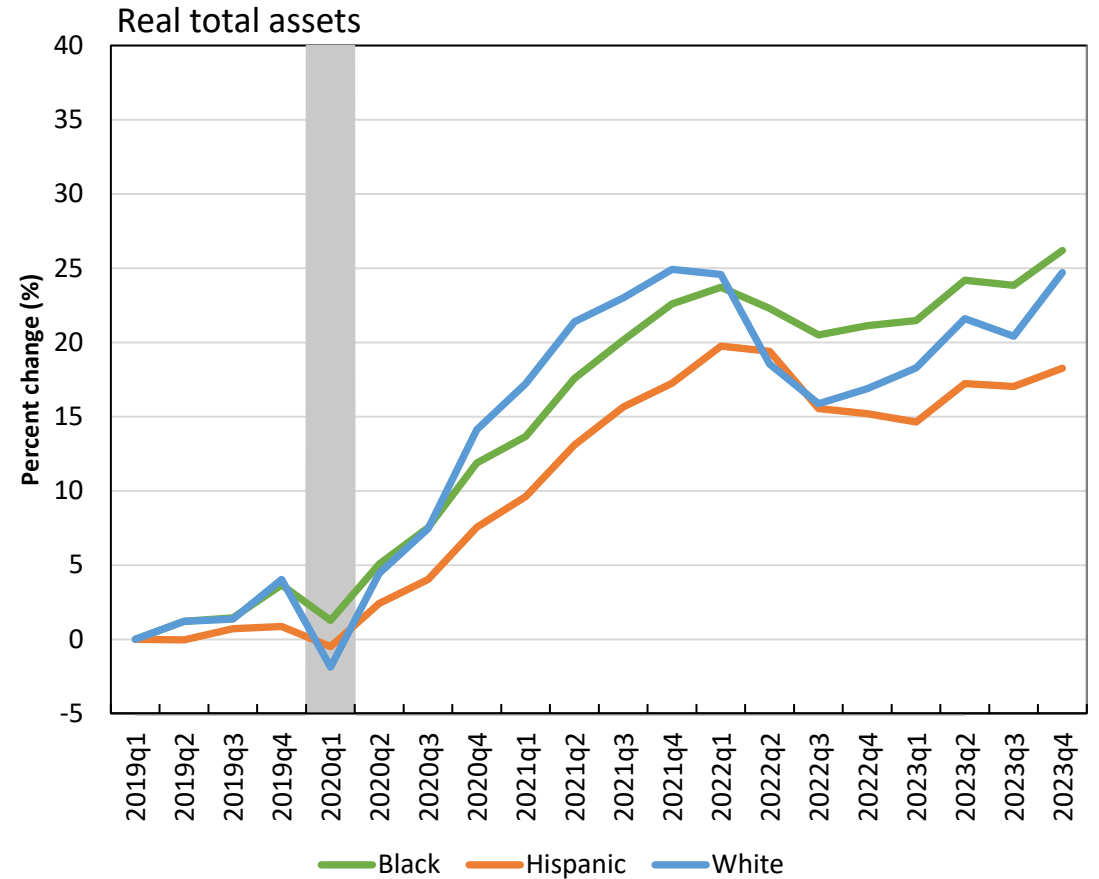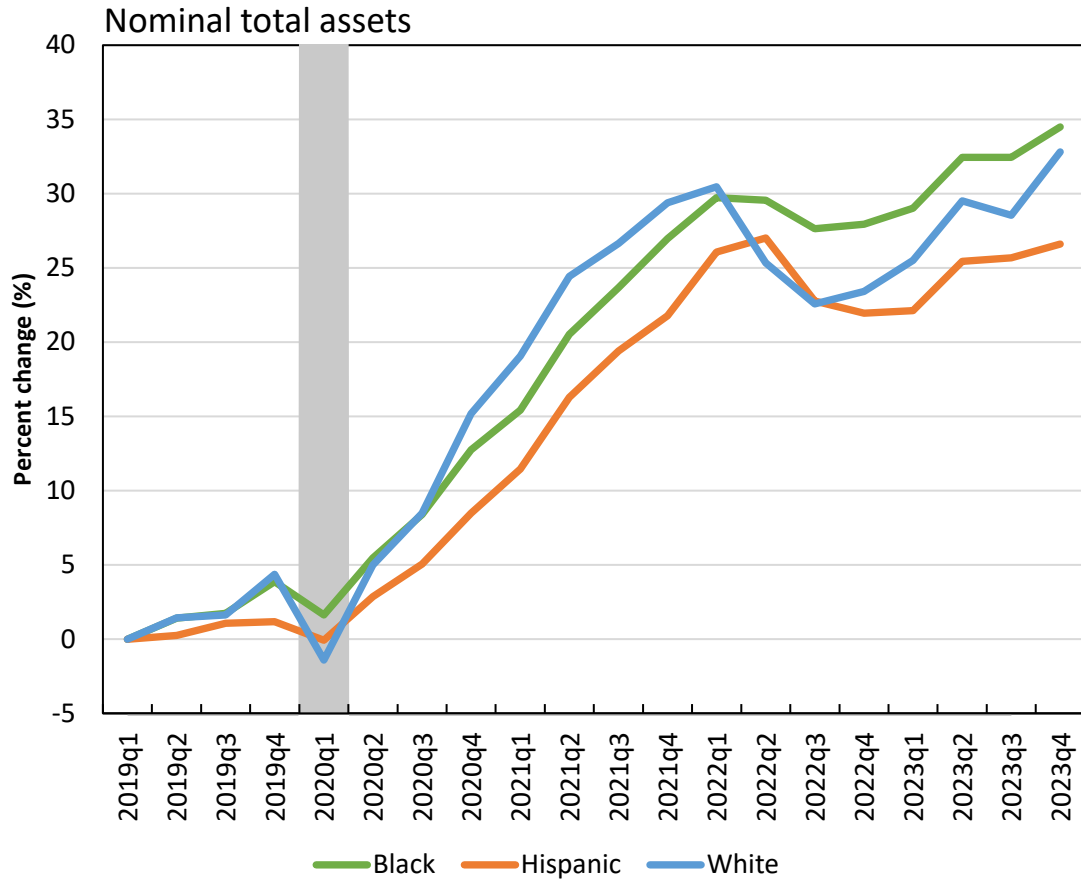

Nominal, 2019:Q1

Nominal, 2023:Q4

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. "Net worth" is total assets less total liabilities. Note: Asian, American Indian, Pacific Islander, and other groups are excluded for sample size concerns.

Net Worth per Household by Racial and Ethnic Group

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. "Net worth" is total assets less total liabilities. Note: Asian, American Indian, Pacific Islander, and other groups are excluded for sample size concerns. Shaded region indicates the COVID-19 recession.
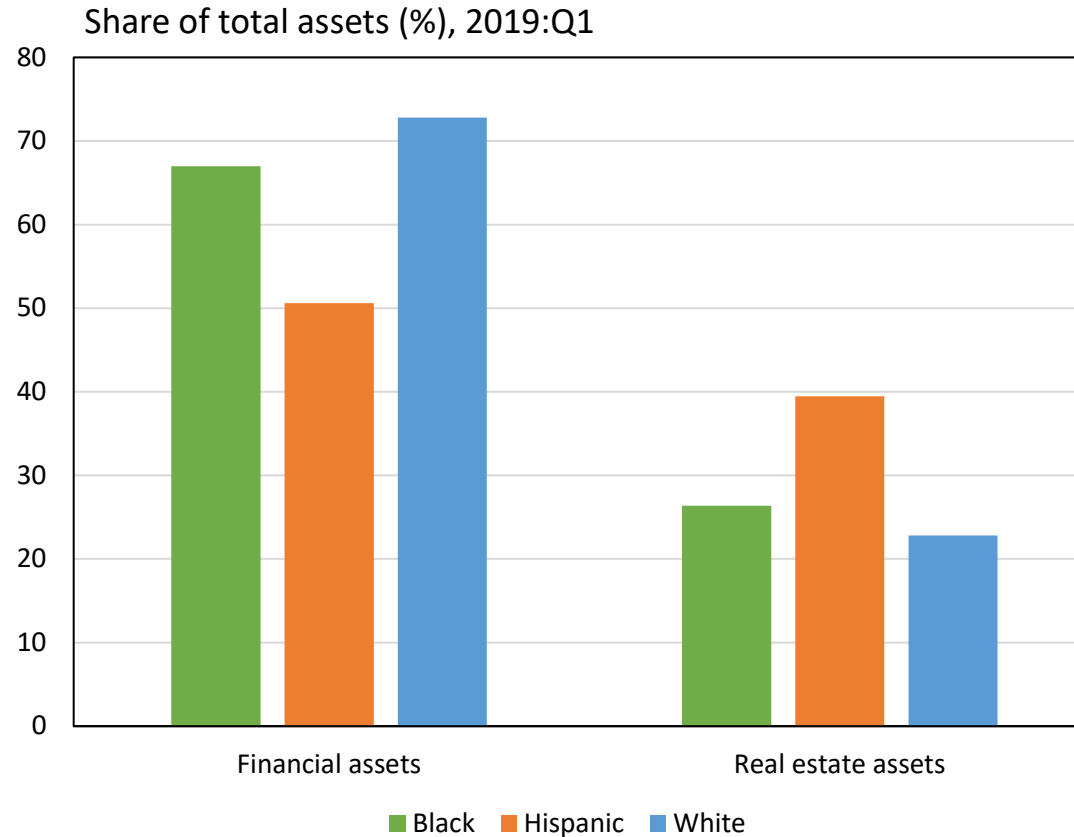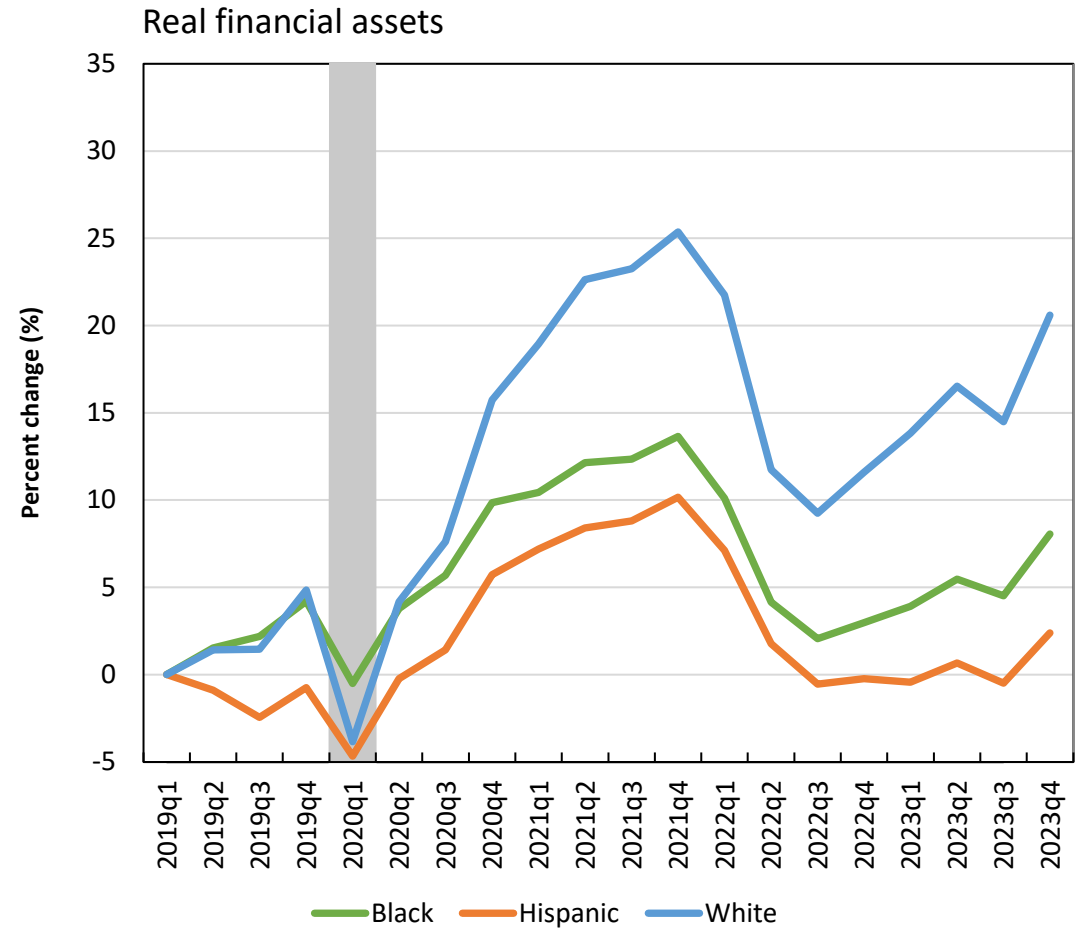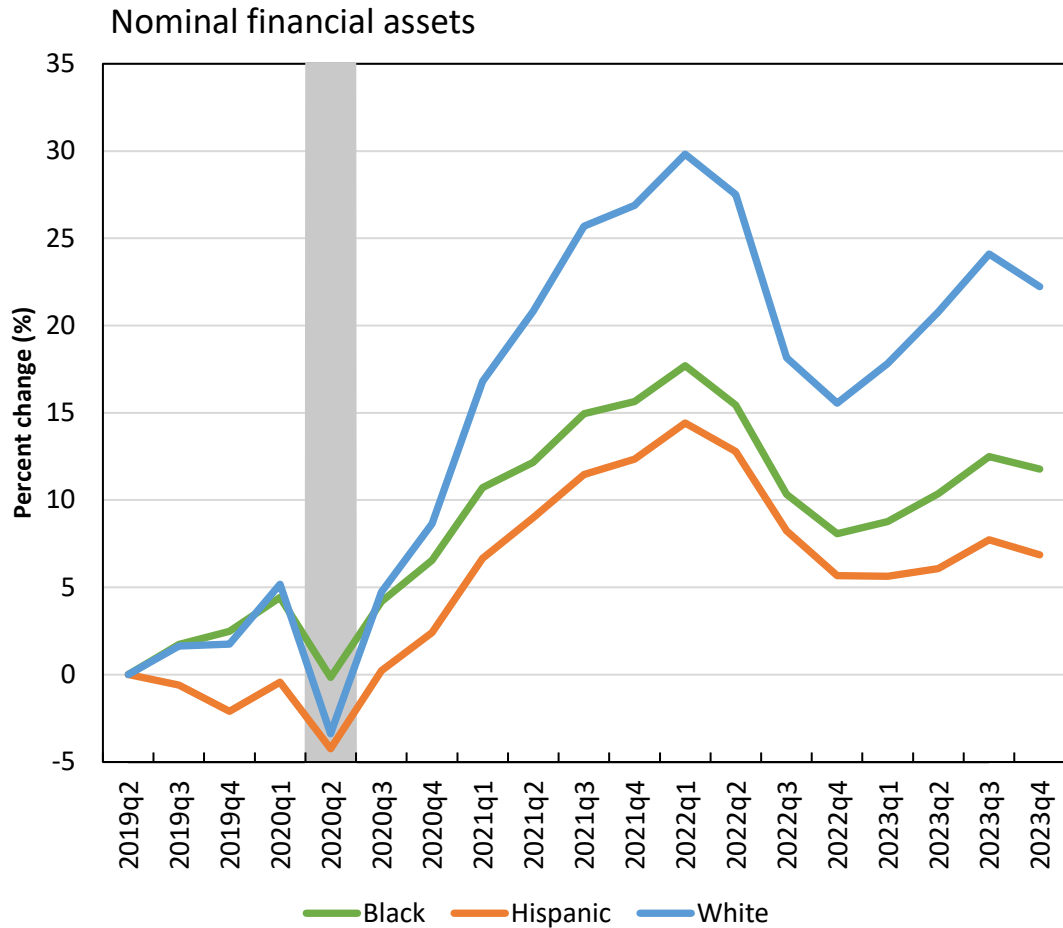
Total Assets per Household by Racial and Ethnic Group

Nominal total assets — Black, Hispanic, White

Real total assets — Black, Hispanic, White

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Asian, American Indian, Pacific Islander, and other groups are excluded for sample size concerns. Shaded region indicates the COVID-19 recession.

Composition of Total Assets by Racial and Ethnic Group

Share of total assets (%), 2019:Q1

Source: Distributional Financial Accounts via Federal Reserve.

Note: Asian, American Indian, Pacific Islander, and other groups are excluded for sample size concerns.
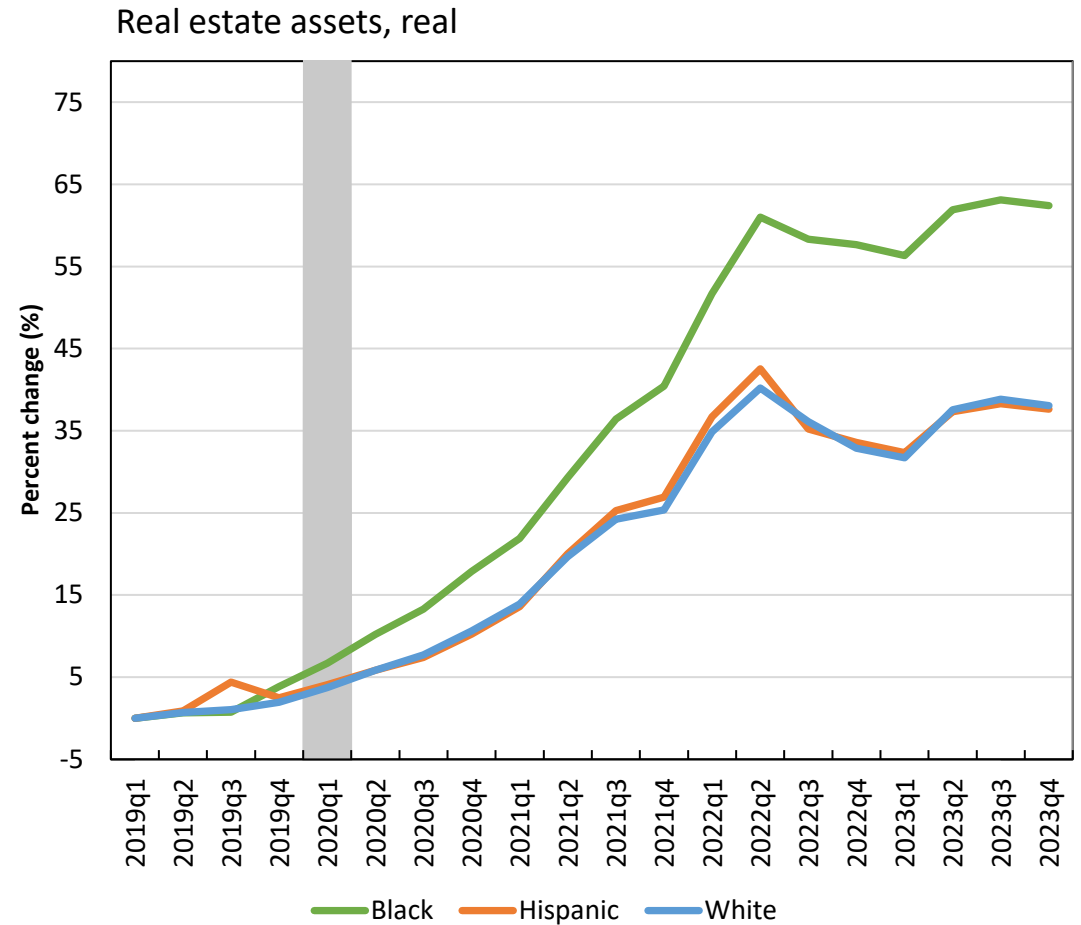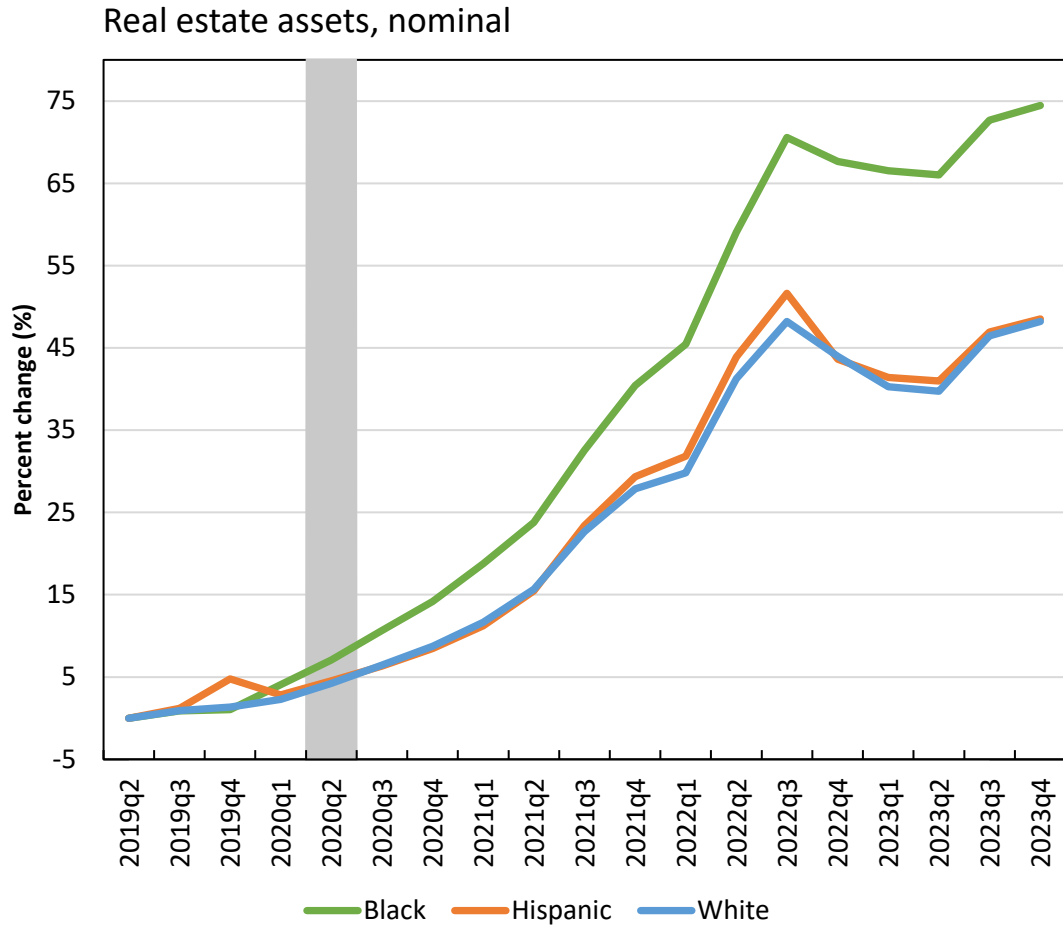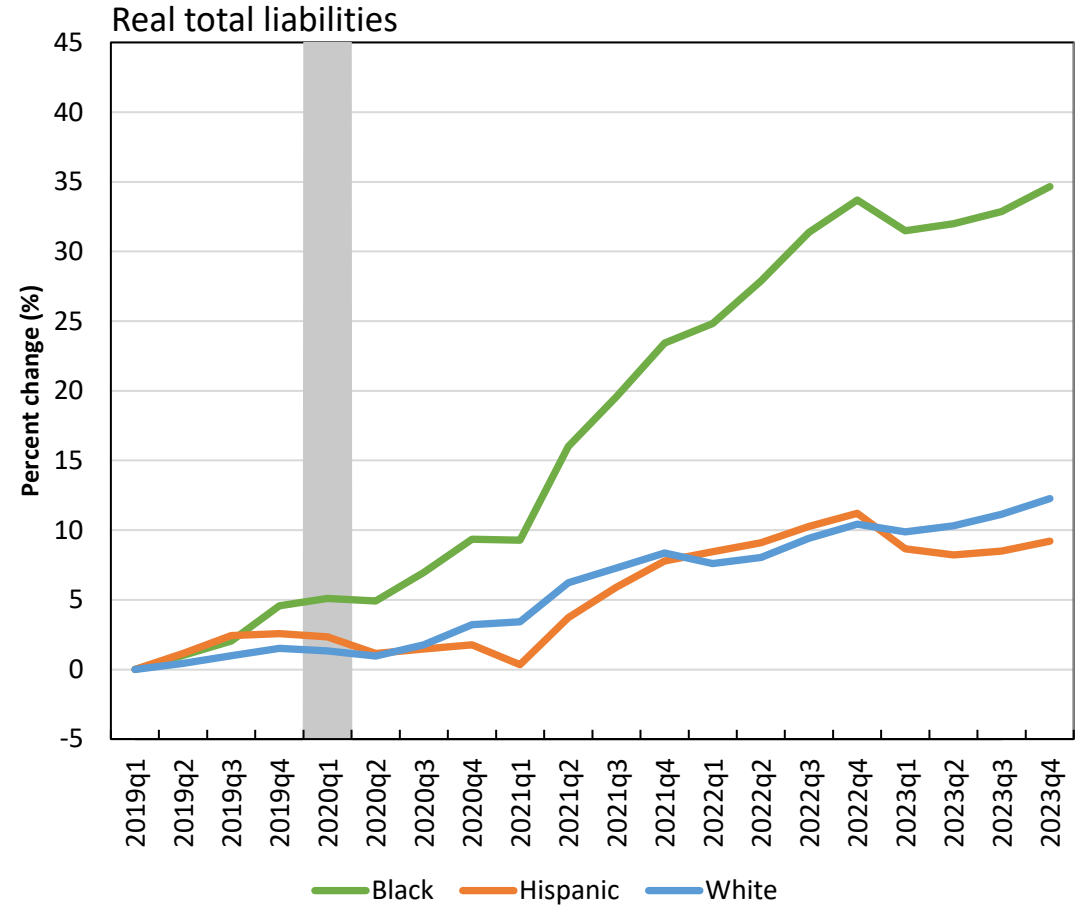We include financial asset composition from 2019:Q1 as this is our pre-COVID, baseline period.

