



Report

The Wealth of Hispanic Households: 1996 to 2002

by

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Executive Summary

Hispanic households have less than ten cents for every dollar in wealth owned by White households.* This situation is worse than just a few years ago as the net worth of Hispanics was higher in the years leading into the 2001 recession. The recession eroded over one-quarter of the value of Hispanic wealth between 1999 and 2001. Latinos recouped some of that loss in the following year but ended 2002 with less wealth than they had in 1999. A similar picture emerges for Black households in recent years. The differences are that the net worth of Blacks is even less than that of Hispanic households and that it fell by more from 1999 to 2002. At the same time, the wealth of White households continued to grow, albeit at a slower pace than before the recession.

A Pew Hispanic Center analysis of data from the Census Bureau finds that the 2001 recession and the jobless recovery that followed were much harder on the net worth of minority households. Large segments of Hispanic and Black households are extremely vulnerable to economic downturns since over one-quarter of them have zero or negative net worth. Also, more than one out of four Hispanic and Black households owns no assets other than a car or unsecured debt. Most Hispanics and Blacks fall into the lowest category of wealth and the size of their middle-class is relatively small in itself and in comparison to Whites. One result of this is that the wealthiest 25 percent of households own over 90 percent of the total wealth in the Hispanic and Black communities. But even the wealthiest five percent of Hispanic households have a net worth that is less than one-half of the net worth of comparably placed White households.

The wealth gap between White households on the one hand and Hispanic and Black households on the other is much higher than the difference in income across these groups. Even though the median income of Latino and Black households is two-thirds as high as that of White households their wealth is only one-tenth as much. The reasons for this disparity include the facts that minorities have more limited access to financial markets and face greater barriers to homeownership. The ownership of a home bears a strong relationship with the net worth of a household. Homeowners own more of other assets and have a huge advantage in net worth over renters and other households. Hispanic homeowners, in fact, have a net worth that is half as much as the wealth of non-Hispanic homeowners. But non-Hispanic households are much more likely to own homes and that creates an even bigger gulf in wealth across the two groups.

Compared to Whites, Hispanics are also relatively young, not as highly educated, concentrated in high cost regions, such as New York and California, where homeownership can be less attainable, and are much more likely to be immigrants. All of these factors contribute to lower levels of wealth but are also self-correcting to some extent. The wealth gap should shrink as the Latino population ages and acquires greater education, especially college degrees. The Hispanic population is also starting to penetrate into new settlement areas, such as Raleigh, Omaha and Nashville, with lower costs of living than the traditional areas of concentration, and this trend may help more Latino households become homeowners. As immigrants assimilate into labor and financial markets, their income and wealth rises naturally. Although the process of assimilation is not complete in the sense that it leads to wealth parity, it does eliminate much of the initial wealth gap between immigrants and native-born households.

The data from the Census Bureau enable the estimation of wealth maintained within the borders of the U.S. only. But, many immigrants, and especially Hispanics, display a strong propensity to send remittances to their source countries. Indeed, for many migrants the ability to support family members through remittances is an important motive for coming to the United States. Remittance flows to Latin American and Caribbean countries are presently estimated at more than \$30 billion per year. That

* The terms Latino and Hispanic are used interchangeably in this report. The terms White and Black refer to the non-Hispanic portions of those racial groups.

computes to over \$2,500 per year for each Hispanic household in the U.S. If that sum were saved and invested within the U.S. it would have a significant impact on the measured wealth of Hispanic households, even if it were not nearly enough to close the gap between them and non-Hispanic households.

Major findings of this report include:

- The median net worth of Hispanic households in 2002 was \$7,932. This was only nine percent of \$88,651, the median wealth of White households at the same time. The net worth of Black households was only \$5,988.
- Between 1999 and 2001, the net worth of Hispanic and Black households fell by 27 percent each. The net worth of White households increased by 2 percent.
- Twenty-six percent of Hispanic, 32 percent of Black and 13 percent of White households had zero or negative net worth in 2002. These proportions are essentially unchanged since 1996.
- Fifty-five to 60 percent of Hispanic and Black households had wealth less than one-fourth the national median level of wealth between 1996 and 2002. Fewer than 40 percent have middle-class levels of wealth and this proportion has not changed since 1996. Nearly 75 percent of White households have middle-class or higher levels of wealth.
- The wealthiest 25 percent of Hispanic and Black households own 93 percent of the total wealth of each group. Among White households, the top 25 percent own 79 percent of total wealth.
- The percentage of White households who owned homes in 2002 was 74.3 percent. The homeownership rates for Hispanic and Black households were 47.3 percent and 47.7 percent respectively.
- Financial market participation for Hispanic and Black households is well below the norm for White households. More than 25 percent of Latino and Black households, and only 6 percent of White households, own no assets other than a vehicle or unsecured liabilities.
- Home equity is a key component of household wealth and accounts for two-thirds of the mean net worth of Hispanic and Black households. The strength of the housing market in the recent economic slowdown eased the erosion in wealth of households which can be traced to the loss in value of financial assets.
- The median net worth of renters is only one percent of the level of net worth of homeowners.
- The net worth of immigrant households is only 37 percent of the net worth of native born households. Immigrants tend to be younger and less educated and their incomes are below average. Many are also in the early stages of assimilation.
- Hispanic immigrants from Central American and Caribbean countries had a net worth of only \$2,508 in 2002. Cuban immigrants led the way for first-generation Hispanics with a net worth of \$39,787. Mexican immigrants are in the middle with a net worth of \$7,602 in 2002.
- Immigrants, Hispanic and non-Hispanic, show initial signs of rapid assimilation into homeownership, but it takes about 20 years for the homeownership rate among immigrants to equal the rate among native-born households of the same ethnicity.