Financial Assets per Household by Racial and Ethnic Group

Nominal financial assets

Real financial assets
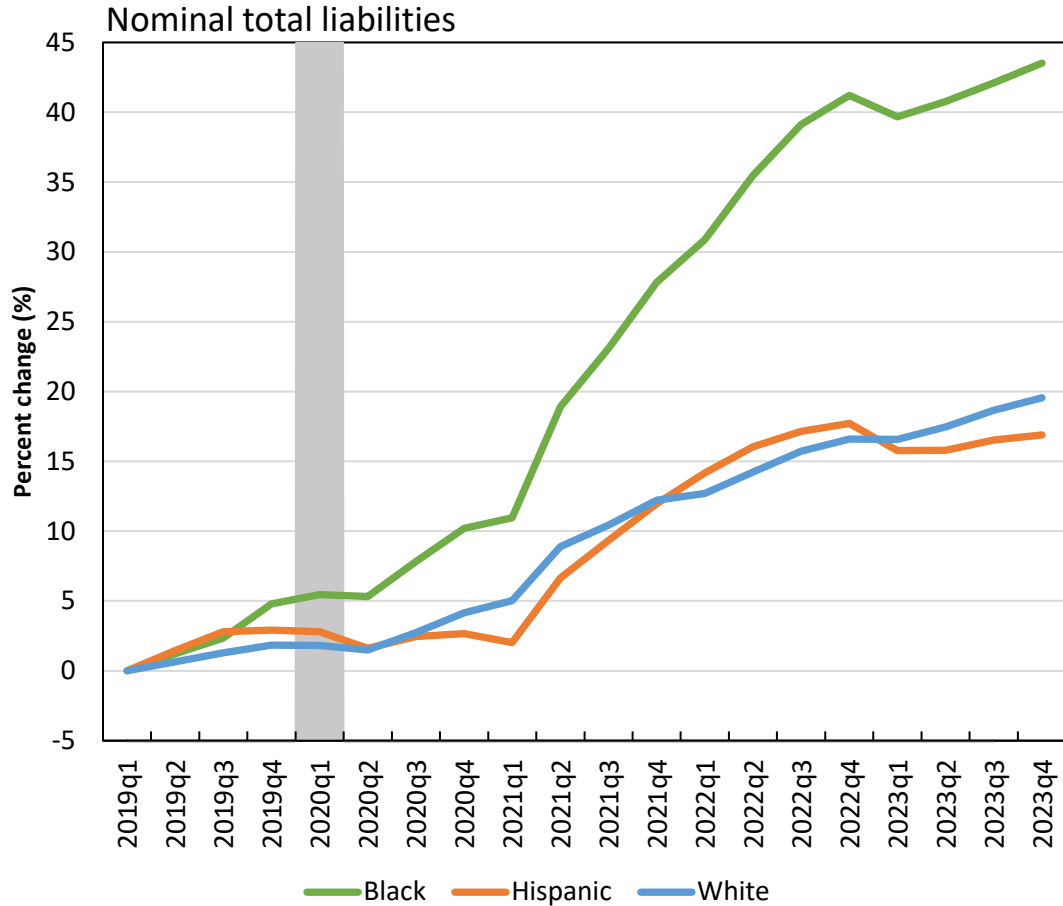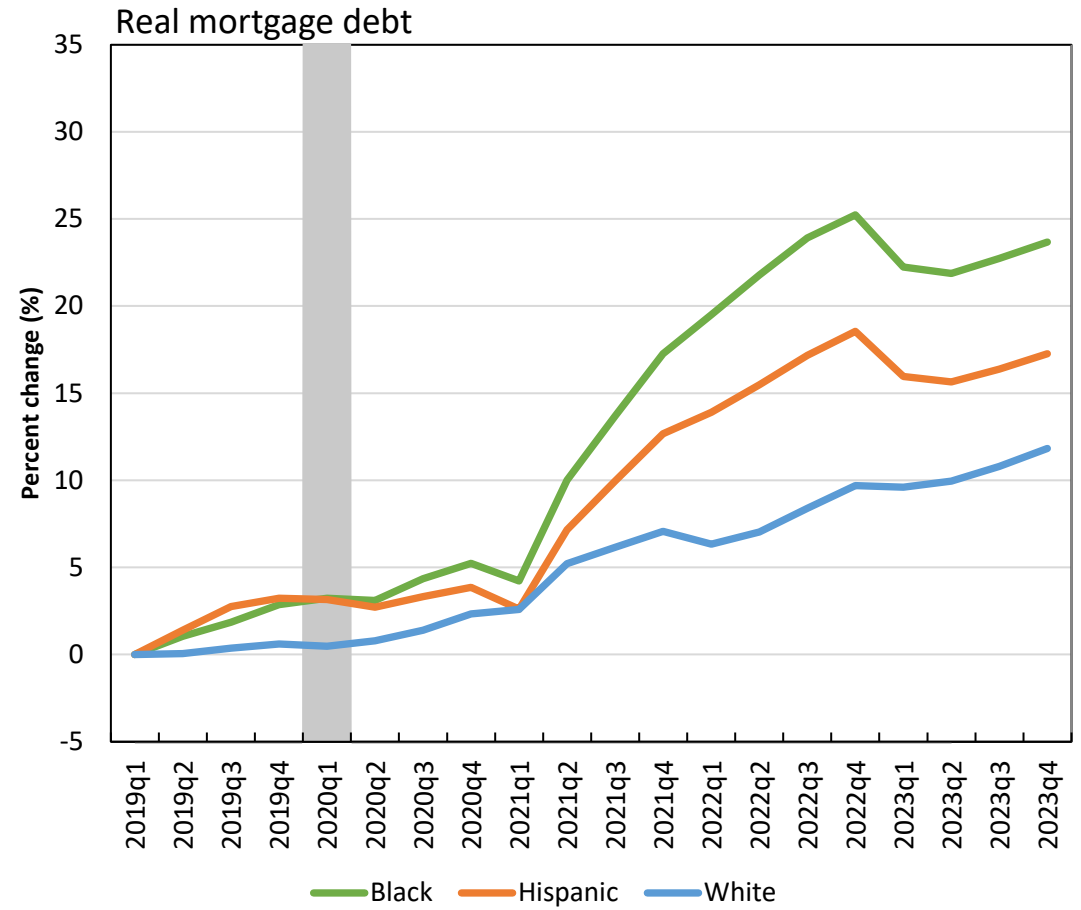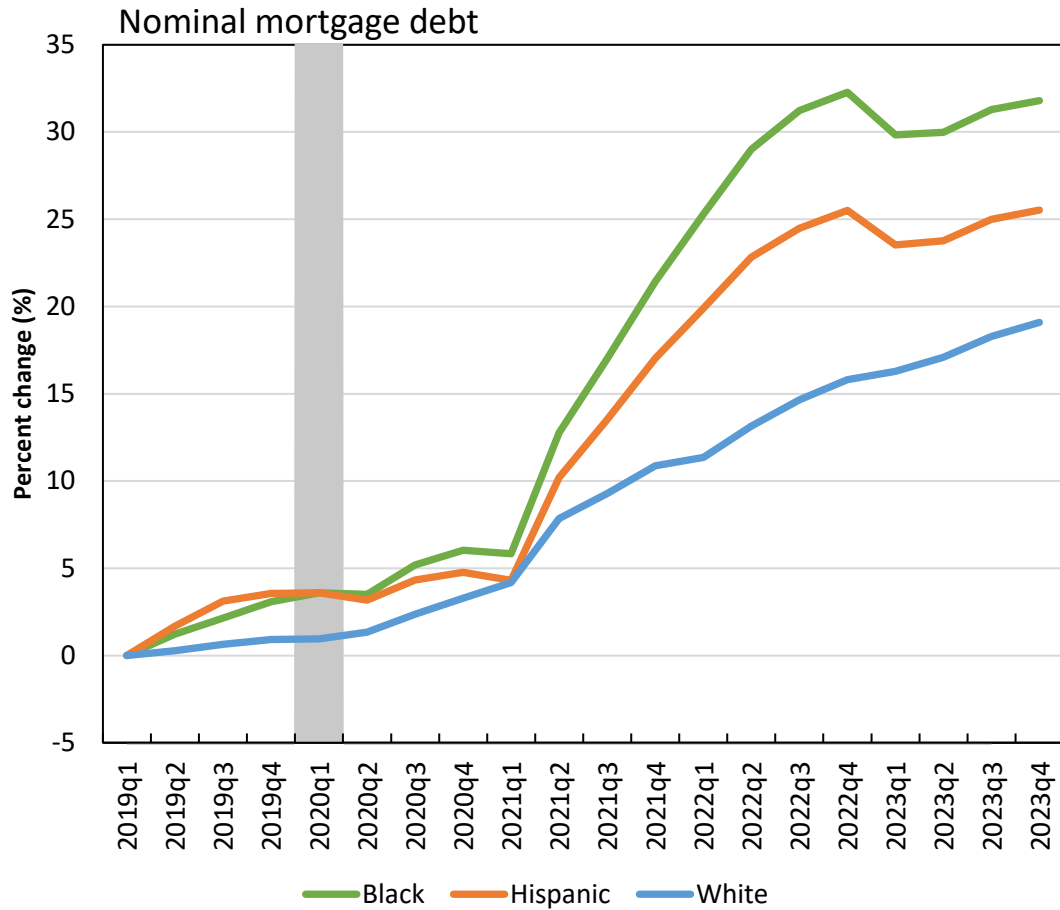
Black   Hispanic   White

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Asian, American Indian, Pacific Islander, and other groups are excluded for sample size concerns. Shaded region indicates the COVID-19 recession.

Real Estate Assets per Household by Racial and Ethnic Group

Real estate assets, nominal

Real estate assets, real

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Asian, American Indian, Pacific Islander, and other groups are excluded for sample size concerns. Shaded region indicates the COVID-19 recession.

Total Liabilities per Household by Racial and Ethnic Group
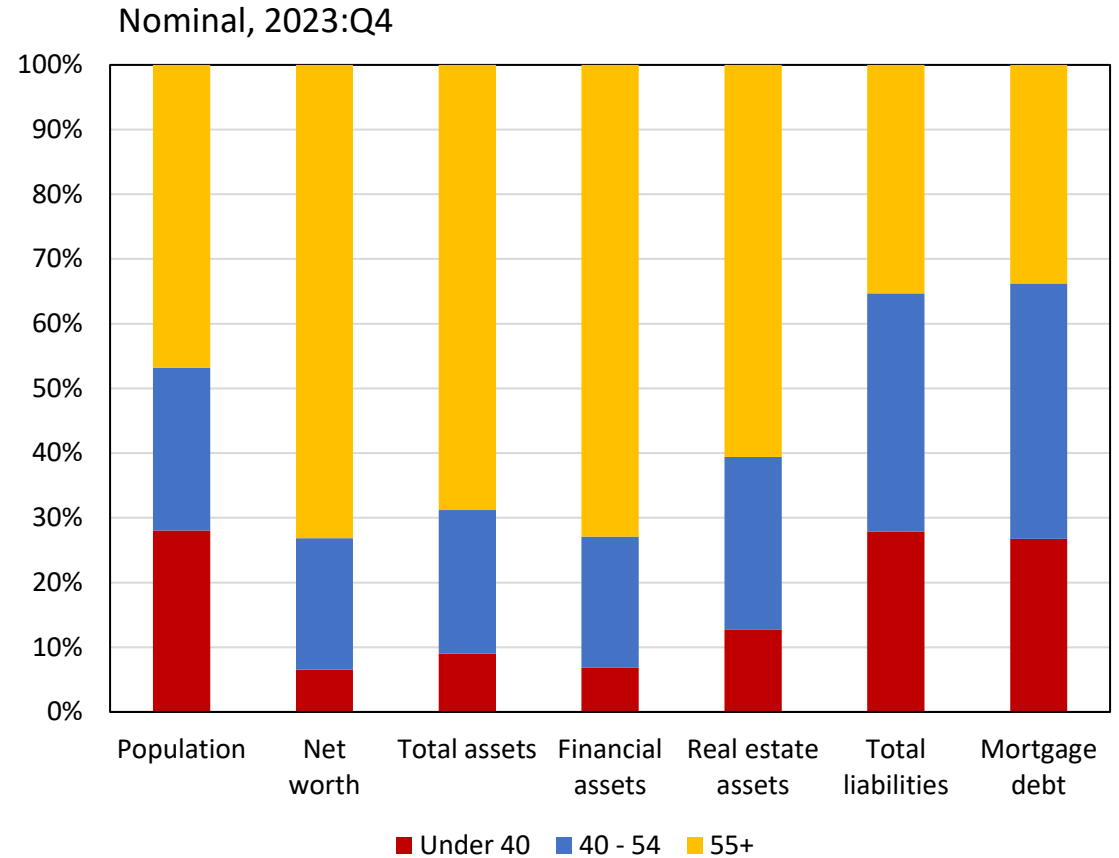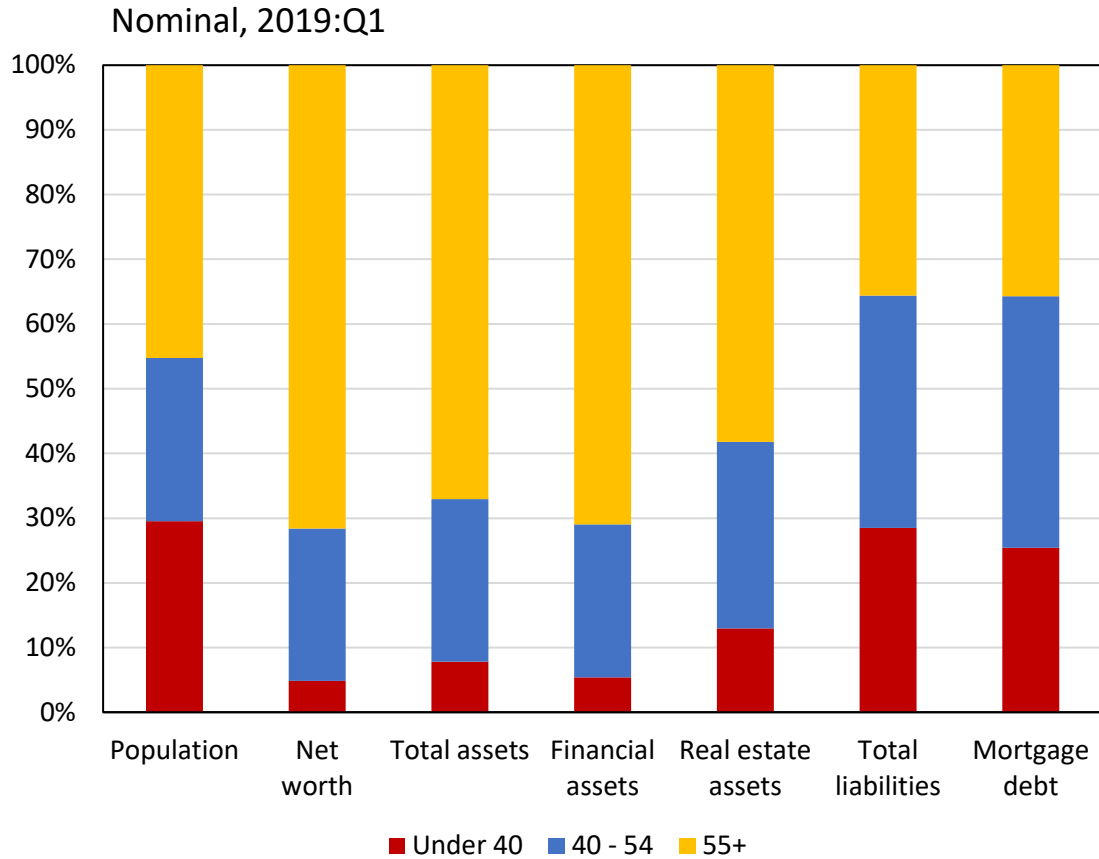

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Asian, American Indian, Pacific Islander, and other groups are excluded for sample size concerns. Shaded region indicates the COVID-19 recession.