1. Introduction

The focus of this study is on the net worth of Hispanic households between 1996 and 2002. The wealth of these households, and its composition and distribution, is compared with that of non-Hispanic White and Black households. It is shown that, even though Latino and Black households earn two-thirds as much as White households, their net worth is only one-tenth as much. The net worth of all households is further analyzed by their economic and demographic characteristics, such as, homeownership, education, and immigrant status. One of the important developments in the 1996 to 2002 period was the recession in 2001 followed by the so-called “jobless recovery.” Thus, in addition to what is known about the effects of the recession on employment and income, this report contributes new information on the impact of the recession on the net worth of Hispanic and non-Hispanic households.¹

Wealth, along with income, consumption and employment, is a key indicator of economic well-being. In particular, wealth provides protection against short-term economic shocks, such as recessions and spells of unemployment, and long-term security in the form of retirement income. It is a means of providing security and status for future generations in the form of inheritances and funds for higher education. One of the principal components of wealth—an owned home—is also a provider of shelter. Individual wealth is also known to provide access to superior health, education, and other services, and, as a community, relative wealth is also correlated with social and political influence. For these and related reasons, there is an increasing call among researchers to broaden the definition of poverty to encompass asset poverty.² To the extent that asset accumulation is regarded as important for the alleviation of poverty, policy makers are increasingly looking beyond income transfers and are considering programs that promote homeownership, financial sector participation, and savings.

For the reasons stated above, it is important to study the wealth of households and its relationship to their economic and demographic characteristics. The Hispanic population in the U.S. has exploded in the past three decades, growing to 40 million from a base of just under 10 million in 1970. As a result, Hispanic workers currently account for more than one-half of the growth in the U.S. labor force and employment. In turn, more than 40 percent of the growth in the Hispanic population is attributable to immigration. Thus, first-generation workers have not only dominated employment growth in the Hispanic community but also in the overall labor force during the past two decades. On the other hand, the unemployment rate for Hispanics remains persistently higher than the national average. Moreover, Hispanic workers earn less than other workers and have not succeeded in closing the earnings gap even during the lengthy economic expansion in the 1990s.³ While much is known about the employment and income prospects of Hispanics, far less is known about the wealth status of Hispanics, especially of first-generation Hispanics. This report fills that gap and also considers the extent to which the latest recession may have contributed to the erosion of Hispanic wealth.

The two principal sources of data on the wealth of households are the Survey of Income and Program Participation (SIPP) conducted by the Census Bureau and the Survey of Consumer Finances

¹ The terms “wealth” and “net worth” are used interchangeably in the report. Net worth is the market value of assets owned by households less the liabilities of those households. A list of assets appears in Table 6 below.

² For example, see Asena Caner and Edward Wolff, “Asset Poverty in the United States: Its Persistence in an Expansionary Economy,” The Levy Economics Institute, Public Policy Brief No. 76, 2004.

³ A series of recent reports by the Pew Hispanic Center have examined employment and wage trends for Hispanic and non-Hispanic workers over the past decade. See “Jobs Lost, Jobs Gained: The Latino Experience in the Recession and Recovery,” October 2003, “Latino Labor Report, 2003: Strong but Uneven Gains in Employment,” February 2004, and “Latino Labor Report, First Quarter, 2004: Wage Growth Lags Gains in Employment,” June 2004. Detailed tables on the employment and earnings of Hispanic workers are also available on the Web site of the Pew Hispanic Center (www.pewhispanic.org).

(SCF) conducted by the Federal Reserve Board. This report uses SIPP data because it has a larger sample size and contains details on the immigration status of respondents.⁴ The SIPP is a longitudinal survey, i.e., it follows largely the same panel of households over several years. The estimates in this report are based on the 1996 SIPP panel, interviewed from April 1996 to March 2000, and the 2001 SIPP panel that was interviewed from February 2001 to January 2004. The former panel yields wealth estimates for 1996, 1997, 1998 and 1999, while the latter panel provides estimates for 2001 and 2002.⁵

Since the SIPP primarily follows the same households over time, the demographic composition of the sample remains relatively fixed while one panel is being surveyed. Therefore, the possibility arises that, as a panel ages, the SIPP sample may begin to diverge from the characteristics of the overall population that it is supposed to represent. A specific issue that arises in this study is that the 1996 SIPP panel, which was interviewed for four years, was bereft of immigrants who arrived in the U.S. between 1996 and 2000. That is an important point for a study of the Hispanic population whose rapid growth has been driven by immigration and the nuances of this issue are discussed in greater detail in a later section. It is sufficient to note for now that the estimates of Hispanic wealth in 1998 and 1999 are possibly subject to an upward bias, i.e., they are likely higher than the true level of Hispanic wealth in those years because they do not reflect the constant arrival of large numbers of new immigrants with low levels of wealth.

This report presents two sets of wealth estimates. One series of estimates is derived from the broadest possible SIPP samples of households. Those are most useful for studying the wealth of Hispanic and non-Hispanic households, and its composition and distribution, at a single point in time. However, the estimates derived from the latter points of a SIPP panel, especially the estimates for 1998 and 1999 that are taken from the waning years of the 1996 panel, may be subject to the type of sample bias discussed in the preceding paragraph. Such a bias would affect the perception of the *change* in wealth between 1999 and 2001, a period that encompasses the 2001 recession. Therefore, a second series of wealth estimates is also presented that controls for the effect of the sample bias. Those estimates are most useful for studying the change in wealth between 1999 and 2001, a period that spans the recession and two different SIPP panels.

The next section of the report presents estimates of the median net worth of households and its distribution. That is followed by a presentation on the effects of the 2001 recession on the wealth of households. This section also includes a discussion of the potential bias in the estimates of net worth in the latter years of the 1996 SIPP panel. The ownership of different types of assets and the values of the various assets held by households is examined in the fourth and fifth sections. The sixth section reports findings on how the wealth of households varies by selected demographic and economic characteristics. The wealth of immigrant households is the subject of the seventh section of the report. A concluding section summarizes the principal findings.

2. Median Net Worth and its Distribution

This section presents estimates of household wealth and its distribution for the 1996 to 2002 time period. Unless otherwise noted, all figures are expressed as median values in 2003 prices.⁶ It is shown that Hispanic and Black households have a net worth that is only a small fraction of the net worth of White households. Moreover, White households expanded their advantage in the time period under study. There

⁴ Differences between the SIPP and SCF are explored in detail in Shawna Orzechowski and Peter Sepielli, "Net Worth and Asset Ownership of Households: 1998 and 2000," U.S. Census Bureau, P70-88, May 2003.

⁵ See the appendix for additional details on SIPP and the time periods referenced in this report. Because of the timings of the surveys, SIPP did not collect wealth data for 2000.

⁶ The median net worth is the number which divides the wealth distribution into two equal halves, with one-half of households owning more and the other half of households owning less than the median amount of wealth.

is great inequality in the distribution of wealth for all households, but particularly so among Hispanic and Black households, a large fraction of whom are either without assets or in net debt. The middle class among Hispanics and Blacks is also relatively thin and has not expanded its share since 1996. Finally, the wealth distribution for households of all races and ethnicities is shown to be more unequal in 2002 than in 1996.

The median net worth of Hispanic households at the end of 2002 was \$7,932. This was only nine percent of \$88,651, the median wealth of White households at the same time. Blacks were even worse off as their median net worth of \$5,988 in 2002 was less than seven percent of the wealth of Whites.⁷ Table 1 and Chart 1 show the median net worth of Hispanic, White and Black households from 1996 to 2002. The wealth of Black households actually eroded over this time period, falling 16 percent from its level of \$7,135 in 1996. The net worth of Hispanic households in 1996 was \$6,961 in 1996 and increased 14 percent over this amount by 2002. White households have fared the best since 1996. Their wealth in 2002 was 17 percent higher than the level of \$75,482 in 1996. Thus, White households expanded their advantage relative to the wealth of Hispanic and Black households in the 1996 to 2002 time period.

Not only is the wealth of Hispanic and Black households only a small fraction of the wealth of White households, an examination of the distribution of wealth reveals a strikingly thin middle class among minority households. Table 2 shows the median net worth of households grouped by their ranking

Table 1
Median Net Worth of Households by Race and Ethnicity, 1996 to 2002
(2003 dollars)

	Median Net Worth (\$)						Percent Change
	1996	1997	1998	1999	2001	2002	1996 to 2002
Hispanic	6,961	7,801	7,167	10,495	6,213	7,932	14.0
Non-Hispanic Black	7,135	7,013	7,873	8,774	5,905	5,988	-16.1
Non-Hispanic White	75,482	77,368	79,905	86,370	86,286	88,651	17.4
All Households	53,160	54,547	54,663	59,762	58,957	59,706	12.3

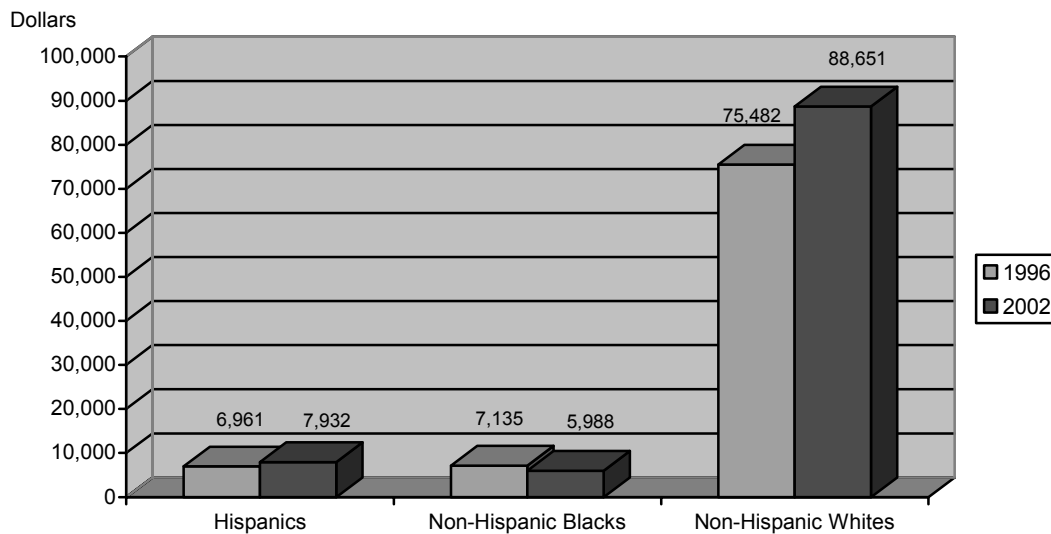
	Net Worth Relative to Net Worth of Non-Hispanic Whites (%)					
	1996	1997	1998	1999	2001	2002
Hispanic	9.2	10.1	9.0	12.2	7.2	8.9
Non-Hispanic Black	9.5	9.1	9.9	10.2	6.8	6.8

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel. All Households includes non-Hispanic Asians and others.

⁷ A wide gulf between White and Hispanic households is also observed in estimates from the Survey of Consumer Finances. Research by Edward Wolff shows that, in 1995, the wealth of Hispanics was only eight percent of the wealth of White households. This proportion fell to three percent by 2001. Over the same time period, the wealth of Black households was estimated to be around 10 percent of the wealth of White households. See Edward Wolff, "Changes in Household Wealth in the 1980s and 1990s in the U.S." The Levy Economics Institute, Working Paper No. 407, May 2004. Wolff excludes equity in vehicles and other consumer durables from his definition of wealth. There are also other differences in the definition of wealth and ethnicity between SIPP and SCF. The Federal Reserve Board, which conducts the SCF, does not publish wealth estimates for Hispanic or non-Hispanic Black households.

Chart 1
Median Net Worth of Households by Race and Ethnicity in 1996 and 2002
 (2003 dollars)



Source: Pew Hispanic Center tabulations of SIPP data from the 1996 and 2001 panels.

in the wealth distribution. The first group in the table is the 0 to 50th Percentile. That group consists of the 50 percent of households within each racial/ethnic group that ranked the lowest in terms of accumulated wealth. The median net worth of White households in the lowest fifty percentiles in 2002 was \$11,316. However, among both Hispanic and Black households the median wealth of the bottom 50 percent of households is zero. That means that one-half of the 0 to 50th Percentile of Hispanic and Black households has a net worth that is less than zero. To put it another way, at least one-quarter of *all* Hispanic and Black households has a negative net worth.

The exact percentage of households with negative or zero net worth is also shown in Table 2. Hispanic and Black households are two to three times more likely than White households to have zero or negative net worth. More specifically, 27.7 percent of Hispanic households and 31.9 percent of Black households had zero or negative net worth in 1996. That was the case for only 11 percent of White households. The situation did not change much over the years and 26 percent of Hispanic, 32.3 percent of Black and 13.1 percent of White households had zero or negative net worth in 2002.⁸ Thus, from 1996 through 2002, Hispanic and Black households were two to three times more likely to be without assets or in net debt.