Mortgage Debt per Household by Racial and Ethnic Group

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Asian, American Indian, Pacific Islander, and other groups are excluded for sample size concerns.
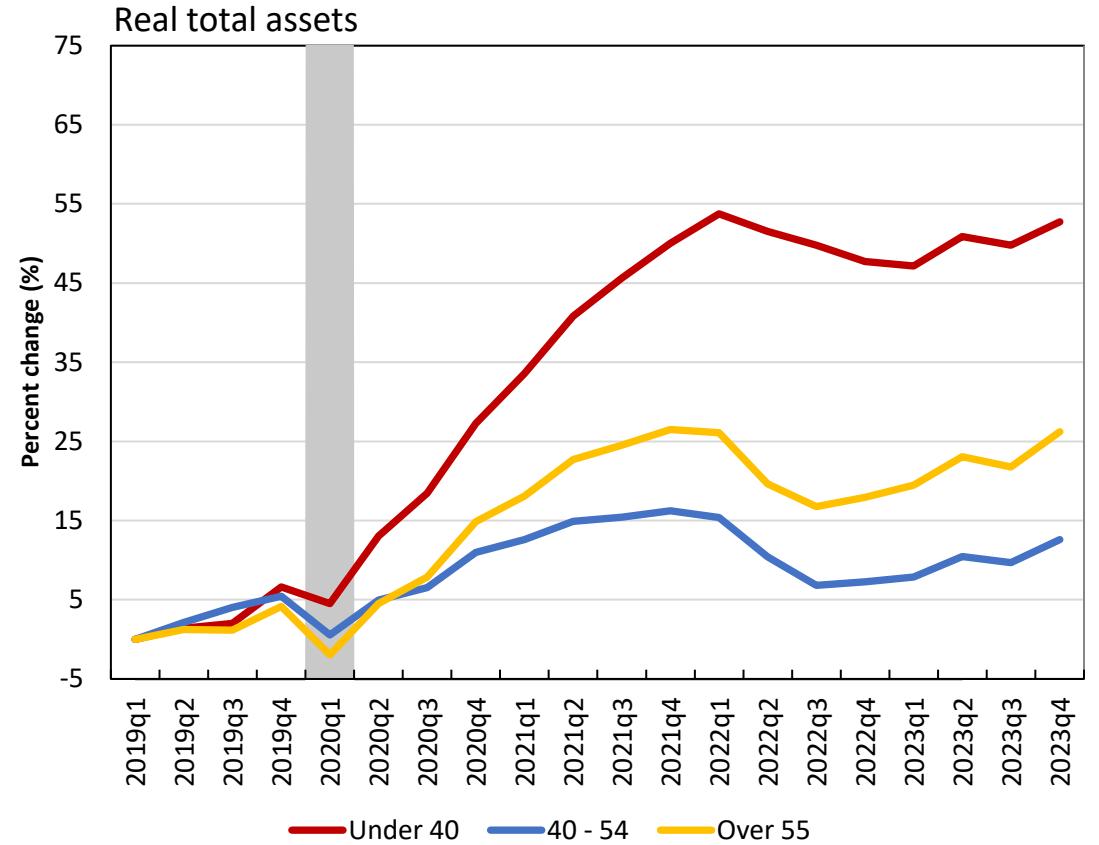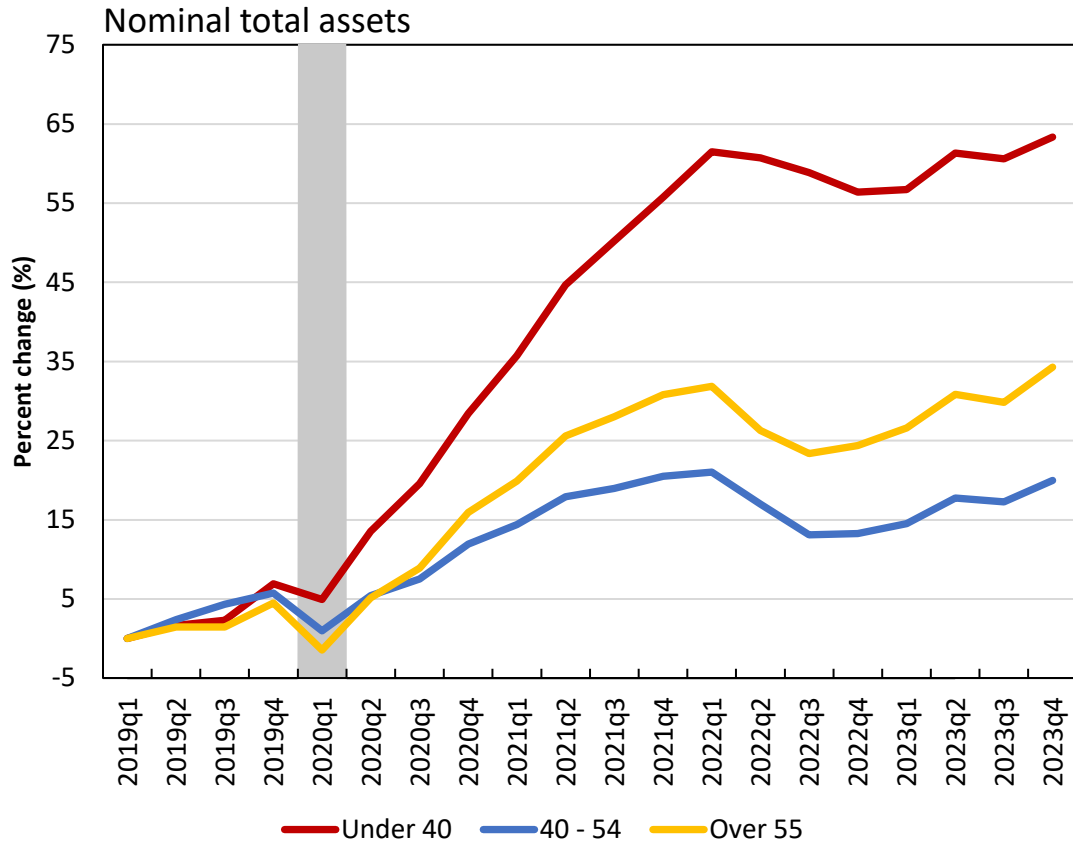
WEALTH INEQUALITY

BY AGE

Population and Ownership Shares by Age Group

Nominal, 2019:Q1

Nominal, 2023:Q4

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. "Net worth" is total assets less total liabilities.
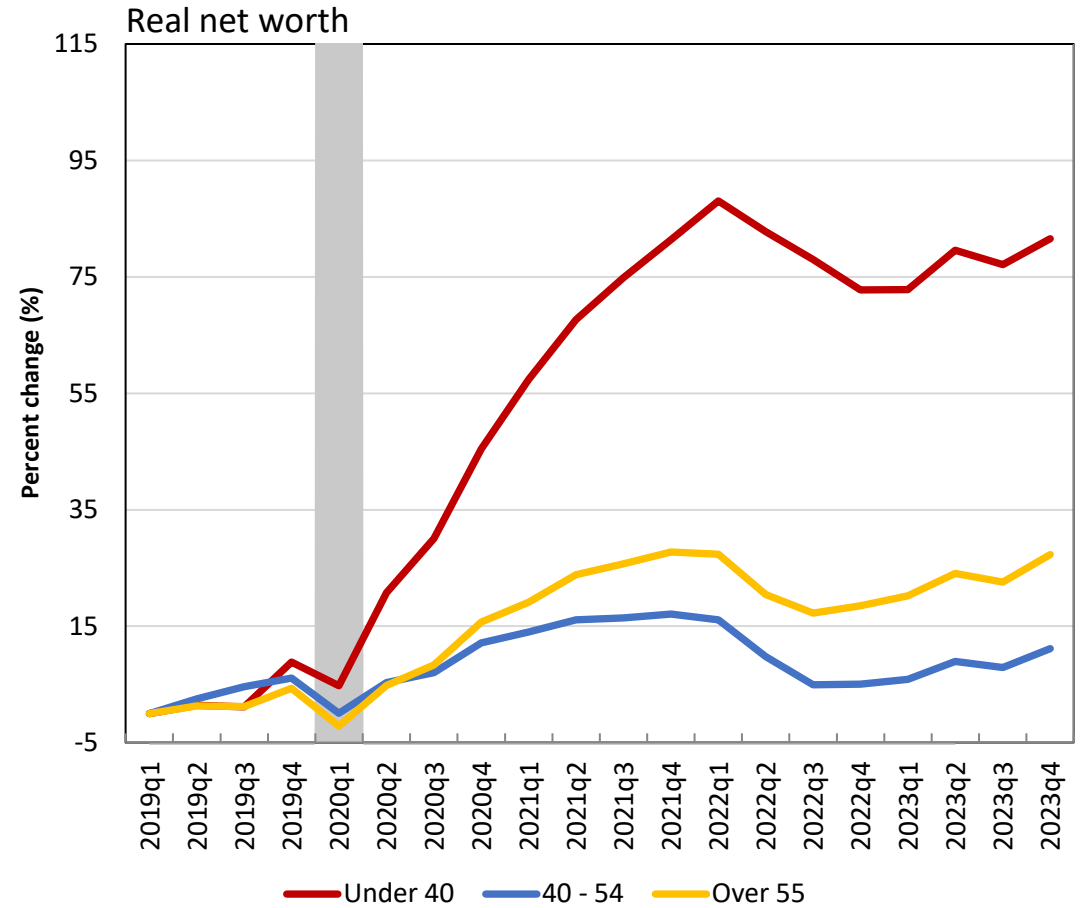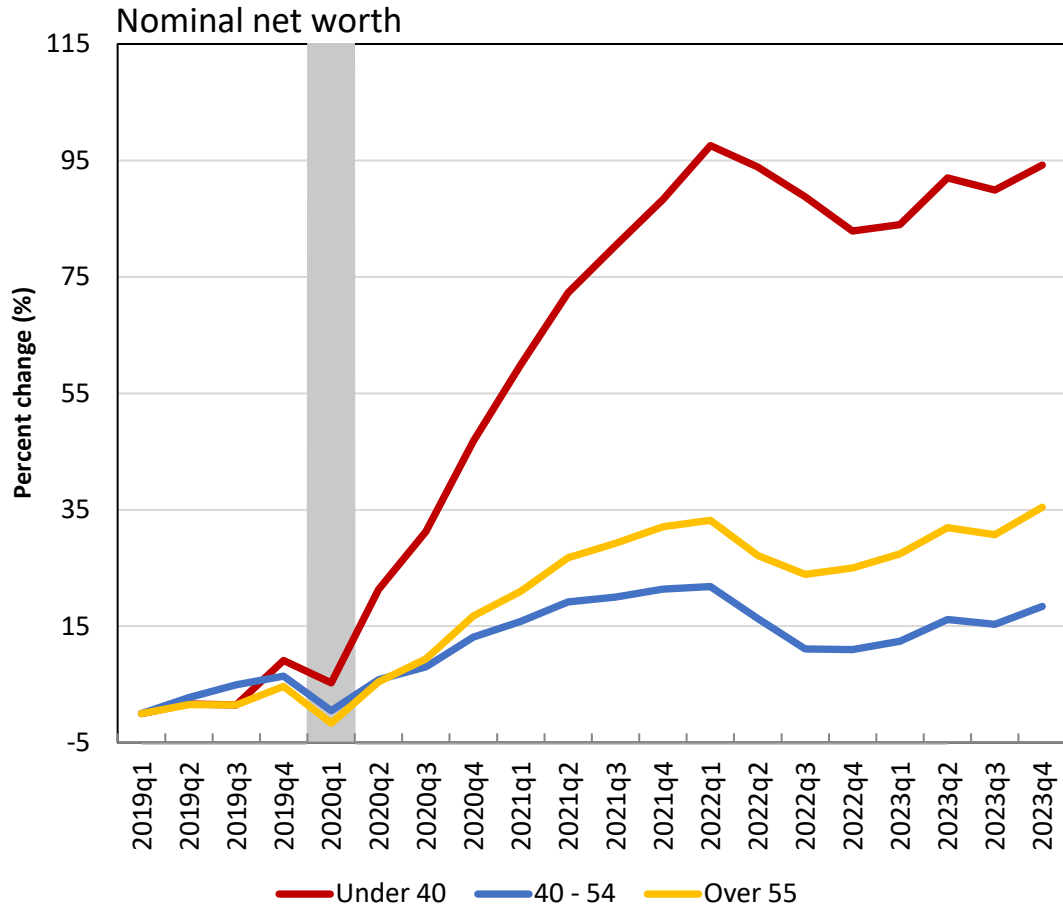
Total Assets per Household by Age Group

Nominal total assets

Real total assets

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.
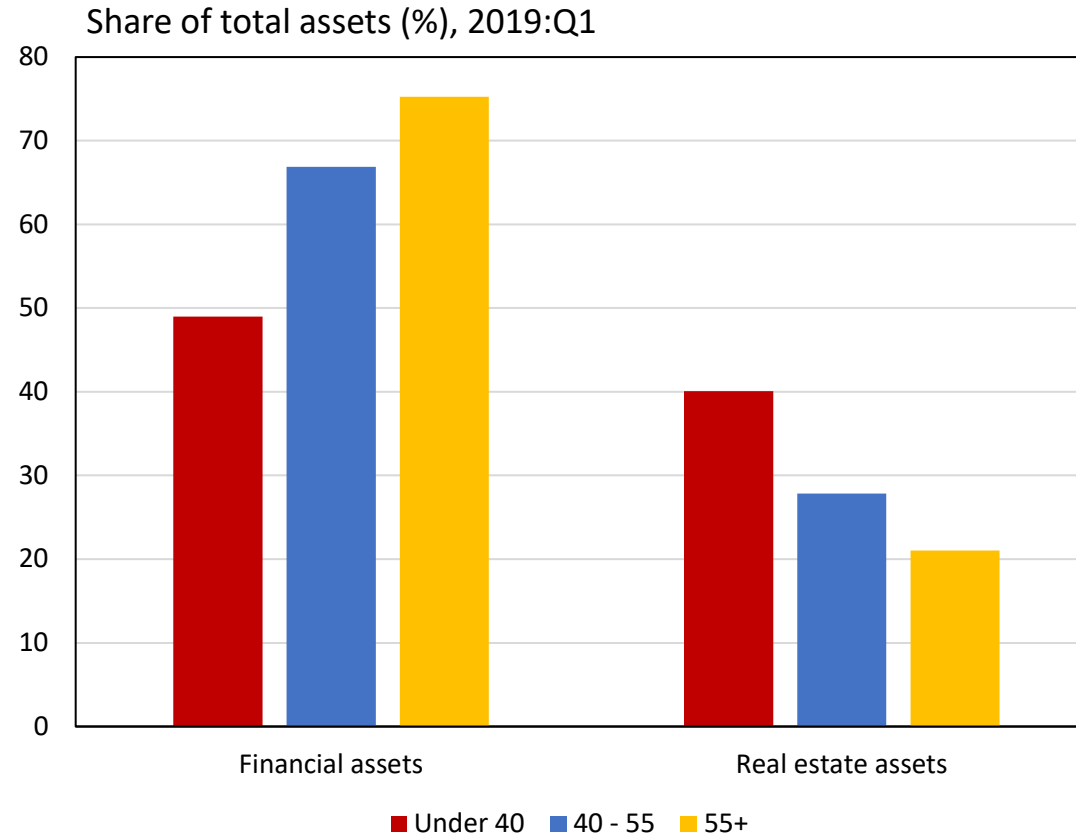
Net Worth per Household by Age Group

Nominal net worth

Real net worth

Legend: Under 40, 40 - 54, Over 55

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: "Net worth" is total assets less total liabilities. Shaded region indicates the COVID-19 recession.
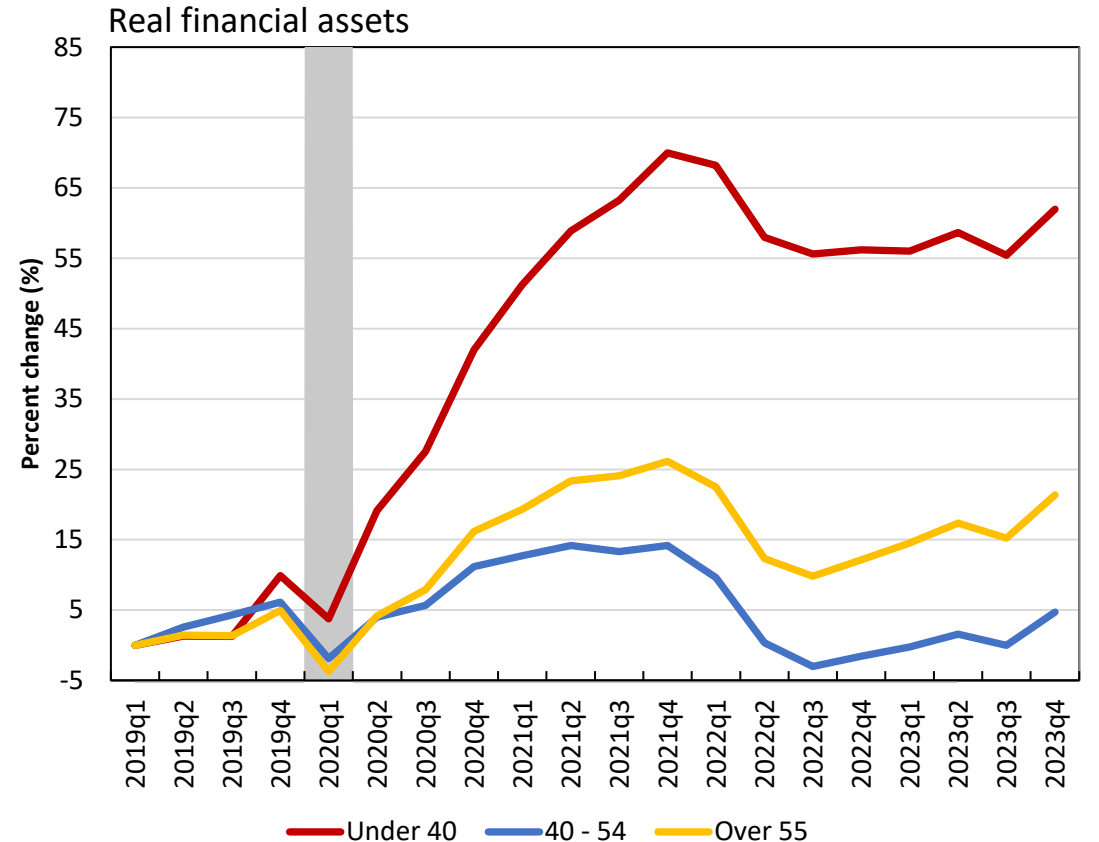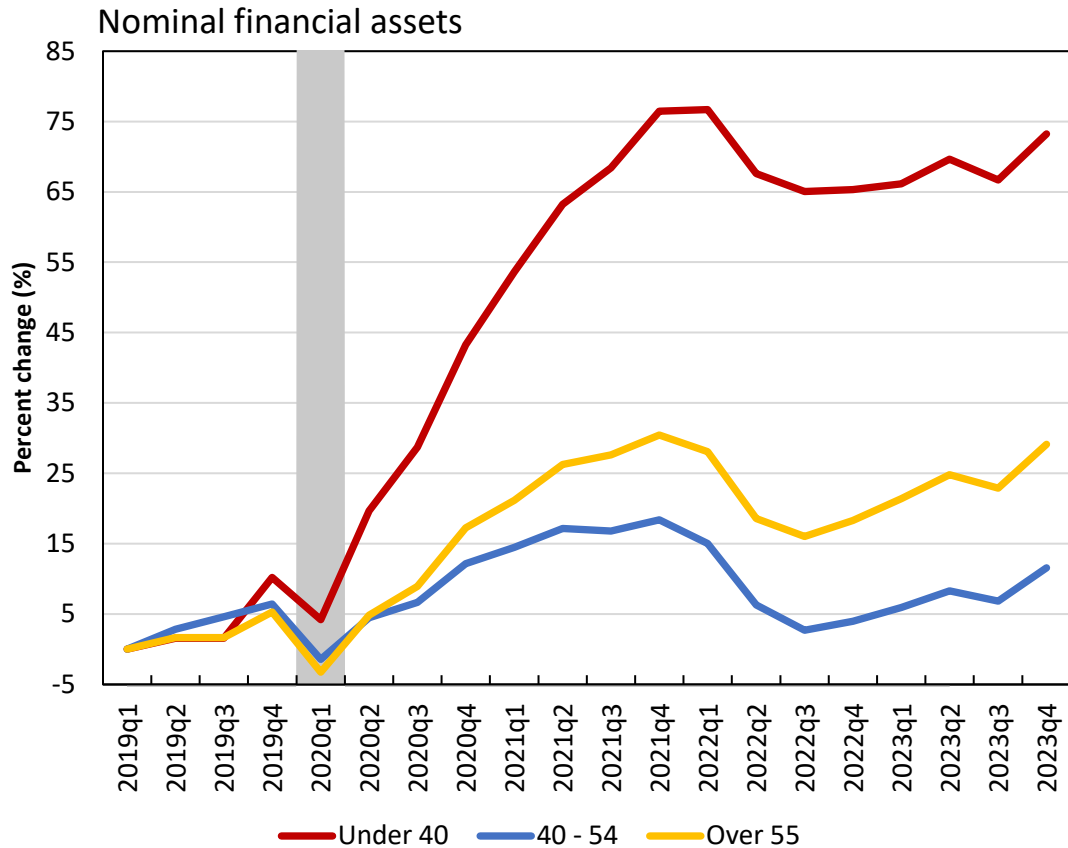
Composition of Total Assets by Age Group

Share of total assets (%), 2019:Q1

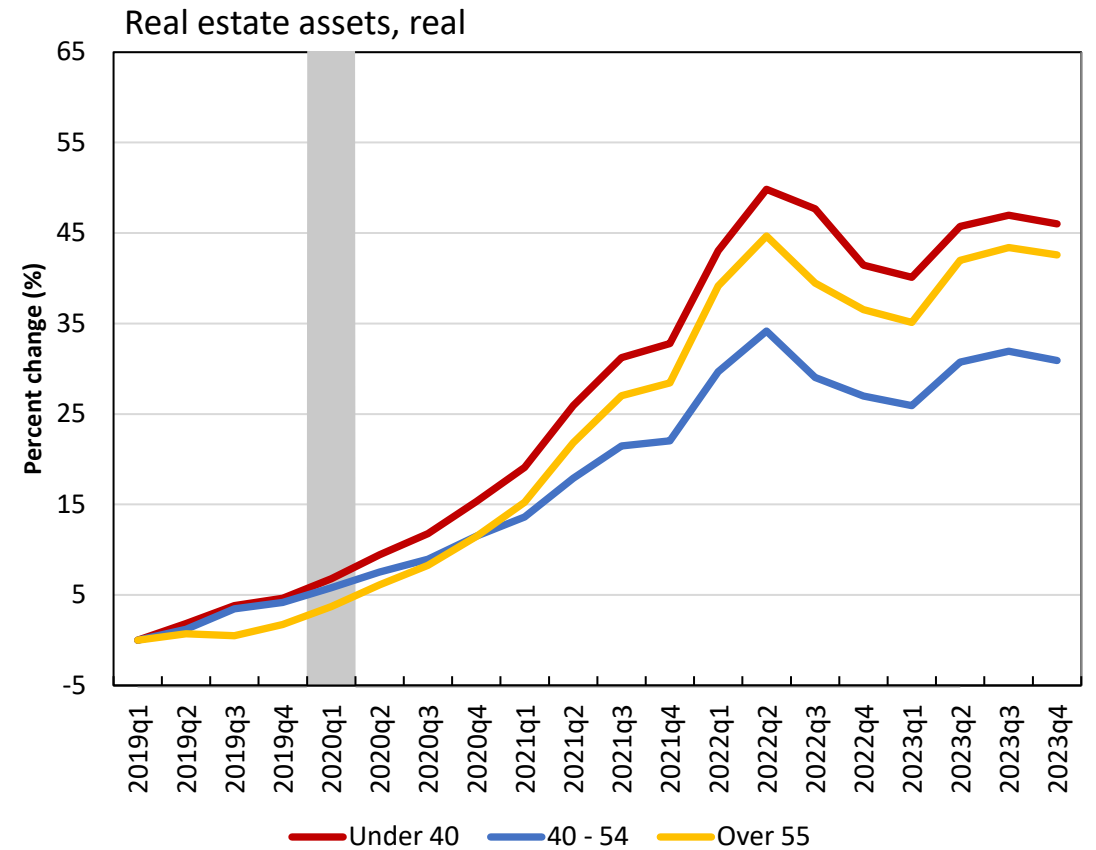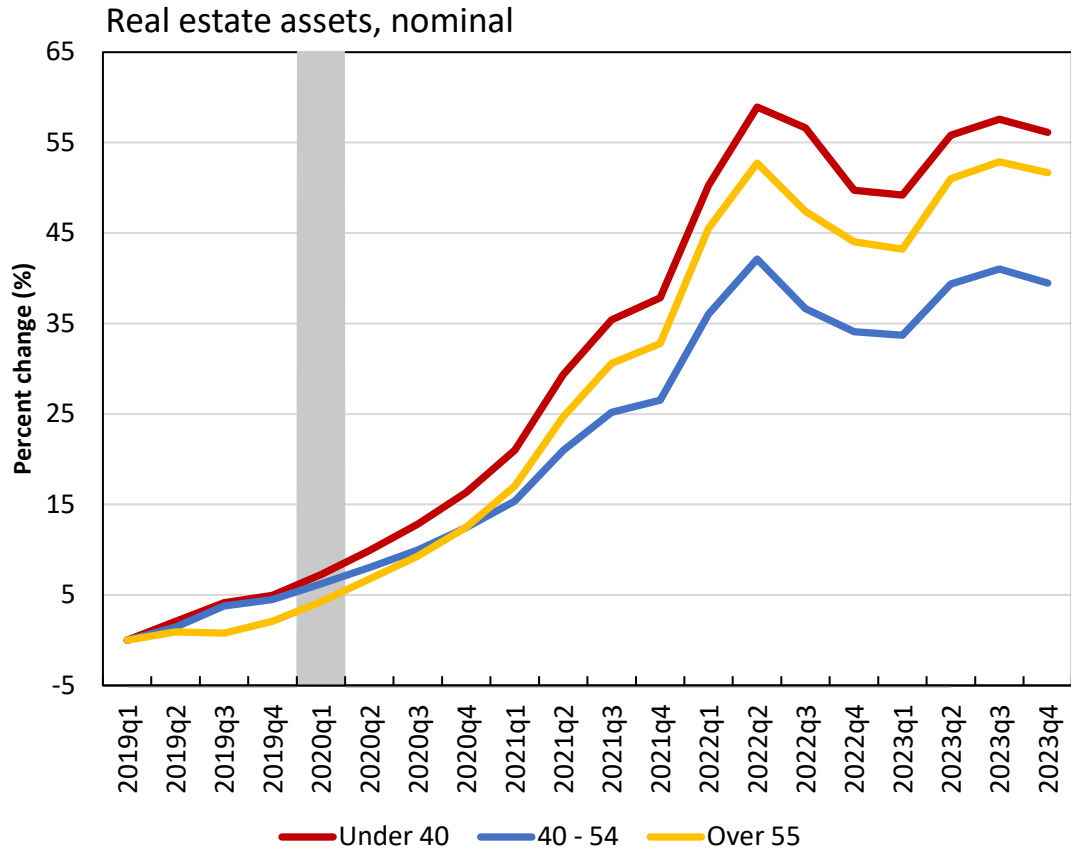Source: Distributional Financial Accounts via Federal Reserve.