Returning to the percentile data in Table 2, it can be seen that another one-quarter of Hispanic and Black households—those in the 50th to 75th percentile of the wealth rankings—has a median net worth of approximately \$25,000 in 2002. That compares with a net worth of just over \$20,000 for these households in 1996. White households with the same percentile ranks had a median net worth of \$148,705 in 2002, which is 22 percent higher than their net worth of \$121,957 in 1996. Thus, in both 1996 and 2002, Hispanic and Black households who might be considered middle class within the wealth distributions of

⁸ Using data from the Survey of Consumer Finances, Edward Wolff (see citation in footnote 7) reports that the following percentages of households had zero or negative net worth in 2001: Hispanic—35.3 percent, Black—30.9 percent, and White—13.1 percent. Thus, the SCF data also show that Hispanic and Black households were two to three times more likely than White households to be without assets or in net debt.

Table 2
Median Net Worth of Households by Wealth Percentile, Race and Ethnicity
(2003 dollars)

	Median Net Worth of Percentile Group (\$)					
	1996	1997	1998	1999	2001	2002
Hispanic						
0 to 50th	0	0	0	0	0	0
50th to 75th	20,646	21,547	21,813	29,912	21,889	25,981
75th to 85th	73,987	70,936	69,573	80,620	76,546	87,322
85th to 90th	122,580	119,919	123,625	143,156	128,996	151,219
90th to 95th	190,490	195,658	198,783	217,281	195,373	229,797
95th to 100th	396,134	379,047	390,404	455,361	493,440	498,740
All Hispanics	6,961	7,801	7,167	10,495	6,213	7,932
Non-Hispanic Black						
0 to 50th	0	0	0	0	0	0
50th to 75th	20,348	22,304	23,165	25,247	22,909	24,047
75th to 85th	58,349	59,881	60,599	65,153	71,777	70,004
85th to 90th	87,011	88,313	91,418	99,356	116,463	106,564
90th to 95th	119,640	121,833	129,672	140,643	172,638	163,309
95th to 100th	230,576	214,528	230,202	285,599	316,156	320,144
All Non-Hispanic Blacks	7,135	7,013	7,873	8,774	5,905	5,988
Non-Hispanic White						
0 to 50th	12,197	11,672	11,409	13,679	11,184	11,316
50th to 75th	121,957	127,176	132,422	141,586	144,605	148,705
75th to 85th	243,638	259,484	268,959	296,390	299,875	300,256
85th to 90th	361,192	381,436	400,748	437,478	434,149	431,199
90th to 95th	515,107	549,199	567,904	610,462	617,030	602,141
95th to 100th	918,645	1,069,022	1,015,086	1,092,418	1,151,057	1,103,135
All Non-Hispanic Whites	75,482	77,368	79,905	86,370	86,286	88,651
	Percent of Households With Zero or Negative Net Worth					
Hispanic	27.7	27.3	28.9	27.7	29.0	26.0
Non-Hispanic Black	31.9	30.7	29.5	28.2	32.4	32.3
Non-Hispanic White	11.0	11.5	11.9	11.3	12.6	13.1

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel.

their communities have a net worth that is only about 17 percent of the wealth accumulated by middle class White households.

The relative position of Hispanic and Black households does improve at the higher rungs of the wealth distribution. The wealthiest five percent of Hispanics households—those in the 95th to 100th Percentiles—have 45 percent of the level of wealth accumulated by comparable White households. However, even the wealthiest Black households have less than 30 percent of the level of wealth possessed by the richest five percent of White households. Thus, there is great disparity in the net worth of minority and White households at all points of the wealth distribution. Even the “middle-class” Hispanic and Black households possess less than one-fifth of the wealth owned by White households.

Another perspective on the relative size of the Hispanic middle class is provided by comparing the wealth of Latino households with the median wealth of the population. The median net worth of all households in the U.S. in 2002 was \$59,706 (Table 1). Using this figure as the national norm for 2002, households are classified into one of four possible categories based on their level of net worth: Low Wealth, Lower-Middle Wealth, Upper-Middle Wealth, and High Wealth. A household falls into the Low Wealth category if its net worth is less than one-fourth of the national median net worth. At the opposite end, a High Wealth household has net worth that is more than four times as high as the national median wealth. The middle wealth groups fall in between. Table 3 provides the definitions of those wealth groups as well as the results from classifying households based on their wealth relative to the national median. It can be seen that the size of the middle class of Hispanic and Black households is relatively small.

Table 3
Distribution of Households by Wealth Categories

	Percent Distribution by Wealth Category					
	1996	1997	1998	1999	2001	2002
Hispanic						
Low Wealth	57.9	56.6	57.5	54.2	58.1	56.8
Lower-Middle Wealth	17.8	19.3	18.8	20.5	17.6	17.4
Upper-Middle Wealth	17.8	17.8	17.0	18.9	18.3	18.9
High Wealth	6.5	6.2	6.7	6.5	6.0	6.8
Non-Hispanic Black						
Low Wealth	57.0	56.5	56.3	55.3	57.8	57.6
Lower-Middle Wealth	21.1	21.2	22.1	23.1	18.6	19.5
Upper-Middle Wealth	18.9	19.8	18.8	18.4	19.2	18.7
High Wealth	2.9	2.4	2.7	3.3	4.3	4.3
Non-Hispanic White						
Low Wealth	25.7	26.4	26.4	25.7	26.9	26.8
Lower-Middle Wealth	17.0	16.4	16.1	16.8	15.5	15.4
Upper-Middle Wealth	34.2	33.5	32.6	32.8	32.1	32.6
High Wealth	23.0	23.8	24.9	24.6	25.5	25.2

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel. The wealth category for a household is determined by its wealth relative to the median wealth of all households (see Table 1). Low wealth means wealth less than one-fourth of the median wealth, lower-middle means one-fourth of median to the median wealth, upper-middle means median to four times median wealth, and high wealth means more than four times the median wealth.

Most Hispanic and Black households have low wealth compared to the national norm (see Table 3). In 2003, 57 percent of these households fell into the Low Wealth category, i.e., their wealth was less than one-fourth the national median net worth of \$59,706. At the same time, only 26.8 percent of White households were placed in the Low Wealth category. These proportions remained fairly constant over the 1996 to 2002, although for all racial/ethnic groups there were slightly more households in the lowest wealth category after the 2001 recession than before the recession.