Note: We include financial asset composition from 2019:Q1 as this is our pre-COVID, baseline period.

Financial Assets per Household by Age Group

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.

Real Estate Assets per Household by Age Group

Real estate assets, nominal

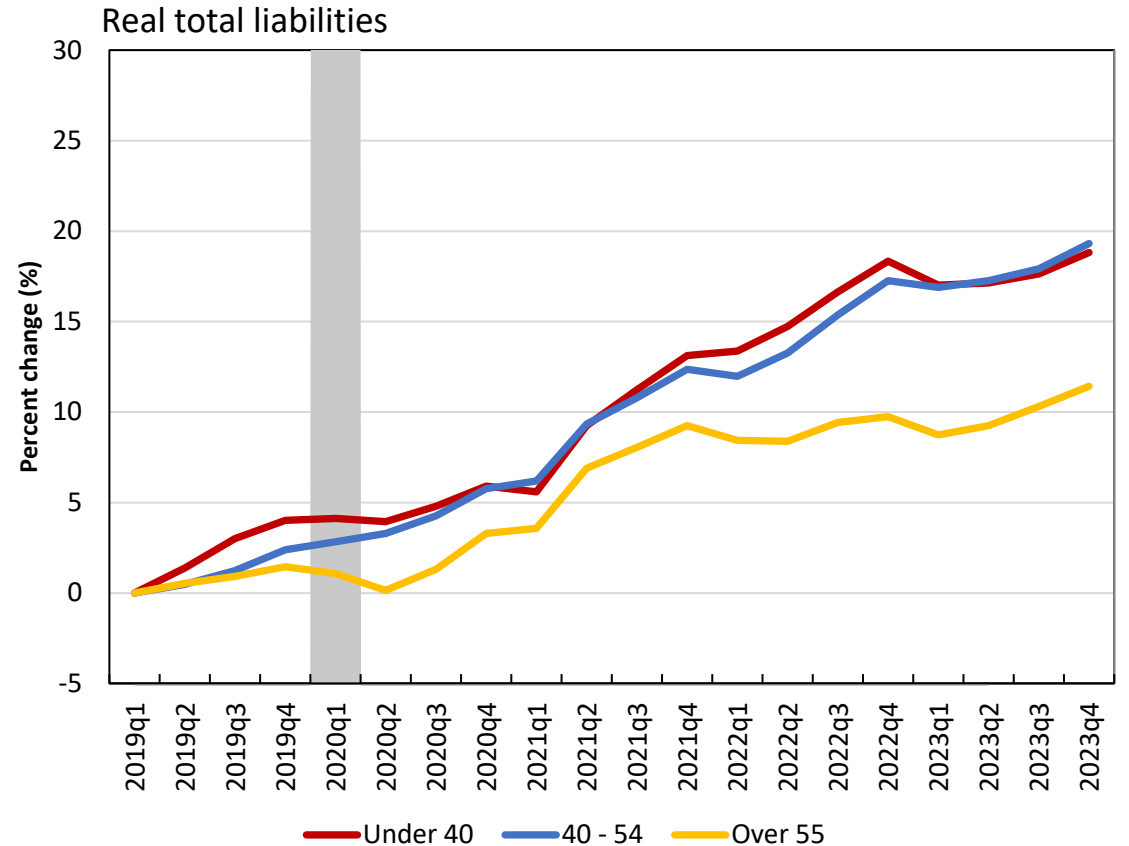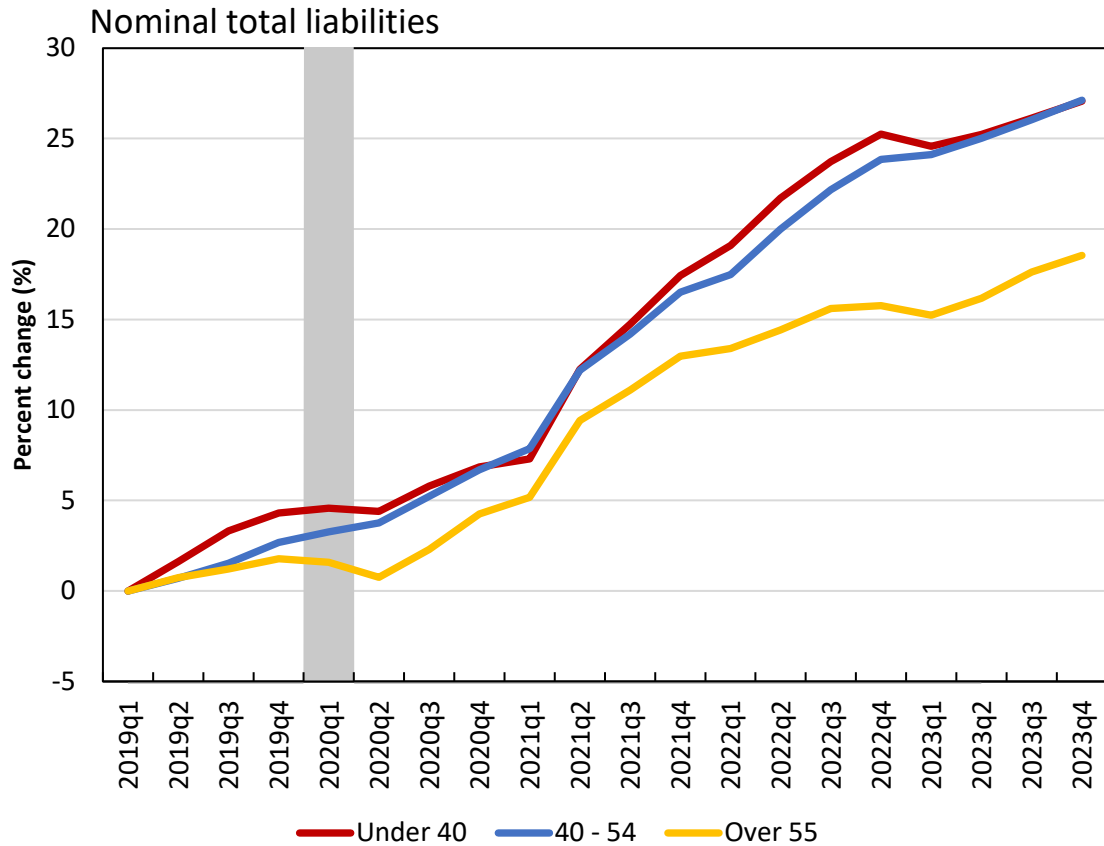Real estate assets, real

Under 40 — 40 - 54 — Over 55

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.
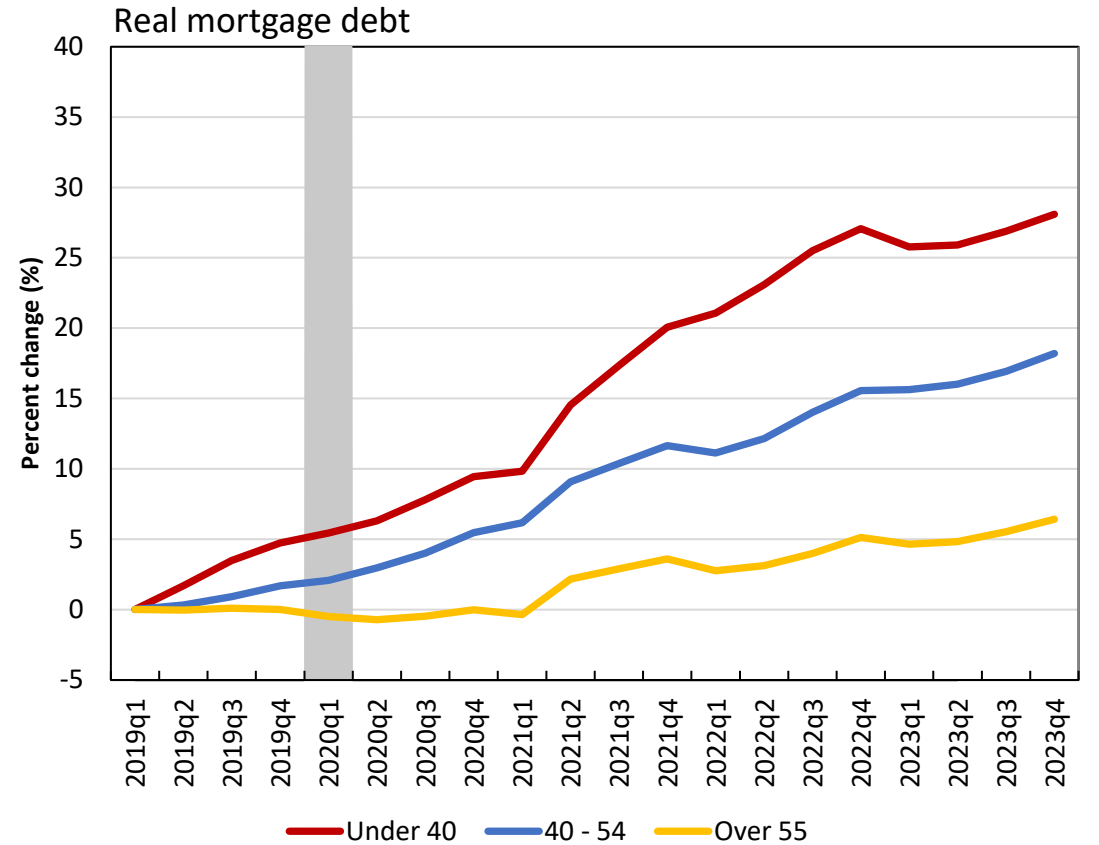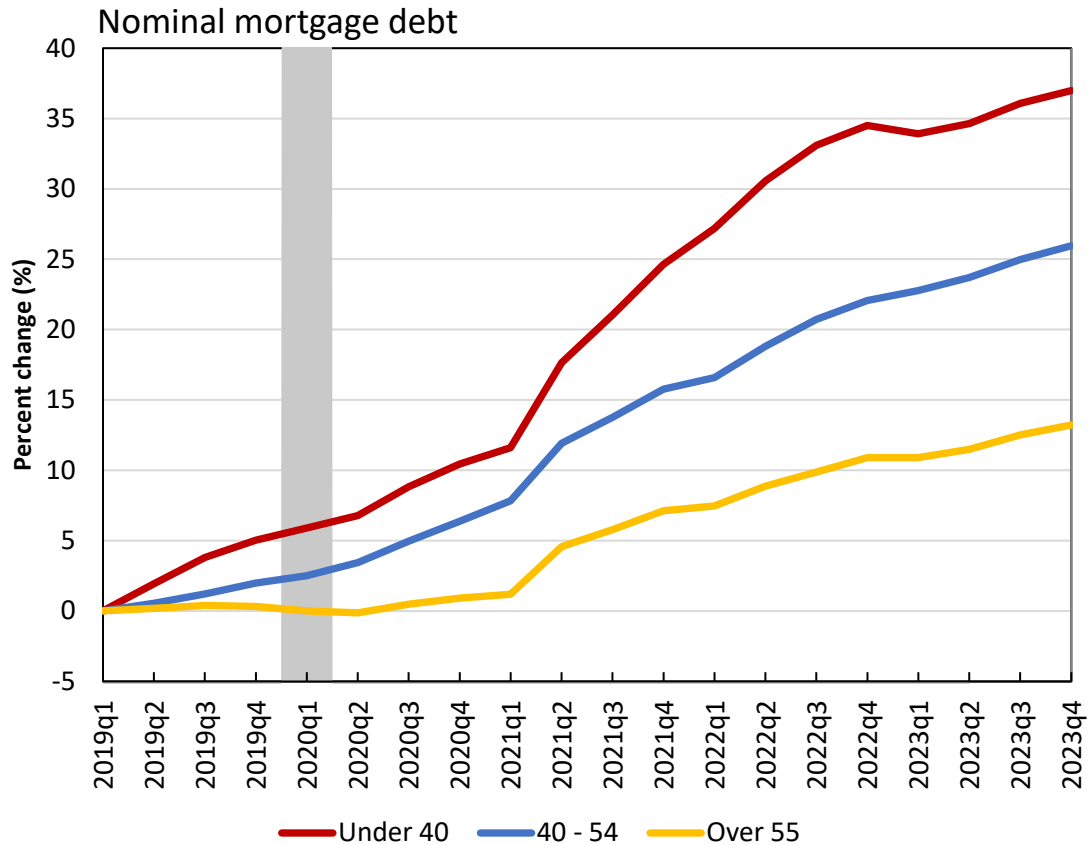
Total Liabilities per Household by Age Group

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.

Mortgage Debt per Household by Age Group

Nominal mortgage debt

Real mortgage debt

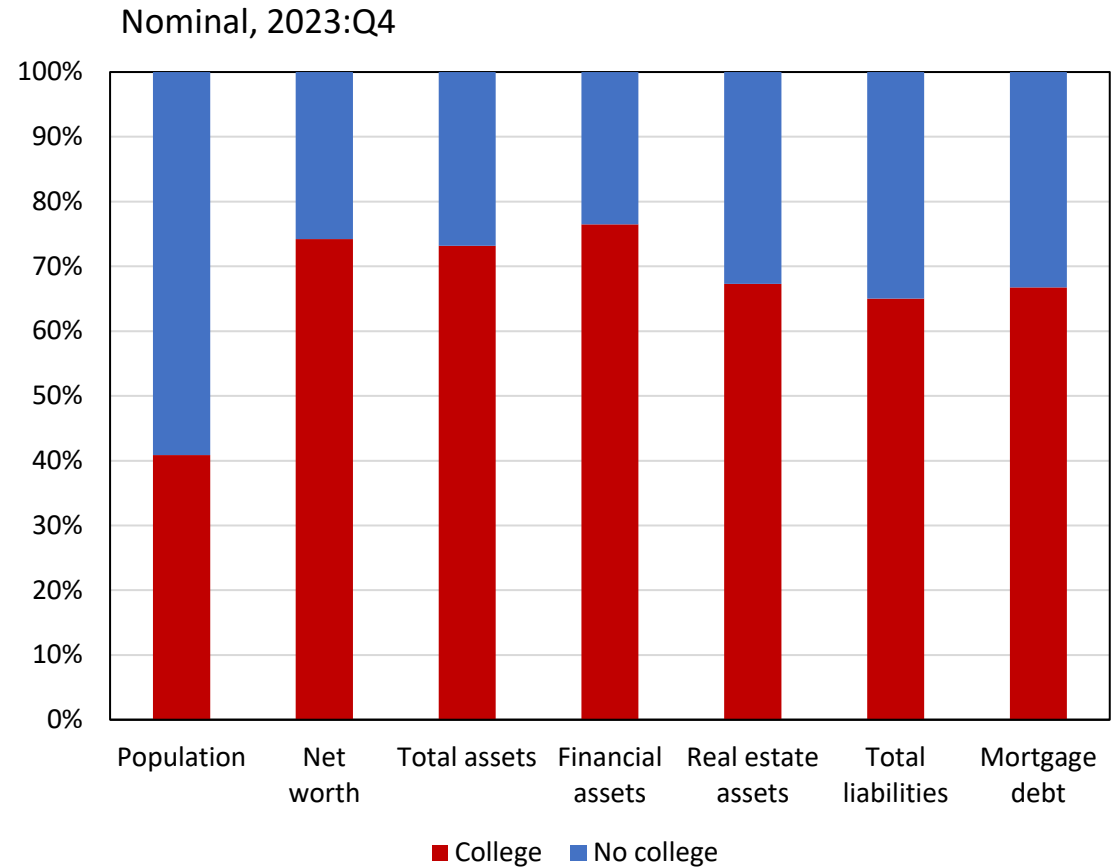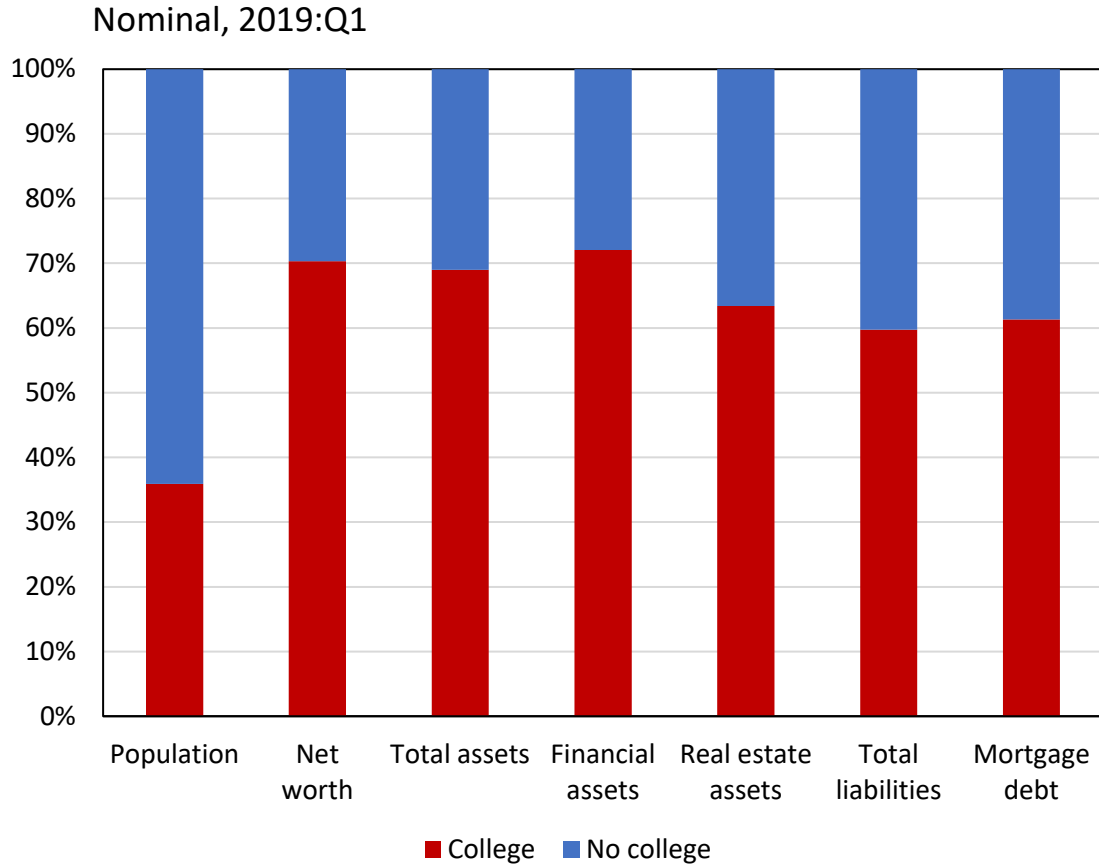Legend: Under 40, 40 - 54, Over 55

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.

# WEALTH INEQUALITY

BY EDUCATION

Population and Ownership Shares by Education Group

Nominal, 2019:Q1

Nominal, 2023:Q4

Categories (both charts): Population, Net worth, Total assets, Financial assets, Real estate assets, Total liabilities, Mortgage debt

Legend: College, No college

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics ,and authors' calculations. "Net worth" is total assets less total liabilities.