Given that the majority of Hispanic and Black households are in the Low Wealth category, it should not be surprising that the middle categories are comparably small. Among Hispanics, 17.4 percent of households were in the Lower-Middle Wealth category and another 18.9 percent were in the Upper-Middle Wealth category in 2002. Combined, that means 36.3 percent of Hispanic households in 2002 had middle-class wealth, defined here as wealth in between one-fourth to four times the national median wealth. The comparable proportion for Hispanics in 1996 was only a shade lower at 35.6 percent. The proportions for Black and White households in the middle class in 2002 are 38.2 percent and 48 percent

respectively. These shares are also little different from 1996. Thus, the wealth distribution of Hispanic and Black households is much thinner in the middle in comparison to Whites and that gap has not narrowed in recent years.

As expected, White households are far more likely to be placed in the wealthiest category than Hispanics or Blacks. In all the years studied here, approximately 25 percent of Whites have belonged in the top ranks of wealth, i.e., they have wealth at least four times as high as the national median wealth. By contrast, only 6.8 percent of Hispanics and 4.3 percent of Blacks possessed this level of wealth in 2002. While the proportion is small in itself, there are signs of progress for Blacks as only 2.9 percent of them were among the wealthiest in 1996.

Although Latino and Black households are much less likely to be among the wealthiest, the wealth of these communities is severely concentrated in the hands of the richest few, much more so than for White households. Table 4 shows the percentage of wealth controlled by households ranked by their net worth. The total wealth of all Hispanic households in 2002 was \$734 billion. However, Hispanic households in the 50th or lower percentile of the wealth distribution had a combined negative net worth of minus \$26 billion in 2002. At the same time, Hispanic households whose wealth placed them in the top five percent of the percentile rankings had a combined net worth of \$365 billion. Thus, just five percent of Hispanic households controlled 49.8 percent of the total net worth of all Hispanic households. Another 20 percent of Hispanic households, those in the 75th to 95th percentiles of the wealth rankings, controlled \$315 billion or 42.9 percent of total Hispanic wealth in 2002. Collectively, the wealthiest 25 percent of Hispanic households accounted for 92.7 percent of total Hispanic wealth in 2002. This share is slightly higher than in 1996.

The distribution of wealth across Black households is just as unequal. The net worth of one-half of Black households, those in the lower rungs of the percentile rankings, was minus \$44 billion in 2002. At the same time, the top five percent of Black households had a combined net worth of \$298 billion, or 48 percent of the total net worth of \$620 billion for Black households. This share has increased by nearly six percentage points since 1996 when the wealthiest five percent of households accounted for 42.2 percent of the total wealth of Black households. Thus, the relative position of the poorer Black households, as measured by net worth, has deteriorated considerably since 1996.

Among White households, the bottom half of the wealth distribution has a positive net worth—\$705 billion in 2002. The wealthiest 25 percent of White households, i.e., those in the 75th to 100th percentiles, accounted for 78.9 percent of the total wealth of \$18,544 billion. That is a high share, but it is less unequal than the 93 percent share of the similarly ranked Hispanic and Black households.⁹ As was the case with other racial/ethnic groups, the share of the top five percent of White households has also increased in recent years. Thus, for all households, whether Hispanic or non-Hispanic, wealth was distributed more unequally in 2002 than in the years leading up to the 2001 recession.¹⁰

⁹ It should be noted that the wealth distribution of White households may be more concentrated at the top than shown in Table 4. By design, SIPP data contain an over sample of low-income households. Therefore, in comparison to other surveys of wealth, e.g., the Survey of Consumer Finances, estimates of wealth from SIPP tend to be on the low side. To the extent that the richest households, more likely to be White than Hispanic or Black, are under sampled in SIPP, the distribution of wealth for non-Hispanic Whites may appear more equal than it really is. For more on the distribution of wealth as estimated from SCF data see the Edward Wolff paper cited in footnote 7 or Arthur B. Kennickell, “A Rolling Tide: Changes in the Distribution of Wealth in the U.S., 1989-2001,” Federal Reserve Board, March 3, 2003.

¹⁰ The Federal Reserve Board also finds that, between 1998 and 2001, net worth increased faster for households positioned above the median. See Ana M. Aizcorbe, Arthur B. Kennickell, and Kevin B. Moore, “Recent Changes in U.S. Family Finances: Evidence from the 1998 and 2001 Survey of Consumer Finances,” *Federal Reserve Bulletin*, January 2003.

Table 4
Total Net Worth and its Distribution by Wealth Percentile, Race and Ethnicity
(2003 dollars)

	Total Net Worth of Percentile Group (Billion \$)						Distribution of Total Net Worth by Percentile (%)					
	1996	1997	1998	1999	2001	2002	1996	1997	1998	1999	2001	2002
Hispanic												
0 to 50th	-12.6	-22.3	-44.1	-21.7	-26.7	-26.1	-2.8	-5.0	-10.6	-3.9	-4.2	-3.6
50th to 75th	47.4	52.4	52.6	73.2	65.8	80.1	10.6	11.8	12.6	13.3	10.3	10.9
75th to 85th	60.7	61.7	62.9	77.8	83.1	101.0	13.5	13.9	15.1	14.1	13.1	13.8
85th to 90th	50.7	52.5	55.2	66.9	68.0	85.3	11.3	11.8	13.3	12.1	10.7	11.6
90th to 95th	80.5	85.1	88.2	103.0	106.4	128.3	18.0	19.1	21.2	18.7	16.7	17.5
95th to 100th	221.4	215.1	201.3	251.7	339.0	365.4	49.4	48.4	48.4	45.7	53.3	49.8
All Hispanics	448.1	444.4	416.2	550.9	635.6	734.0	100.0	100.0	100.0	100.0	100.0	100.0
Non-Hispanic Black												
0 to 50th	-26.4	-17.6	-21.8	-18.7	-33.6	-43.9	-6.8	-4.1	-4.9	-3.5	-5.4	-7.1
50th to 75th	63.5	68.9	73.9	82.5	83.8	86.7	16.4	16.1	16.7	15.6	13.4	14.0
75th to 85th	67.0	71.1	72.3	81.9	96.9	95.4	17.3	16.6	16.3	15.5	15.5	15.4
85th to 90th	50.0	51.5	54.7	61.2	77.3	73.4	12.9	12.0	12.3	11.6	12.4	11.8
90th to 95th	70.4	72.4	77.9	89.2	117.1	110.5	18.1	16.9	17.6	16.9	18.8	17.8
95th to 100th	163.6	181.3	186.1	231.4	282.6	297.6	42.2	42.4	42.0	43.9	45.3	48.0
All Non-Hispanic Blacks	388.1	427.6	443.1	527.6	624.1	619.8	100.0	100.0	100.0	100.0	100.0	100.0
Non-Hispanic White												
0 to 50th	671.1	618.9	671.6	805.2	726.4	705.4	4.8	3.8	4.1	4.7	4.0	3.8
50th to 75th	2,448.9	2,582.1	2,701.9	2,931.6	3,134.7	3,211.3	17.6	15.7	16.7	17.2	17.3	17.3
75th to 85th	1,923.3	2,055.0	2,142.9	2,392.5	2,528.0	2,526.6	13.9	12.5	13.2	14.0	13.9	13.6
85th to 90th	1,413.9	1,509.5	1,582.8	1,757.3	1,831.2	1,818.5	10.2	9.2	9.8	10.3	10.1	9.8
90th to 95th	2,036.3	2,181.1	2,256.5	2,462.0	2,634.7	2,555.7	14.7	13.3	13.9	14.4	14.5	13.8
95th to 100th	5,383.7	7,482.7	6,846.3	6,741.5	7,316.4	7,726.5	38.8	45.5	42.3	39.4	40.3	41.7
All Non-Hispanic Whites	13,877.3	16,429.4	16,202.1	17,090.1	18,171.3	18,544.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel.

This section has shown that not only is Hispanic and Black wealth a small fraction of the net worth of White households, it is also more unevenly distributed. Compared to the national median net worth, Hispanics and Blacks are far more likely to be in the lowest wealth category than in the middle or higher ranking groups. Moreover, this situation has not changed since 1996. If anything, White households expanded their advantage relative to Hispanics and Blacks in the time period under study. The wealth gap between White households and Hispanic and Black households is much larger than the gap in incomes across these groups. Data from the Census Bureau show that the median income of Hispanic households is more than two-thirds of the level of the median income of White households. Black households have a median income that is only slightly less than two-thirds of the median income of White households.¹¹ The reasons why the wealth gap is much higher than the income gap include the lack of inheritances, limited access to financial markets, and barriers to homeownership. Homeownership and other factors related to wealth are explored in subsequent sections of this report.

3. The Effects of the 2001 Recession on Household Wealth

One of the goals of this study is to determine the change in household wealth associated with the 2001 recession. It is estimated that the recession had a large impact on the net worth of Hispanic and Black households, eroding about one-quarter of their wealth within two years. The wealth of White households continued to grow through the recession and they expanded their advantage relative to other households. Because the Hispanic population is constantly changing with the influx of low-wealth immigrants, one challenge is to set aside the effect of population change and focus only on the impact of the business cycle. That requires some manipulation of the SIPP data.

The impact of the recession is measured by estimating the change in median wealth between the end of 1999 and the end of 2001. The duration of the recession, as declared by the National Bureau of Economic Research, was from March to November 2001. As mentioned in the introductory section, one problem that has to be resolved is that the estimates of wealth for 1999 may have an upward bias. The reason for this upward bias is that the 1996 SIPP panel is not replenished over its four-year life span to incorporate newly arriving immigrants. Since the net worth of new immigrants is typically lower than average, their arrival lowers the median wealth of the population. But this downward pull on wealth is missed by the SIPP sample and the extent of the error could be significant for population sub-groups where immigration is an important source of growth. Hispanics are the primary example of such a population sub-group. The Hispanic population is growing at roughly four percent per year and almost one-half of that growth can be attributed to immigration. There is, therefore, reason to believe that the estimates of Hispanic wealth in 1999 are overstated because the significant numbers of relatively poorer Hispanic immigrants which entered the country after 1996 are not reflected in the sample.¹² The overstatement is automatically corrected with the selection of the 2001 SIPP panel because that the new sample is representative of the population at the time it is drawn, including recently arrived immigrants.

¹¹ “Income, Poverty, and Health Insurance Coverage in the United States: 2003,” U.S. Census Bureau, P60-226, August 2004. Not only is the median income of Hispanics and Blacks closer to the income of non-Hispanics it is also more evenly distributed in comparison to wealth. In Table 3 it was shown that nearly 60 percent of Hispanics and Blacks have wealth that is less than one-fourth the national median level of wealth. The Pew Hispanic Center estimates that only about 10 percent of Hispanics and 18 percent of Blacks have income that is less than one-fourth the national median level of income as reported by the Census Bureau (\$43,318 per household in 2003). When ranked by income, most Hispanics and Blacks would fall into the lower-middle income category, i.e., income from one-fourth to the national median level of income.

¹² Another potential source of error with longitudinal data such as SIPP is “attrition bias.” That arises from the departure of households or persons from the sample over time.

One way of eliminating the sample effect from the comparison of wealth across 1999 and 2001 is to adjust the composition of the 2001 SIPP panel, which represents the U.S. population in 2001, to better match the composition of the 1996 SIPP panel which represents the U.S. population in 1996. That is achieved by excluding immigrants who arrived in the U.S. in 1996 or later years from the 2001 SIPP panel. The wealth of this sub-sample from the 2001 SIPP can then be compared with the wealth of the 1996 SIPP panel, as measured in 1999, to answer the following question: How did the 2001 recession affect the wealth of households who were residents of the U.S. in 1996? In this framework, the wealth of a sample of households representing the U.S. population in 1996 is measured and compared across two points in time—1999 and 2001. The answer to this question may not be the same as comparing the wealth of the actual, but disparate, U.S. populations in 1999 and 2001, but it does isolate the effect of the business cycle by eliminating the sample composition effect. In other words, by this measurement rises or declines in the wealth of Latinos are the result of economic rather than demographic change.