Net Worth per Household by Education Group
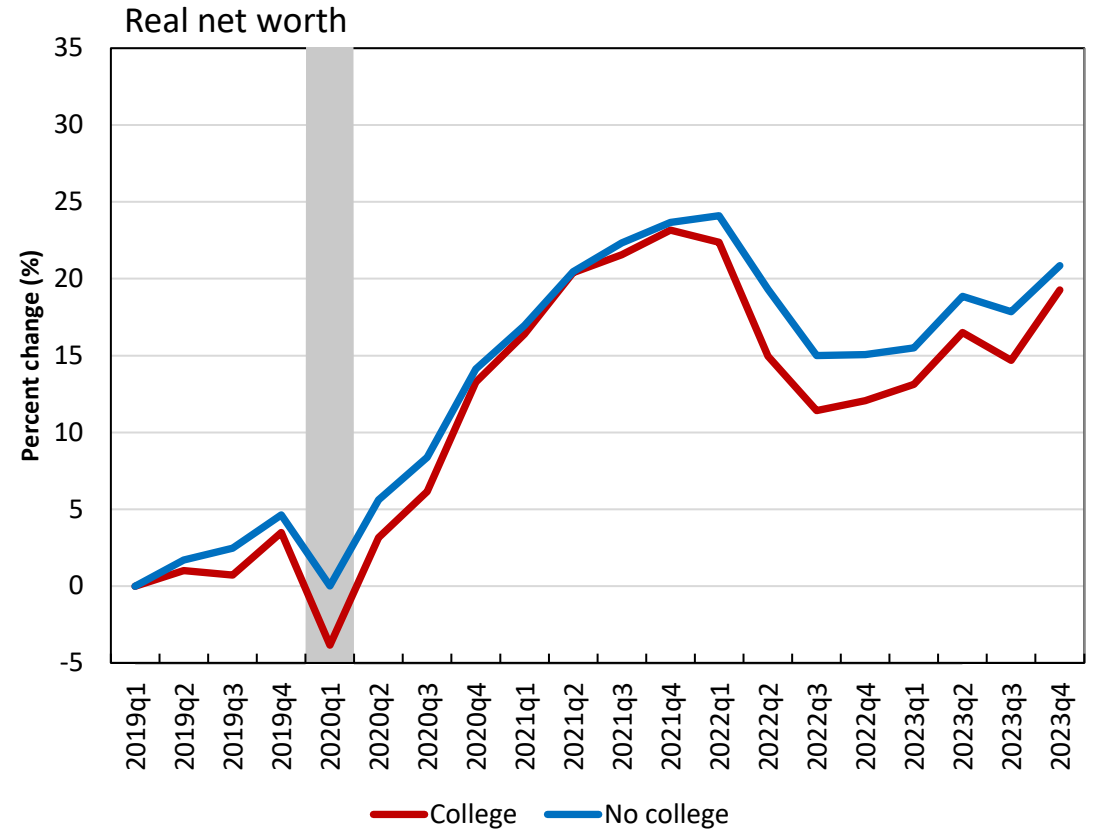
Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: "Net worth" is total assets less total liabilities. Shaded region indicates the COVID-19 recession. Shaded region indicates the COVID-19 recession.

Total Assets per Household by Education Group

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.
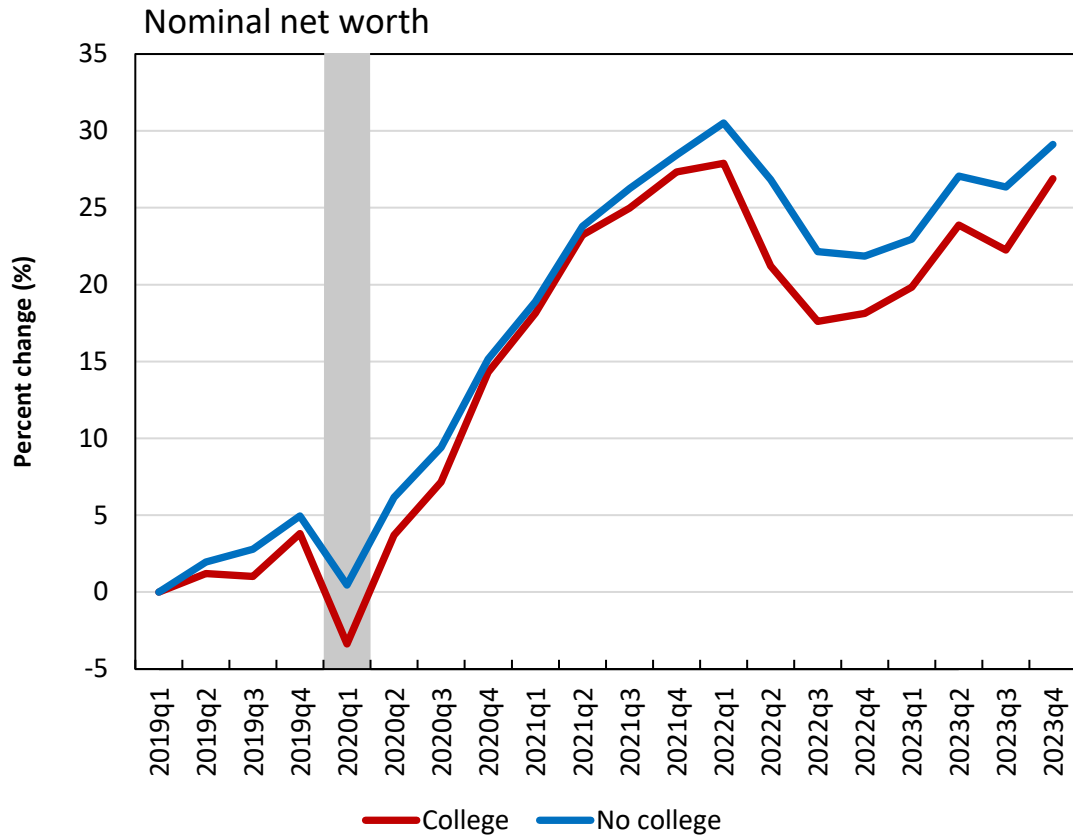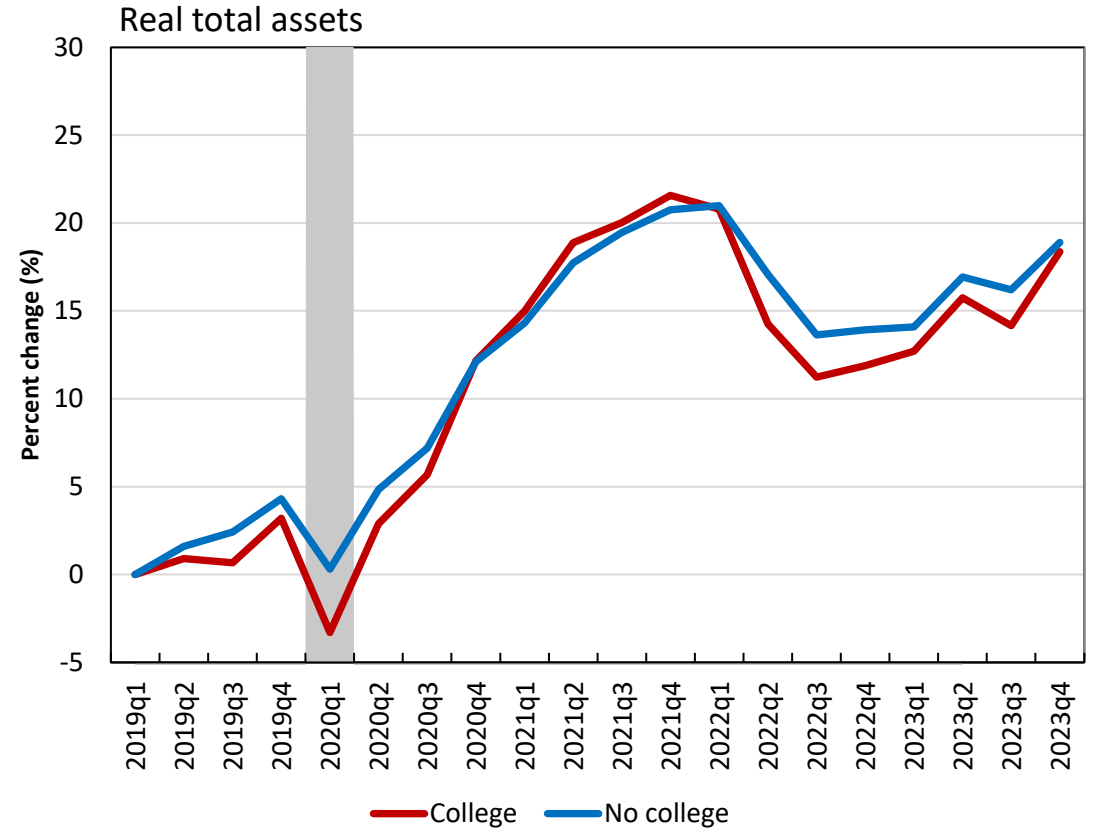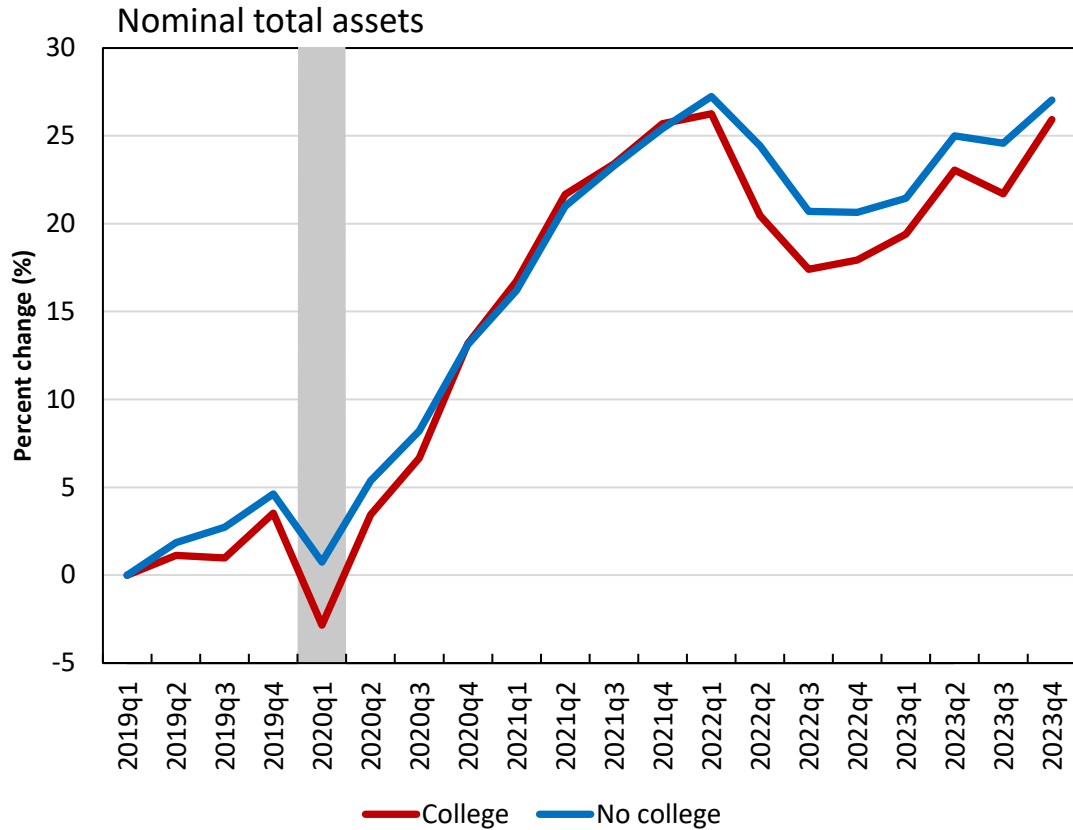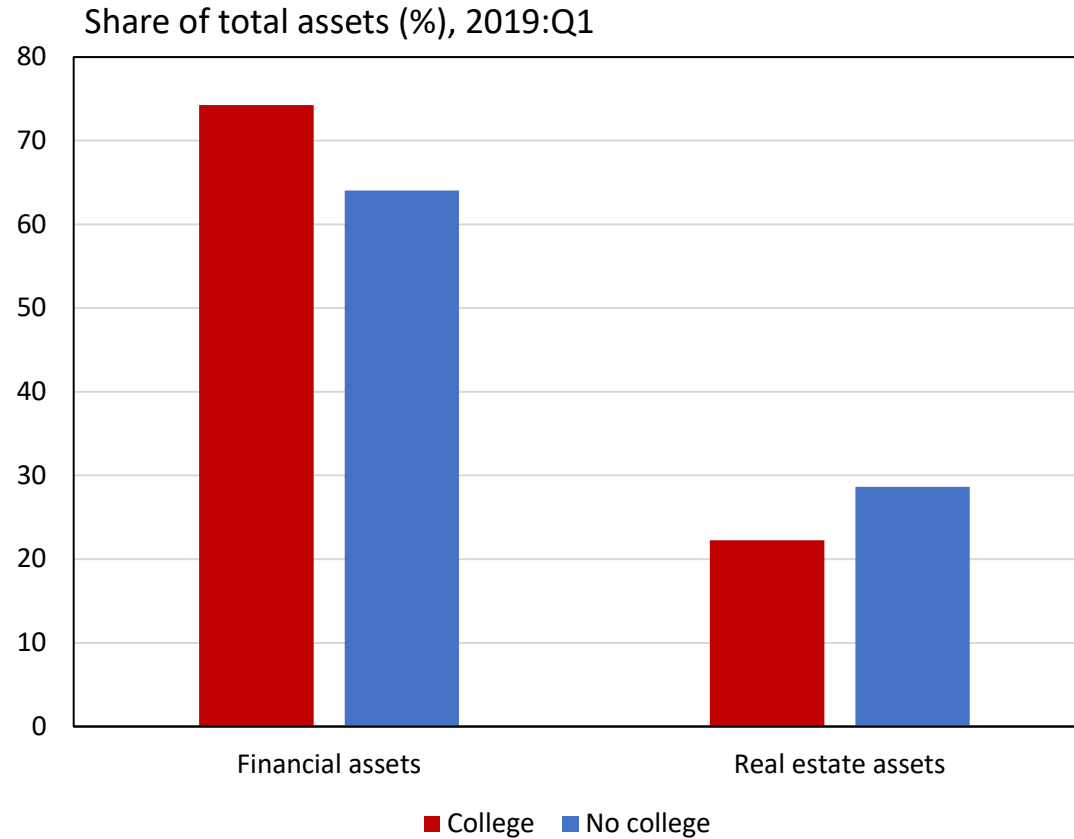
Composition of Total Assets by Education

Share of total assets (%), 2019:Q1

Source: Distributional Financial Accounts via Federal Reserve.

Note: We include financial asset composition from 2019:Q1 as this is our pre-COVID, baseline period.

Financial Assets per Household by Education Group

Nominal financial assets

Real financial assets

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.
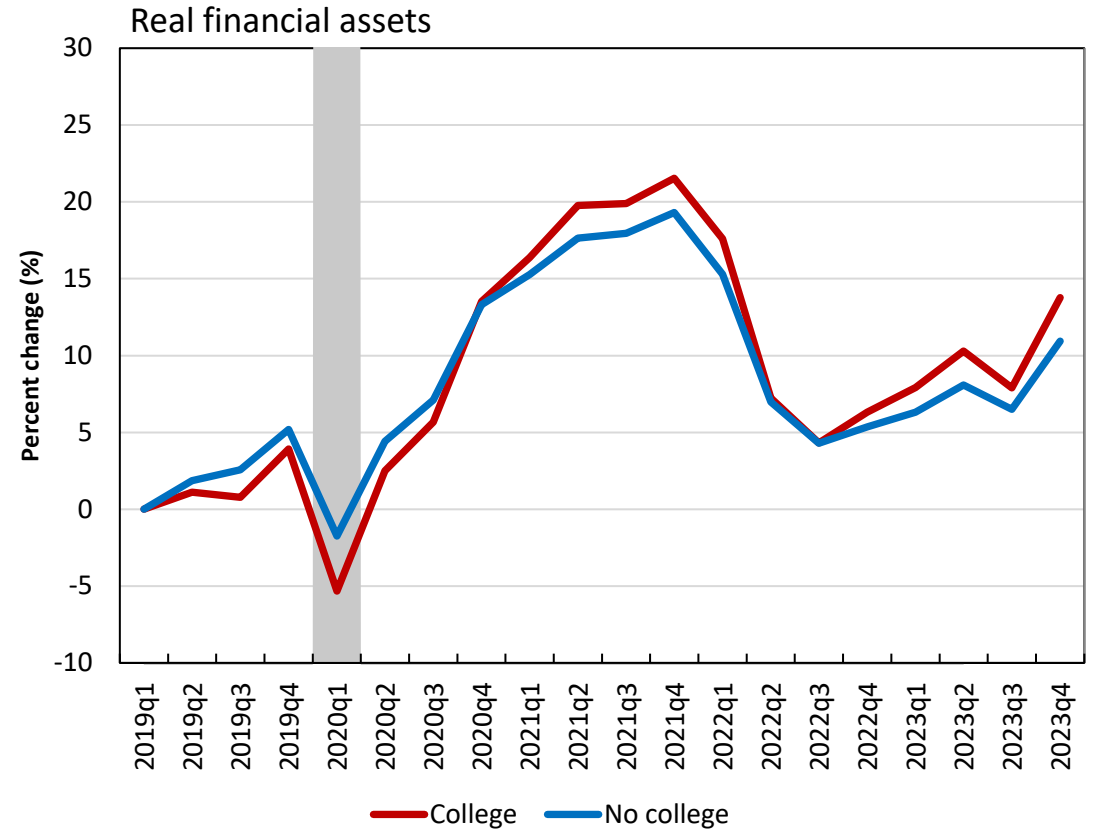
Real Estate Assets per Household by Education Group

Real estate assets, nominal

Real estate assets, real

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.
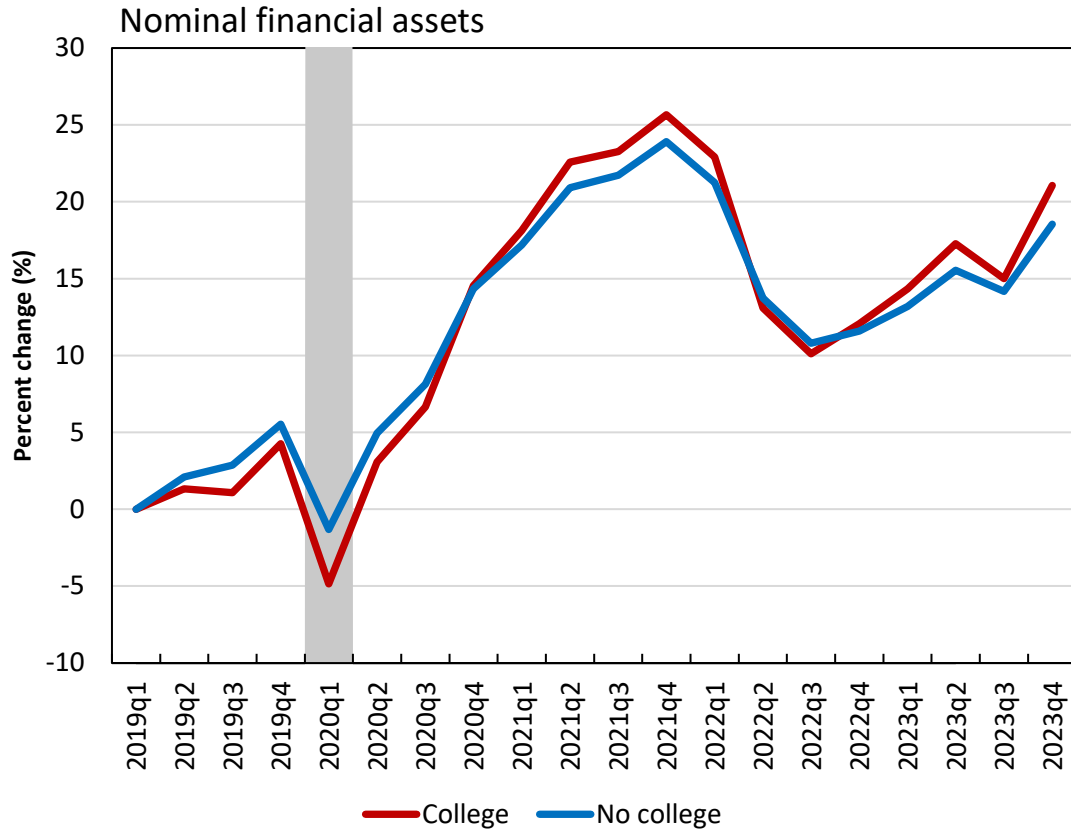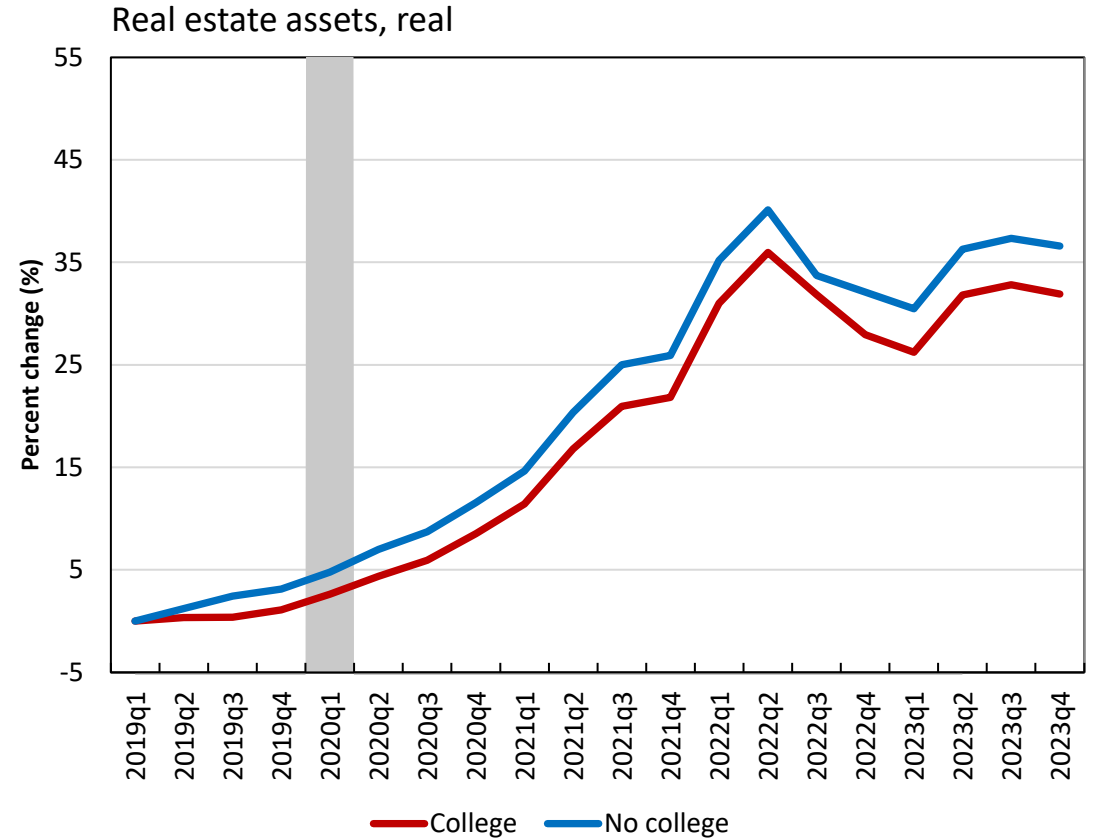
Total Liabilities per Household by Education Group

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.

Mortgage Debt per Household by Education Group

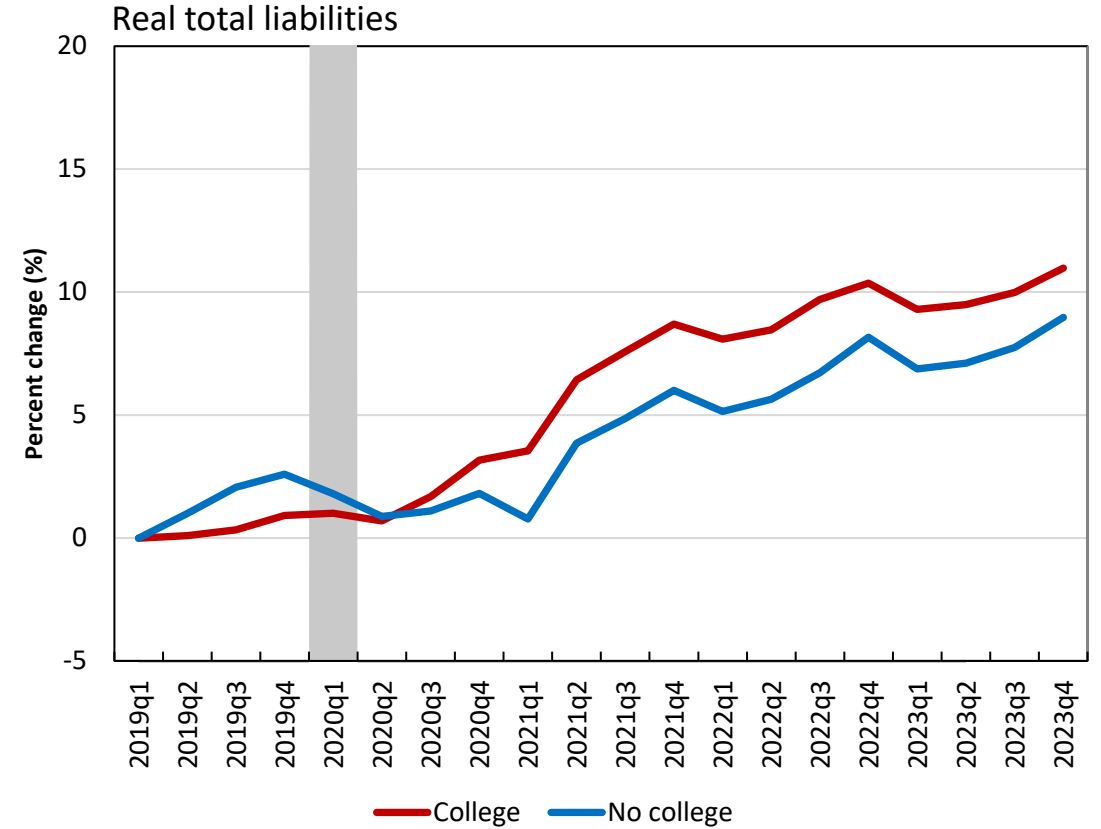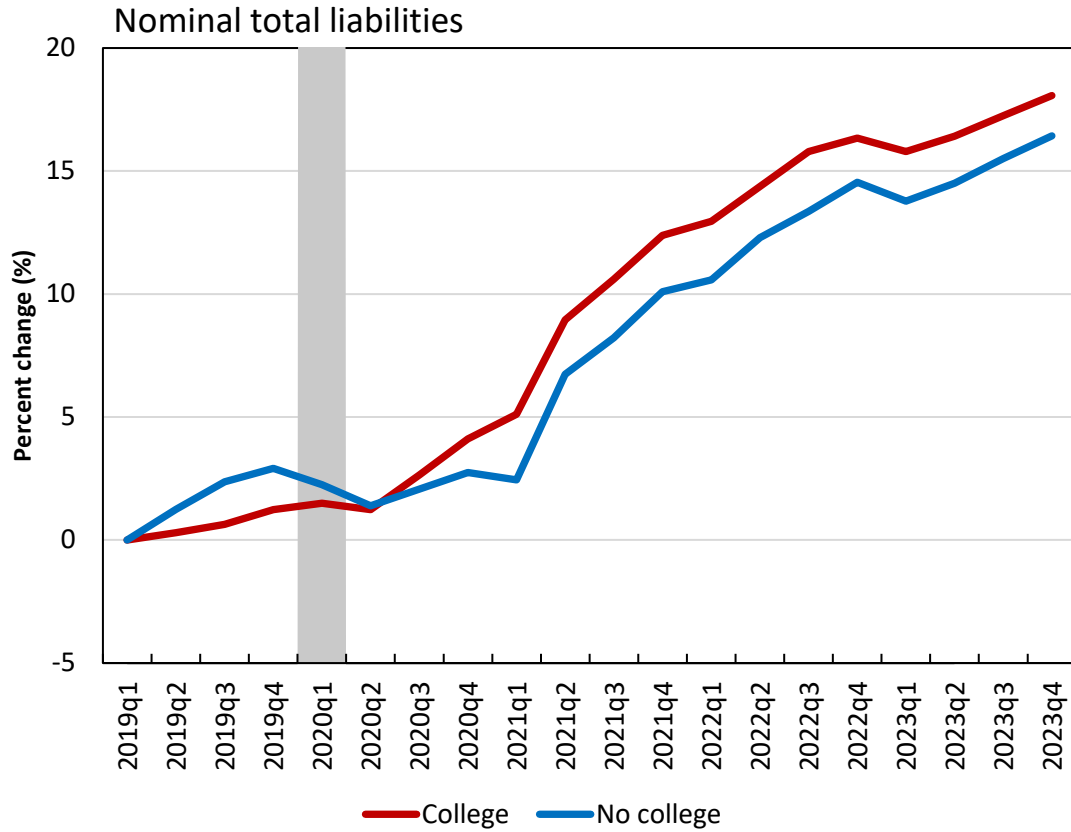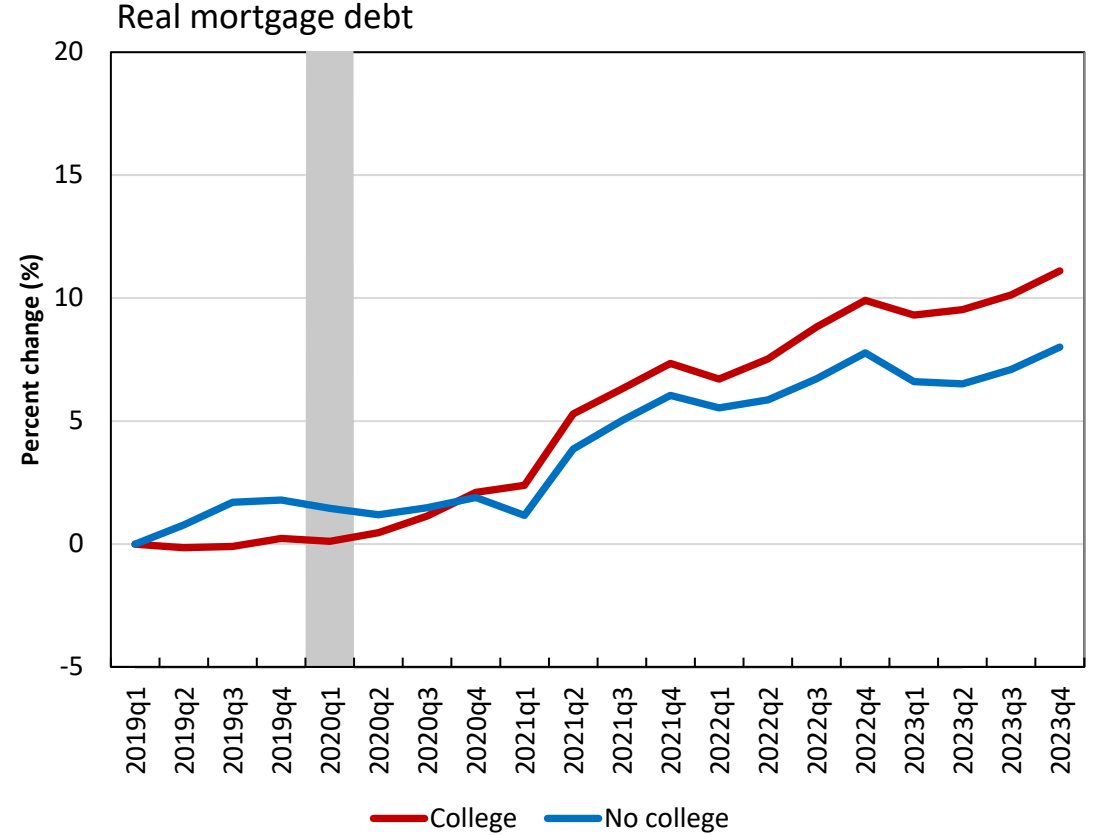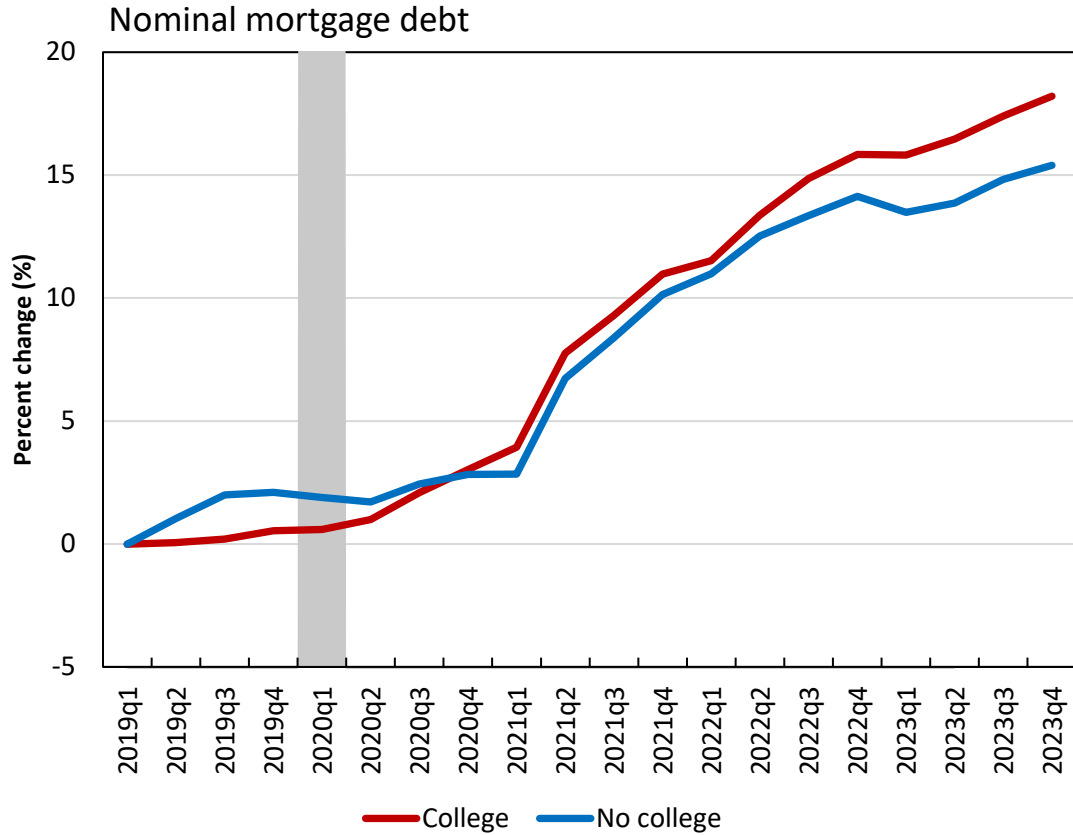
Nominal mortgage debt

Real mortgage debt

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.

WEALTH INEQUALITY

BY INCOME PERCENTILE

Population and Ownership Shares by Income Percentile

Nominal, 2019:Q1

Nominal, 2023:Q4

Legend: Bottom 20% | 20% - 60% | 60% - 80% | 80% - 99% | 99% - 100%

Categories: Population, Net worth, Total assets, Financial assets, Real estate assets, Total liabilities, Mortgage debt

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics and authors' calculations. Note: "Net worth" is total assets less total liabilities.

Net Worth per Household by Income Percentile

Nominal net worth

Percent change (%)

Legend: < 20% | 20% - 60% | 60% - 80% | 80% - 99% | 99% - 100%

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: "Net worth" is total assets less total liabilities. Shaded region indicates the COVID-19 recession.

Total Assets per Household by Income Percentile

Nominal total assets

Legend: < 20% | 20% - 60% | 60% - 80% | 80% - 99% | 99% - 100%
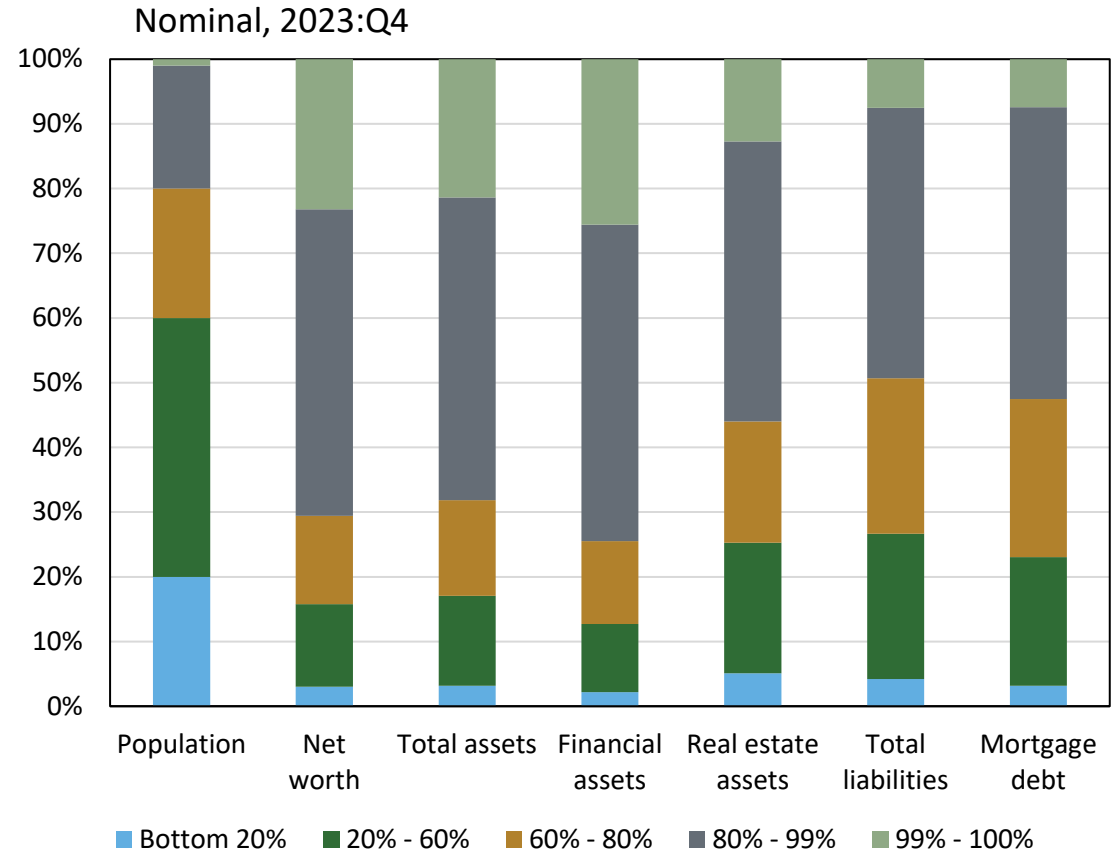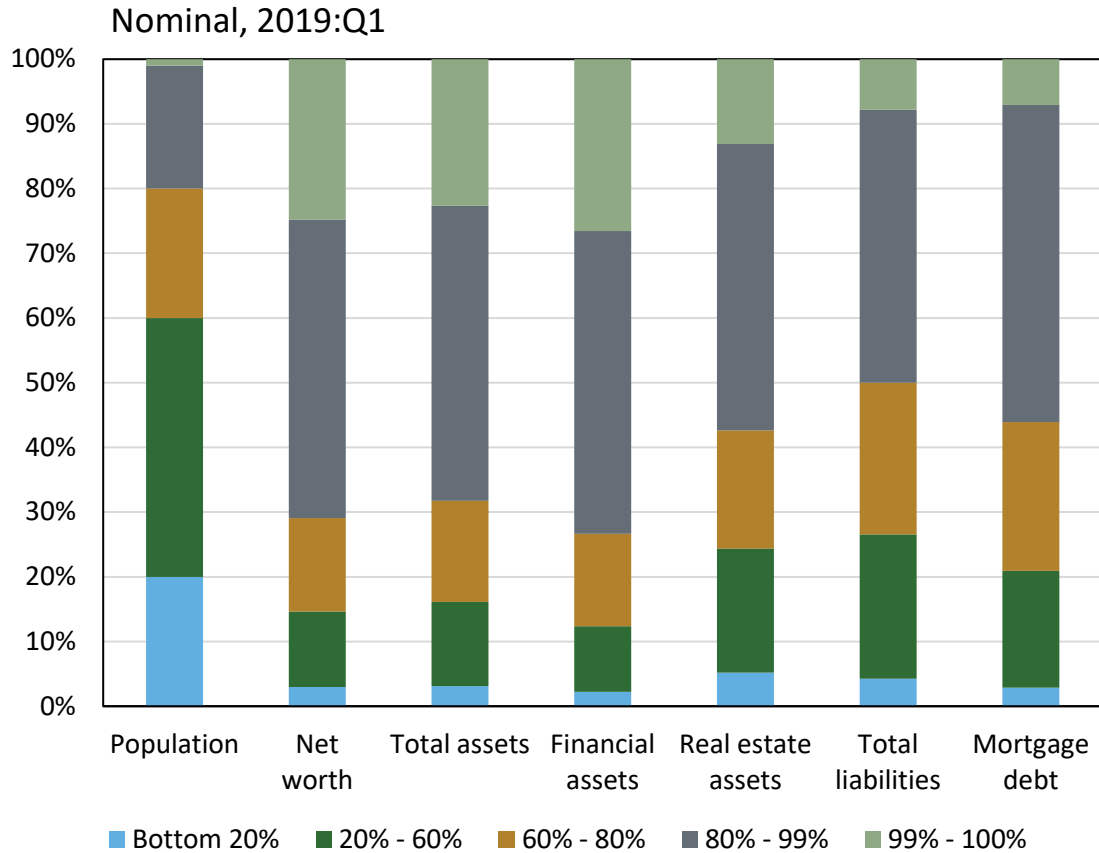
Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.
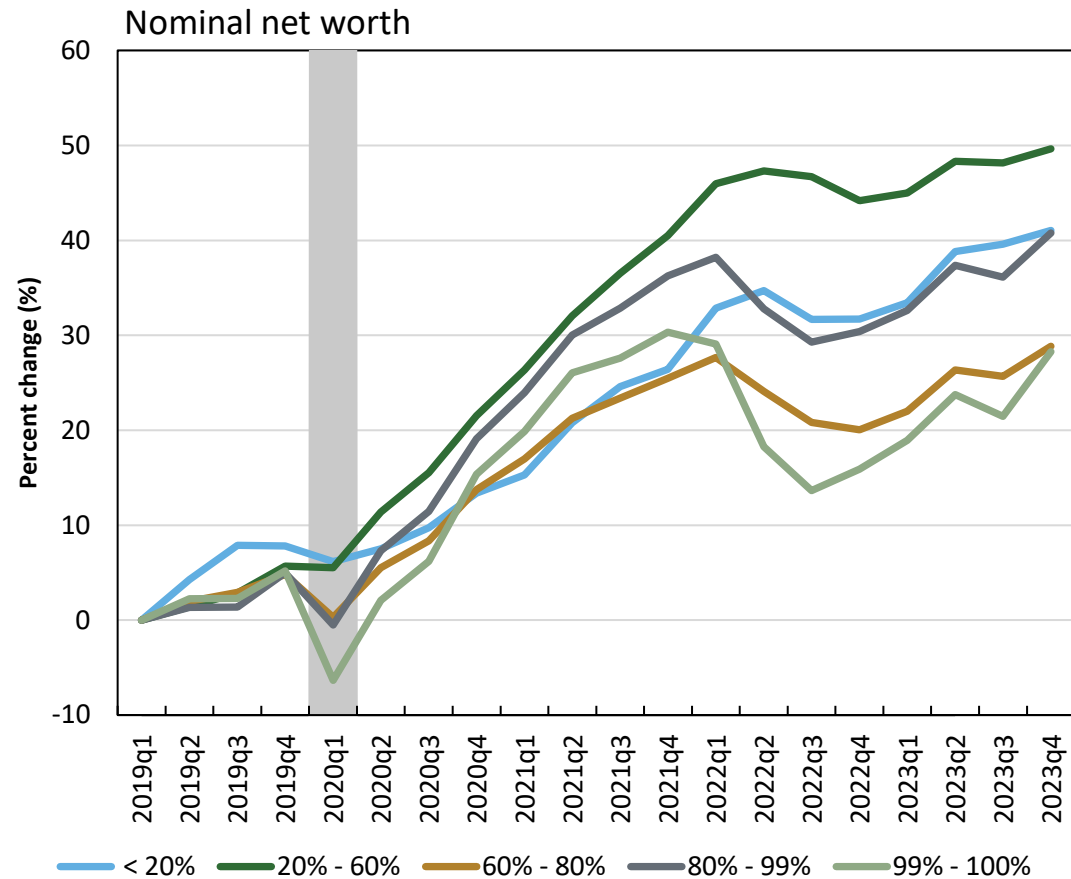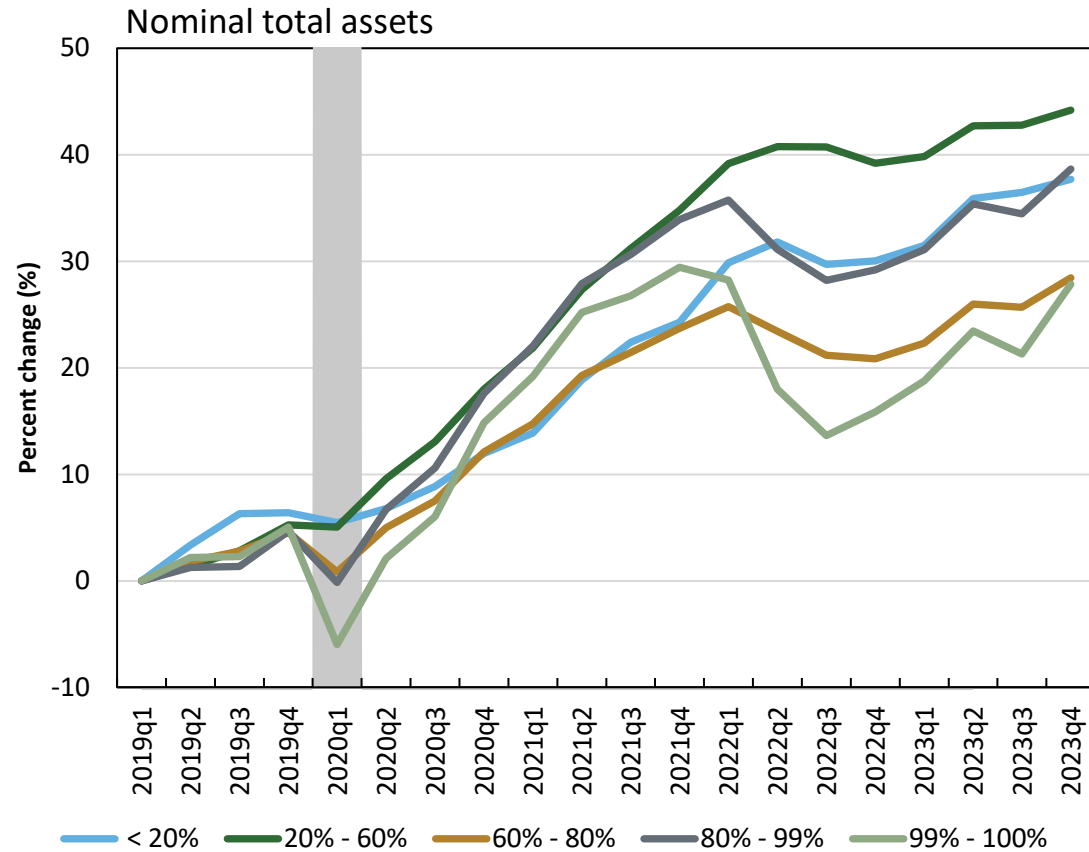
Composition of Total Assets by Income Percentile

Share of total assets (%), 2019:Q1

Legend: 0 - 20% | 20 - 60% | 60 - 80% | 80 - 99% | 99 - 100%

Source: Distributional Financial Accounts via Federal Reserve.