The need to eliminate a group of immigrants from the 2001 SIPP triggers another restriction on the data. Immigrant status is known for most, but not all, members of a SIPP panel. Therefore, households whose immigrant status is unknown are also eliminated from the 2001 SIPP sample, and, for the sake of comparability, from the 1996 SIPP panel.¹³ As a result, the estimates of median wealth reported in this section differ from those reported in section 2 not just for 2001 and 2002 but also for the earlier years. However, the additional sample restriction has very small effects on the estimates of median wealth for 1996 to 1999.

Table 5
Median Net Worth of Households by Race and Ethnicity, 1996 to 2002
Samples Adjusted for Comparability Over Time
(2003 dollars)

	Median Net Worth (\$)					
	1996	1997	1998	1999	2001	2002
Hispanic	7,014	7,851	7,047	10,660	7,791	9,845
Non-Hispanic Black	7,224	7,201	8,031	8,696	6,373	6,706
Non-Hispanic White	75,845	77,683	80,119	86,401	88,278	90,573
All Households	53,742	54,990	55,200	60,131	62,640	63,107

	Change in Median Net Worth Over Previous Year (%)				
	1997	1998	1999	2001	2002
Hispanic	11.9	-10.2	51.3	-26.9	26.4
Non-Hispanic Black	-0.3	11.5	8.3	-26.7	5.2
Non-Hispanic White	2.4	3.1	7.8	2.2	2.6
All Households	2.3	0.4	8.9	4.2	0.7

	Net Worth Relative to Net Worth of Non-Hispanic Whites (%)					
	1996	1997	1998	1999	2001	2002
Hispanic	9.2	10.1	8.8	12.3	8.8	10.9
Non-Hispanic Black	9.5	9.3	10.0	10.1	7.2	7.4

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel. The samples include only persons for whom immigrant status is known. Also, the 2001 SIPP panel is modified to remove immigrants who entered the U.S. between 1996 and 2000

¹³ See the appendix for additional details on this issue.

The estimates of wealth adjusted to make the samples comparable across the two SIPP panels are reported in Table 5. For the 1996 to 1999 time period, the estimates in Table 3 differ slightly from those presented earlier in Table 1 due to the exclusion of households whose immigrant status is unknown. For example, the median wealth of the full sample of Hispanic households in 1999 is estimated to be \$10,495 (Table 1). If the sample is restricted to households with a known immigrant status, the median wealth of Hispanic households in 1999 is estimated to be \$10,660 (Table 5). Thus, restrictions on 1996 SIPP panel have minimal effect on the estimates of the net worth of households.

However, the restrictions on the composition of the 2001 SIPP panel have a notable impact on the estimates of wealth, especially for Hispanic households. The first restriction on this sample is to remove households whose immigrant status is unknown, and the second restriction is to eliminate immigrant households who entered the U.S. during or after 1996. For Hispanic households, this raises the estimated median wealth in 2001 from \$6,213 in Table 1 to \$7,791 in Table 5. The former is a better estimate of the true wealth of the population of Hispanic households in 2001, but the latter is more comparable to estimates derived from the 1996 SIPP panel. The difference between these two estimates is \$1,578 and, although not shown in Table 5, all but \$226 of this increase is due to the removal of immigrants entering the U.S. between 1996 and 2000. That underscores the importance of immigration in shaping the economic profile of the Hispanic population in the U.S. The wealth estimates for White and Black households in 2001 and 2002 are also impacted by the sample restrictions but in those cases the changes are almost entirely due to the removal of households with unknown immigrant status. Immigration itself is not an important phenomenon for those households.

The 2001 recession had a large effect on the net worth of Hispanic and Black households. Between 1999 and 2001 the median wealth of Hispanic households fell from \$10,660 to \$7,791, a decline of 26.9 percent (Table 5). A fair amount of this loss was apparently recovered in the following year as the median worth of Hispanic households in 2002 is estimated to be \$9,845. However, this is still eight percent below the pre-recession level of wealth. Black households suffered a decline of 26.7 percent in their median wealth between 1999 and 2001, from \$8,696 to \$6,373. The recovery for Blacks was much weaker as their net worth increased by only 5.2 percent during 2002. In fact, their net worth of \$6,706 in 2002 was 23 percent less than their net worth in 1999. On the other hand, the wealth of White households continued to increase through the recession, increasing by over two percent between 1999 and 2001 and then again by a similar percentage in 2002. Thus, the recession of 2001 and the economic slowdown that followed were harder on the net worth of minority groups.^{14,15}

4. The Ownership of Assets

Wealth may be accumulated in various forms and an analysis of the composition of wealth shows a key similarity as well as several differences across racial/ethnic groups. The single most important asset for all races and ethnicities is a house. Not surprisingly, households of all stripes are also quite likely to own vehicles. But Hispanic and Black households are much less likely than White households to own

¹⁴ This finding echoes that of earlier reports released by the Pew Hispanic Center that studied the impact of the latest recession on the employment and earnings of different racial/ethnic groups. See the PHC reports referenced in footnote 3 above.

¹⁵ Based on the analysis of data from the Survey of Consumer Finances, the Federal Reserve Board reported an increase of 10.4 percent in the median wealth of all U.S. households between 1998 and 2001 (see the reference in footnote 10). The gains for White and Black households were reported to be 16.9 percent and 13.1 percent respectively. Estimates from the SIPP, as shown in Table 5, also reveal double-digit percentage increases in the wealth of all households and White households between 1998 and 2001. The difference is that SIPP data show a decline in the wealth of Black households from 1998 to 2001. That may be a consequence of the fact that SIPP over samples low-income households and the opposite is true of the Survey of Consumer Finances.

financial assets, including retirement accounts, and many minority households own no assets whatsoever. The SIPP data make it possible to distinguish across 14 major types of assets and liabilities. This section presents evidence on the ownership of these assets and liabilities by race and ethnicity.