Note: We include financial asset composition from 2019:Q1 as this is our pre-COVID, baseline period.

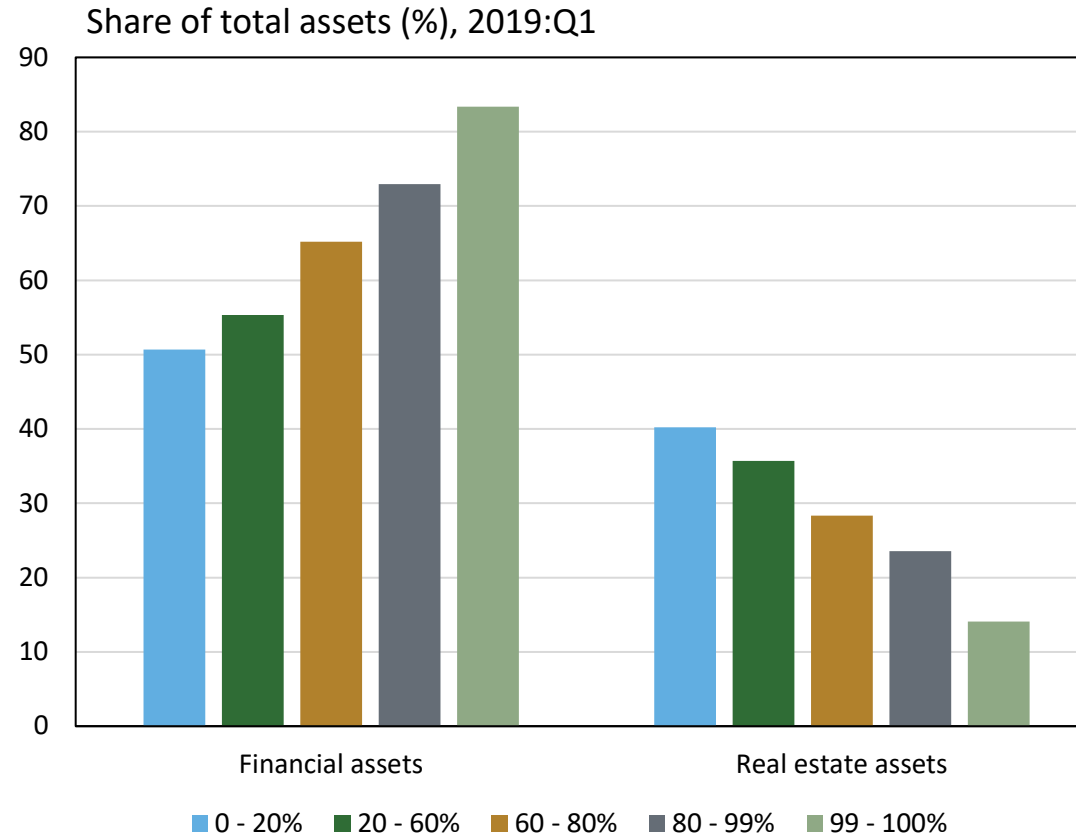## Financial Assets per Household by Income Percentile

Nominal financial assets

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.

Real Estate Assets per Household by Income Percentile

Real estate assets, nominal

Legend: < 20% | 20% - 60% | 60% - 80% | 80% - 99% | 99% - 100%

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.
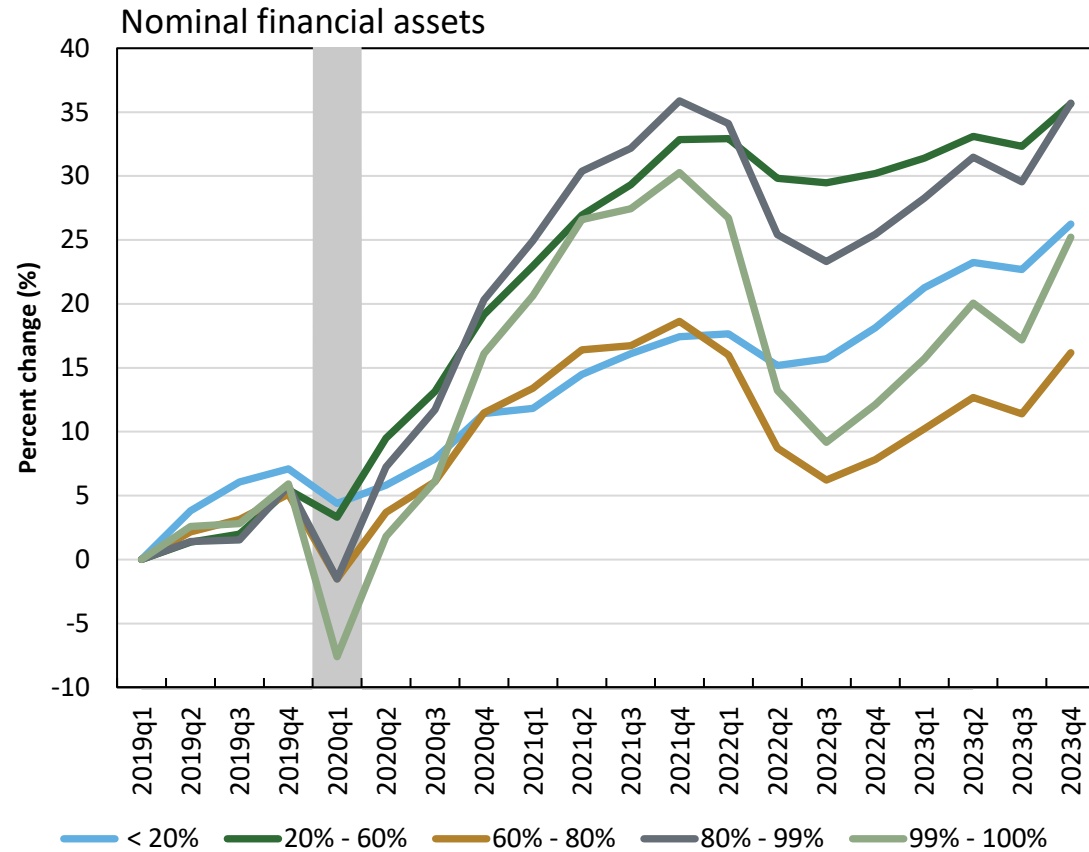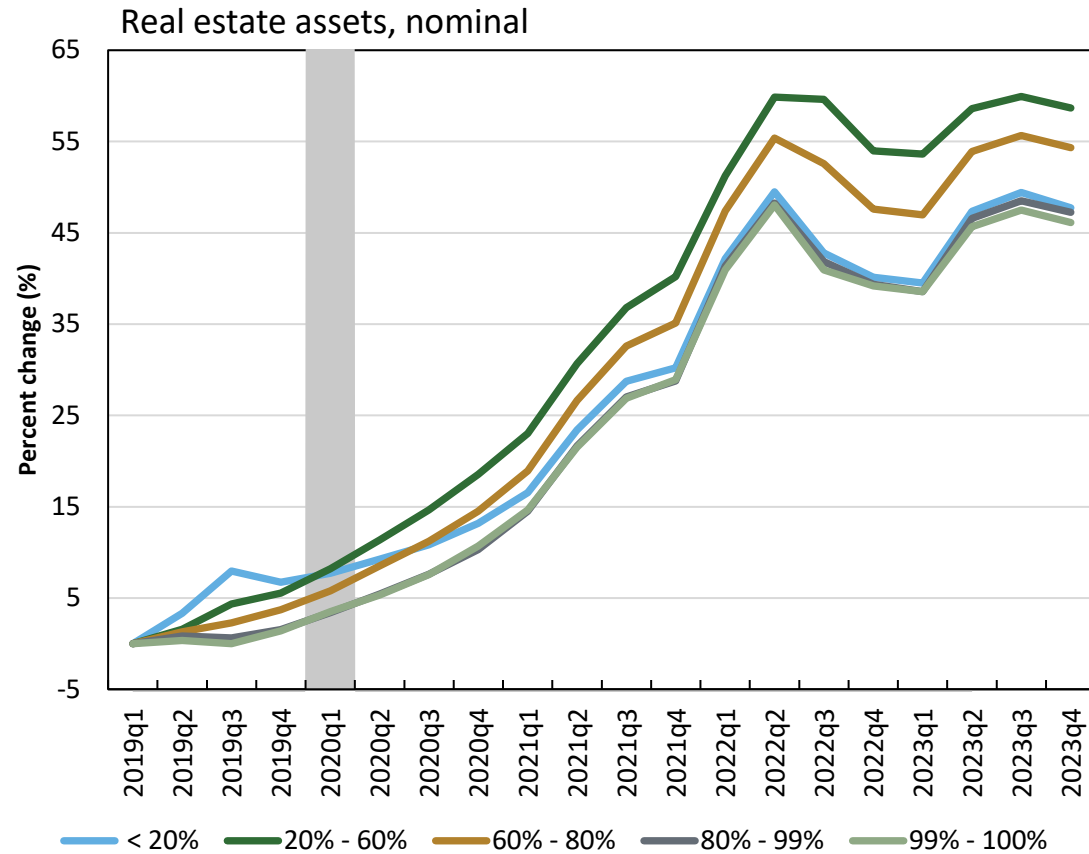
Total Liabilities per Household by Income Percentile

Nominal total liabilities

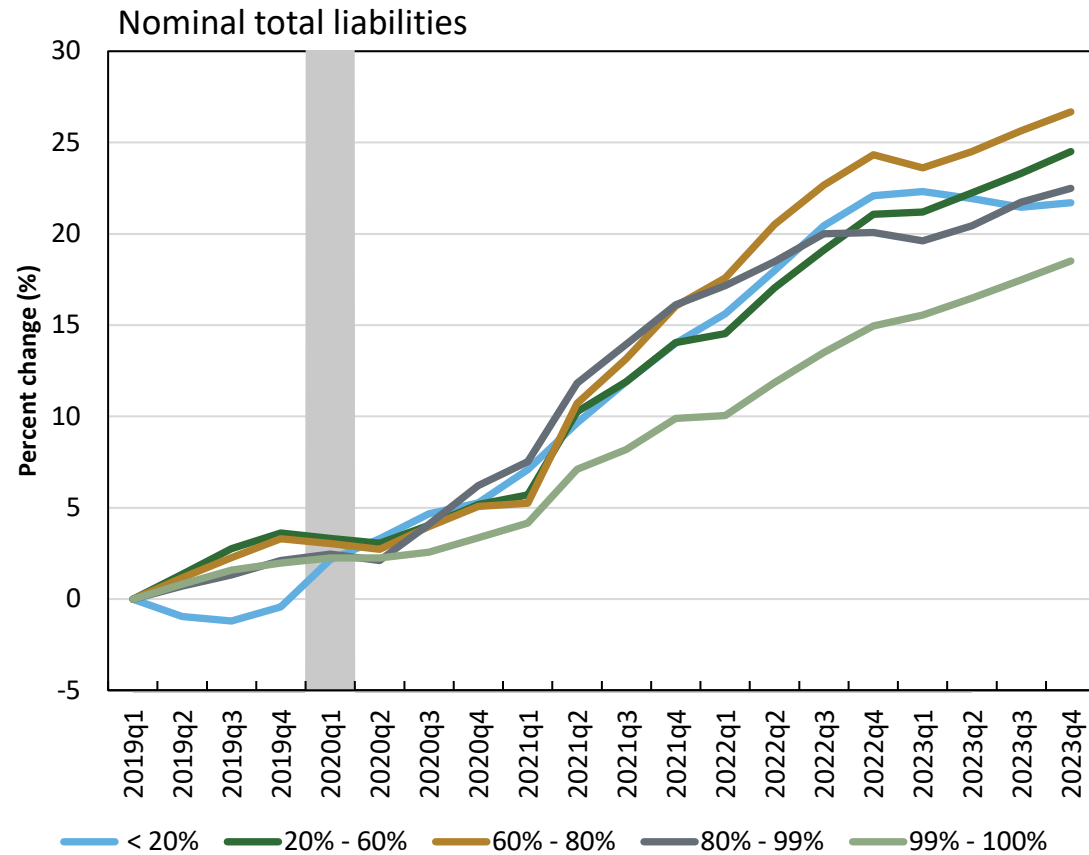Legend: < 20% | 20% - 60% | 60% - 80% | 80% - 99% | 99% - 100%

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.

Mortgage Debt per Household by Income Percentile

Nominal mortgage debt

Legend: < 20% | 20% - 60% | 60% - 80% | 80% - 99% | 99% - 100%
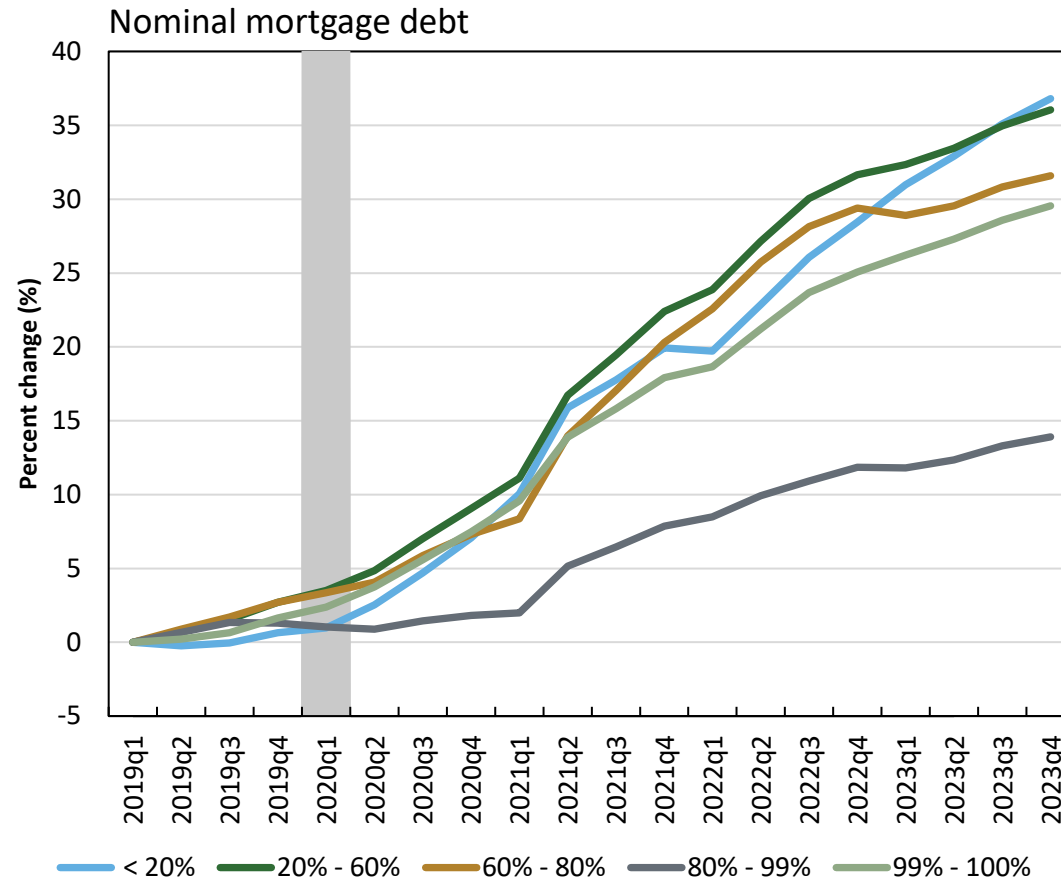
Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.
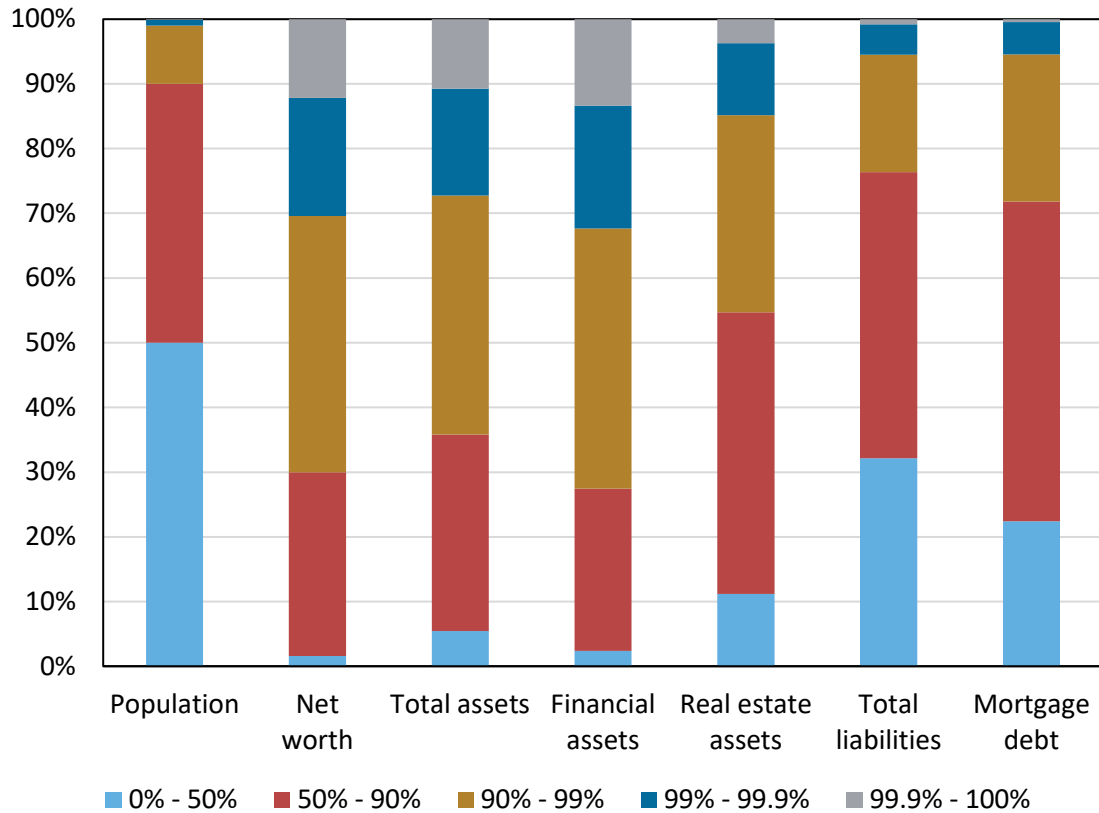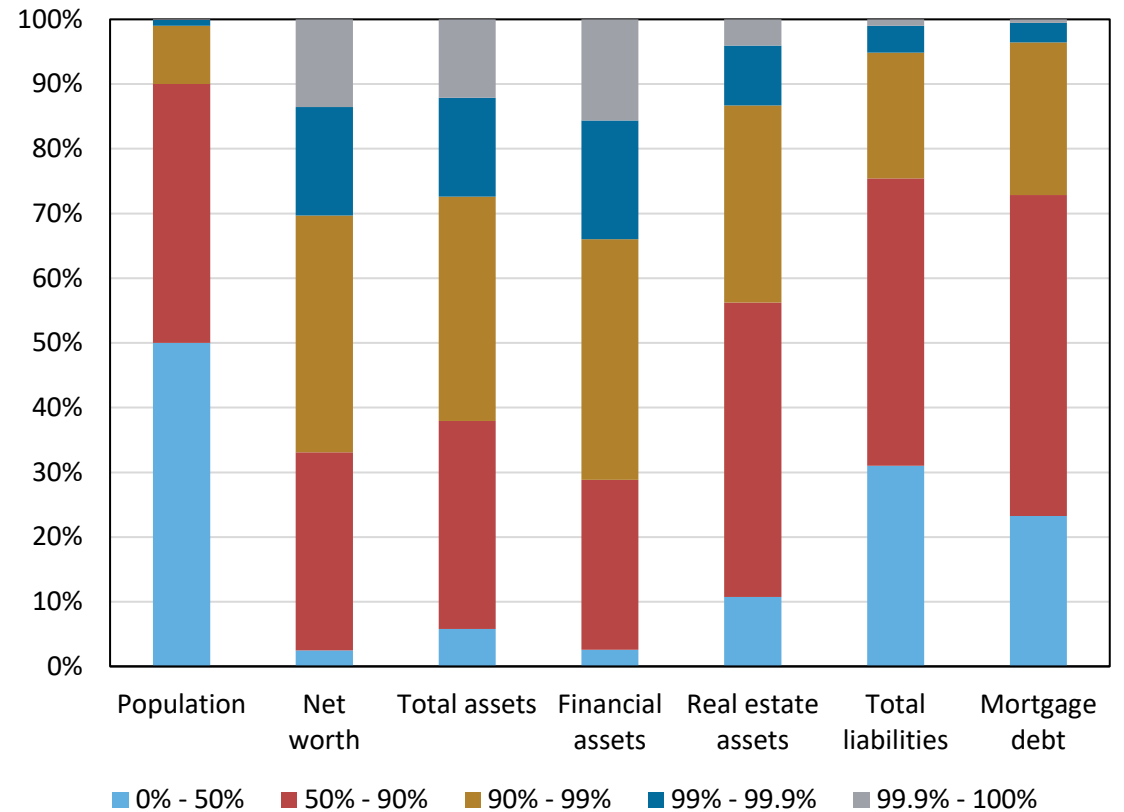
WEALTH INEQUALITY

BY WEALTH PERCENTILE

Population and Ownership Shares by Wealth Percentile

Nominal, 2019:Q1

Nominal, 2023:Q4

Legend: 0% - 50% | 50% - 90% | 90% - 99% | 99% - 99.9% | 99.9% - 100%

Categories: Population, Net worth, Total assets, Financial assets, Real estate assets, Total liabilities, Mortgage debt

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: "Net worth" is total assets less total liabilities.
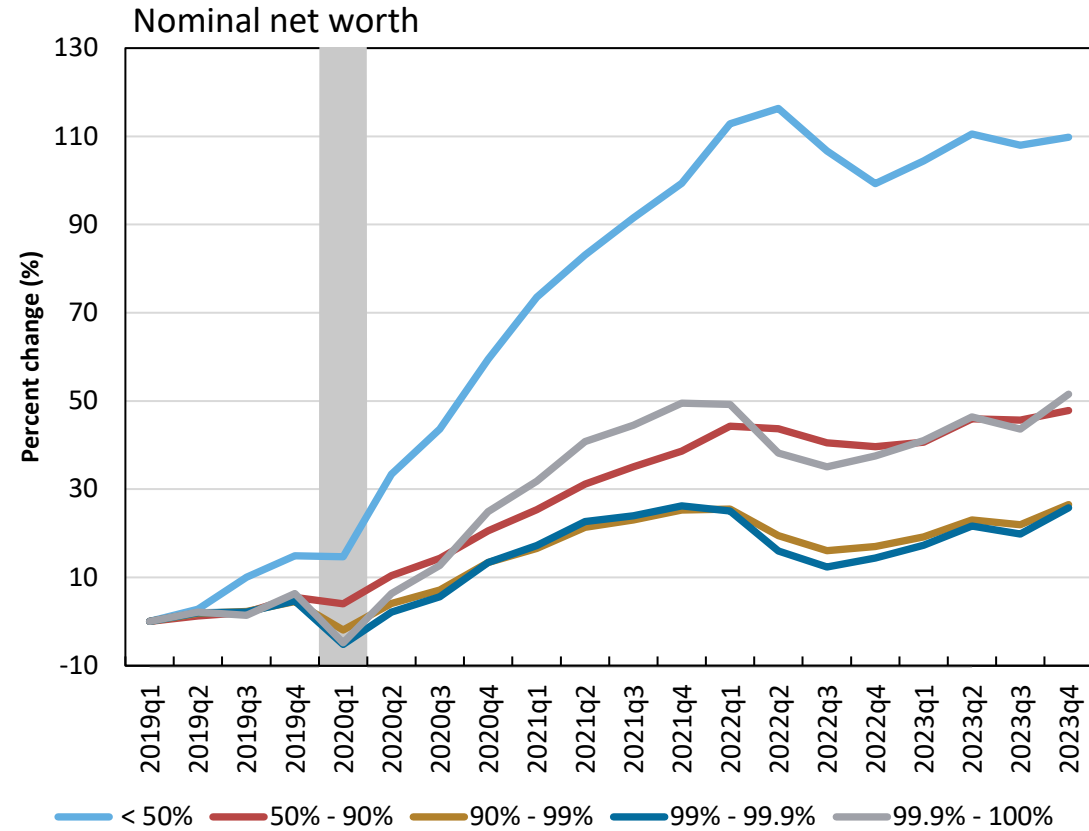
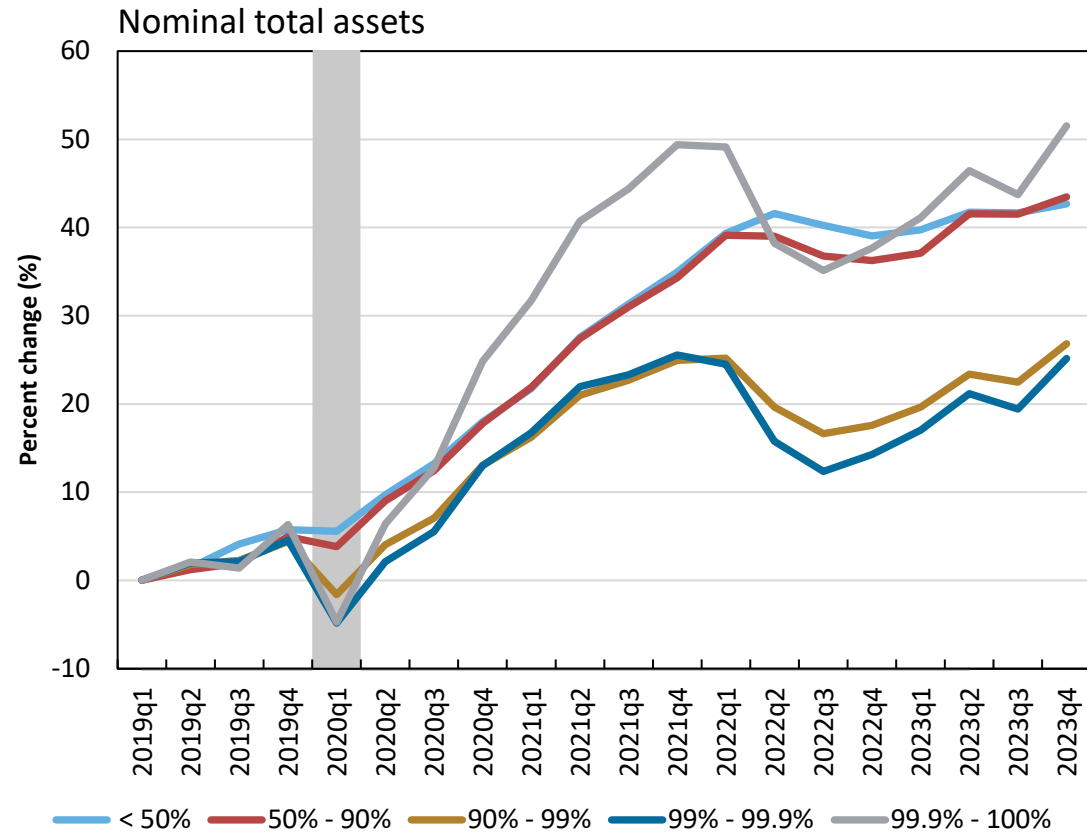## Net Worth per Household by Wealth Percentile
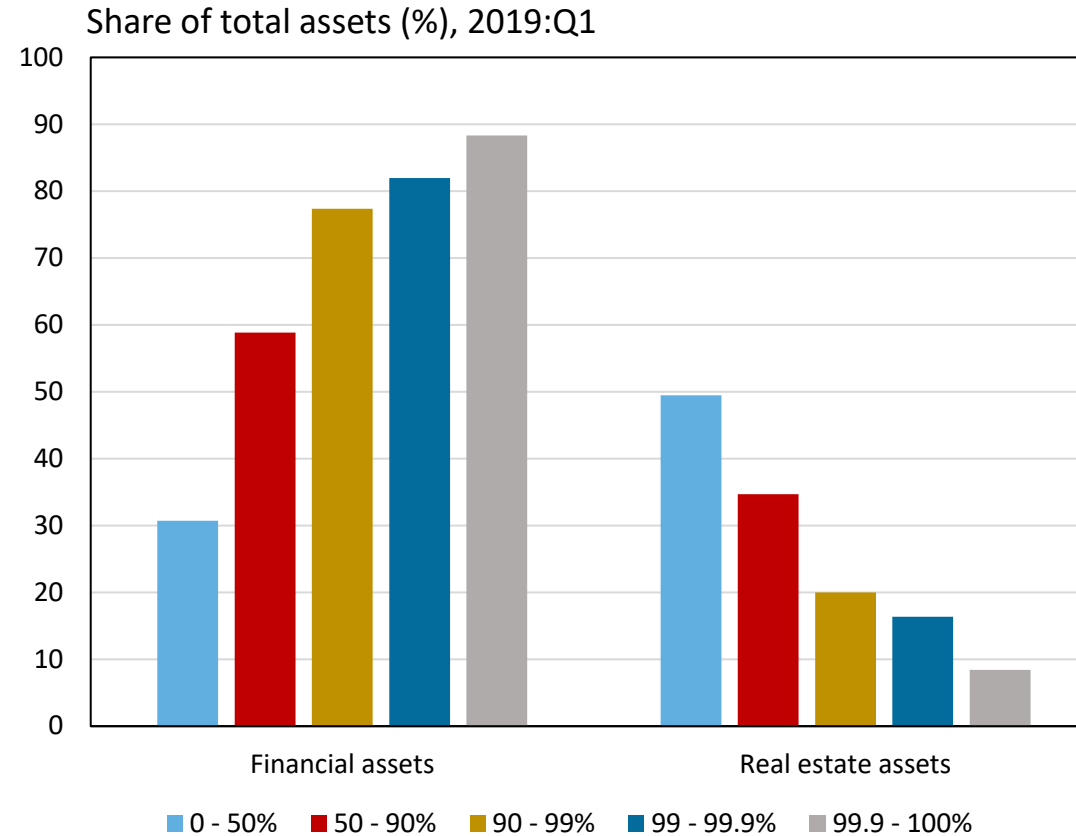

Nominal net worth

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: "Net worth" is total assets less total liabilities. Shaded region indicates the COVID-19 recession.

Total Assets per Household by Wealth Percentile

Nominal total assets

Legend: < 50% | 50% - 90% | 90% - 99% | 99% - 99.9% | 99.9% - 100%

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.

Composition of Total Assets by Wealth Percentile

Share of total assets (%), 2019:Q1

Legend: 0 - 50% | 50 - 90% | 90 - 99% | 99 - 99.9% | 99.9 - 100%

Source: Distributional Financial Accounts via Federal Reserve.

Note: We include financial asset composition from 2019:Q1 as this is our pre-COVID, baseline period.

Financial Assets per Household by Wealth Percentile

Nominal financial assets

Legend: < 50% | 50% - 90% | 90% - 99% | 99% - 99.9% | 99.9% - 100%

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.
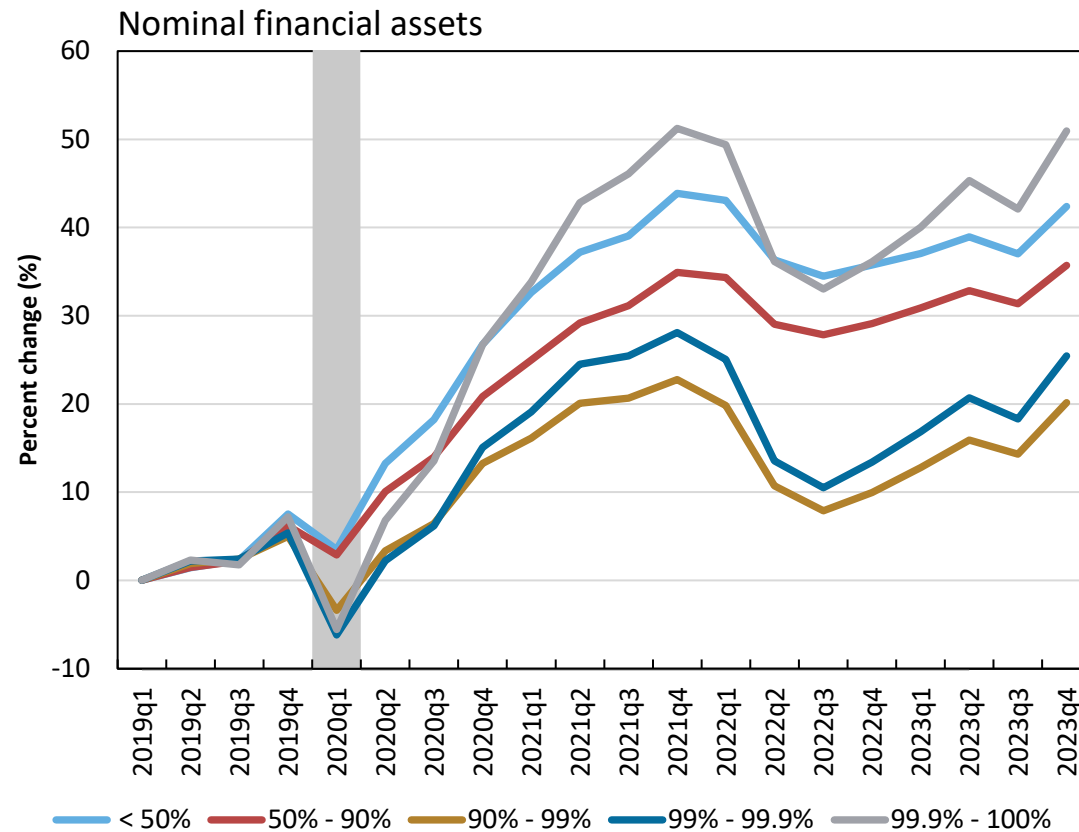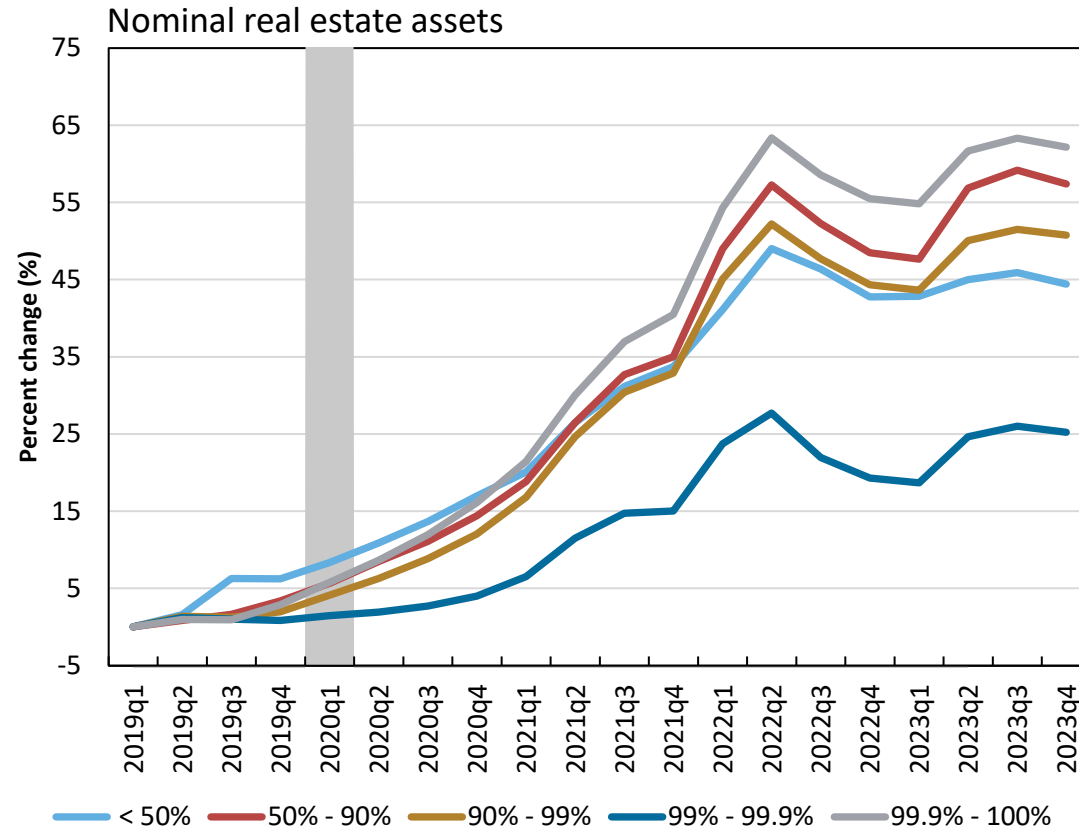
Real Estate Assets per Household by Wealth Percentile
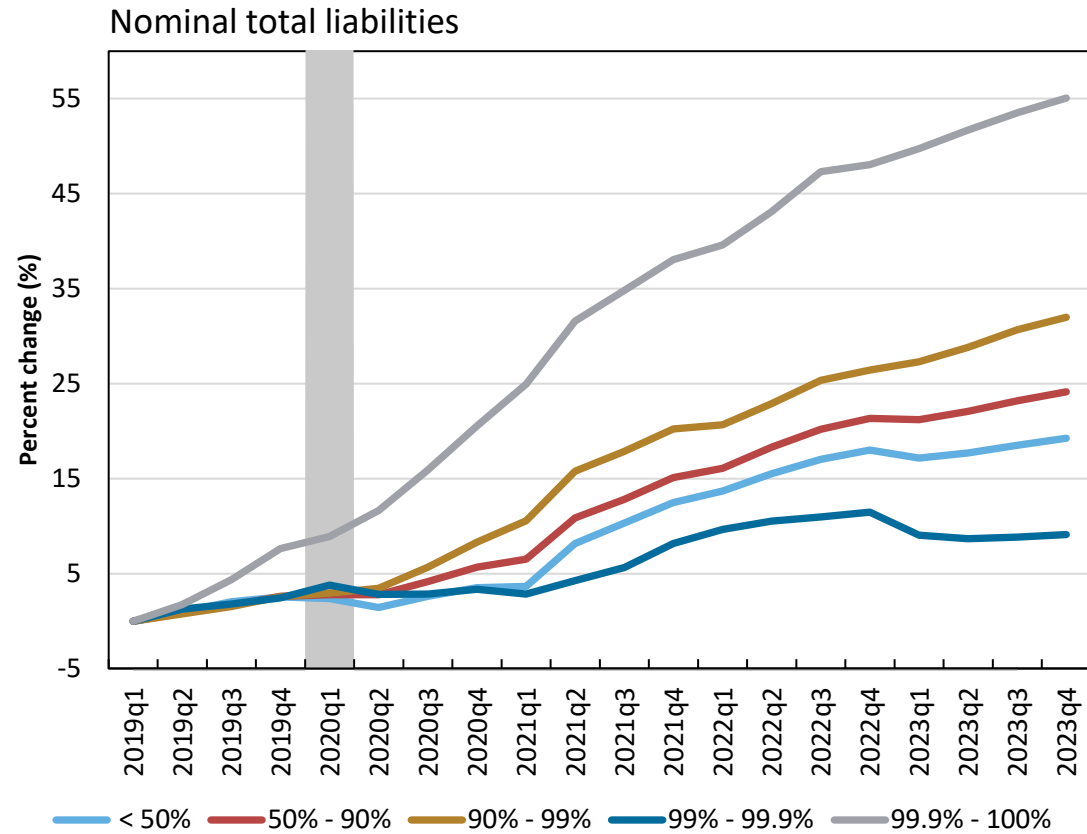

Nominal real estate assets

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.

Total Liabilities per Household by Wealth Percentile

Nominal total liabilities

Legend: < 50% | 50% - 90% | 90% - 99% | 99% - 99.9% | 99.9% - 100%

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.
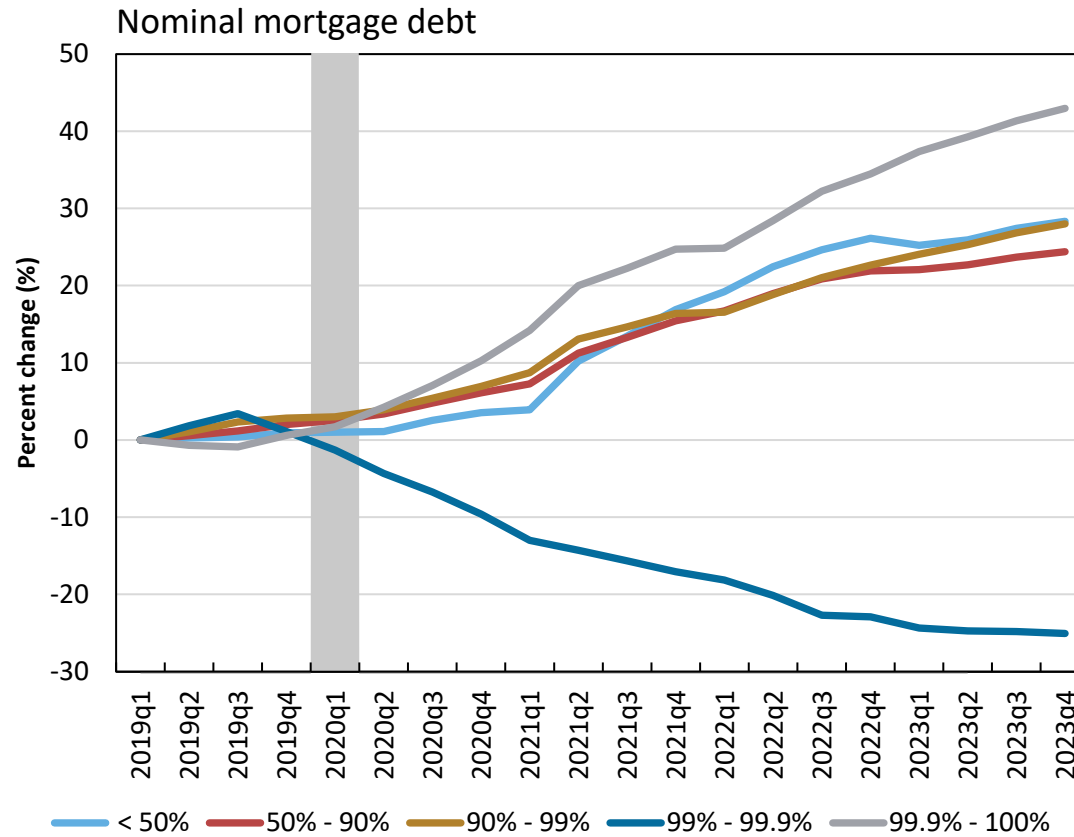
Mortgage Debt per Household by Wealth Percentile

Nominal mortgage debt

Sources: Distributional Financial Accounts via Federal Reserve, Consumer Price Index via Haver Analytics, and authors' calculations. Note: Shaded region indicates the COVID-19 recession.