The assets most likely to be owned by American households are a car and a house. As shown in Table 6, nearly 90 percent of White households, over three-fourths of Hispanic households and more than two-thirds of Black households report owning at least one car in 2002. The highest rate of homeownership is among White households with 74.3 percent indicating they owned a home in 2002. This rate is much higher than among Hispanic and Black households whose rates of homeownership in 2002 were 47.3 percent and 47.7 percent respectively. The rate of homeownership among Whites has increased every year since 1996 and is presently 2.4 percentage points higher than in 1996. The homeownership rate for Hispanic households also increased over time and was 3.1 percentage points higher in 2002 in comparison to 1996. However, the rate of homeownership among Blacks has remained flat since 1996. While the homeownership rate among Hispanics and Blacks is relatively low, homes are the most likely asset to be owned by these households after vehicles.¹⁶

Other assets, mostly financial, are less likely to be owned than houses or vehicles. The leading financial assets are interest earning accounts at financial institutions and non-interest bearing checking accounts. The former includes assets such as interest-earning checking accounts, savings accounts, money market accounts, and certificates of deposit. White households lead the way once again, with 69 percent reporting ownership of interest-earning accounts at financial institutions in 2002. This was nearly 30 percentage points higher than the rate among Hispanic households—42.4 percent—and the rate among Black households—40.3 percent. Ownership rates for non-interest bearing checking accounts are lower for all types of households. White households are at the front with 36.3 percent of them owing such accounts in 2002. The rates for Hispanic and Black households are 29.9 percent and 25.1 percent respectively. Overall, it is apparent that the majority of Hispanic and Black households do not own even the basic instruments offered by financial services companies.

Ownership of other financial assets among Hispanic and Black households is very low. Fewer than 10 percent of Hispanic households and only slightly more than 10 percent of Black households owned stocks and mutual funds in 2002. This contrasts with the 35 percent rate for White households. Hispanic and Black households are also less prepared for retirement as only about 20 percent of each group reports participation in a 401(k) or Thrift savings plans and fewer than 10 percent have IRA or Keogh accounts. Among White households, 34.5 percent had 401(k) or Thrift savings plans and 29.4 percent had IRA or Keogh accounts in 2002. Clearly, financial market participation for Hispanic and Black households is well below the norm for White households.

While the ownership of assets, especially financial assets, lags among Hispanic and Black households, they are about as likely as White households to hold unsecured debt. In 2002, over 45 percent of Hispanic households, 47 percent of Black households and 53 percent of White households had unsecured liabilities. These rates represent improvements over 1996 for all three groups. Nonetheless, it is fair to say that about one-half of all households in the U.S. held unsecured debt during the entire 1996 to 2002 time period.

¹⁶ The estimated rates of homeownership from the SIPP data are very similar to those reported by the Census Bureau from its annual Housing Vacancy Survey. According to that survey, the homeownership rates by race and ethnicity in 2002 were as follows: Hispanics—47 percent, Whites—74.7 percent, and Blacks—47.4 percent. One difference between SIPP and the Housing Vacancy Survey is that the latter indicates a 4.2 percentage point increase in the homeownership rate for Hispanics between 1996 and 2002 instead of the 3.1 percentage point increase derived from SIPP.

Table 6
Asset Ownerships Rates by Race and Ethnicity, 1996 to 2002

	Asset Ownership Rates (%)					
	1996	1997	1998	1999	2001	2002
Hispanic						
Own Home	44.2	45.4	46.1	47.8	45.6	47.3
Rental Property	2.9	3.3	3.0	3.0	2.5	2.2
Other Property	3.4	2.8	3.3	2.6	3.5	2.3
Interest Earning Assets	40.7	40.0	44.1	44.6	42.1	42.4
Other Interest Earning Assets	0.5	0.5	0.6	0.4	0.8	0.7
Checking Accounts	32.3	31.4	31.6	32.0	30.0	29.9
US Savings Bonds	5.3	4.9	4.7	3.9	4.1	4.3
IRA & Keogh Accounts	6.8	6.7	7.2	8.1	7.5	7.1
401k & Thrift Accounts	13.4	14.2	16.2	17.4	16.5	18.5
Stocks & Mutual Funds	8.3	9.0	8.8	9.2	10.1	9.4
Business	7.8	7.6	7.4	8.1	7.9	7.7
Vehicles	74.7	76.1	75.8	77.5	76.7	78.7
Other Assets	2.1	2.0	2.1	2.2	1.3	1.2
Unsecured Liabilities	51.2	49.8	57.1	58.2	51.1	45.5
Non-Hispanic Black						
Own Home	46.9	46.6	47.3	47.6	48.4	47.7
Rental Property	2.7	2.5	2.3	2.3	2.3	2.2
Other Property	2.2	2.7	2.8	2.4	3.0	2.7
Interest Earning Assets	37.8	38.2	42.4	41.9	42.6	40.3
Other Interest Earning Assets	0.8	0.7	0.9	0.8	0.7	0.8
Checking Accounts	27.7	29.0	29.3	30.6	26.0	25.1
US Savings Bonds	8.7	8.5	8.2	7.2	6.3	5.3
IRA & Keogh Accounts	5.3	5.9	6.2	6.5	6.5	6.5
401k & Thrift Accounts	14.9	16.6	17.5	20.1	21.5	21.9
Stocks & Mutual Funds	10.7	10.7	9.9	10.6	13.0	11.7
Business	4.6	4.7	4.4	4.3	5.0	5.0
Vehicles	67.6	67.6	69.7	71.2	70.0	67.8
Other Assets	1.6	1.1	1.1	0.8	1.5	1.1
Unsecured Liabilities	49.4	47.5	50.6	51.8	52.8	47.3
Non-Hispanic White						
Own Home	71.9	72.2	72.7	73.0	74.1	74.3
Rental Property	6.5	6.1	5.7	5.4	5.4	5.2
Other Property	8.4	7.6	7.9	7.8	8.5	7.9
Interest Earning Assets	70.9	70.4	71.6	71.1	69.4	69.0
Other Interest Earning Assets	5.1	4.8	4.7	4.1	4.3	3.9
Checking Accounts	41.6	41.1	38.9	39.0	38.1	36.3
US Savings Bonds	19.6	18.9	18.0	17.3	16.0	15.2
IRA & Keogh Accounts	24.5	25.4	26.3	27.5	28.7	29.4
401k & Thrift Accounts	27.8	29.7	31.1	32.9	34.2	34.5
Stocks & Mutual Funds	32.3	31.7	31.8	31.9	37.3	35.0
Business	12.7	12.8	11.9	12.0	12.8	13.1
Vehicles	89.4	89.0	88.8	89.2	88.8	88.4
Other Assets	6.1	5.6	4.5	4.6	4.6	3.8
Unsecured Liabilities	58.2	56.4	57.2	55.8	56.4	53.1

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel. Other Assets includes amounts due from sale of business or property, mortgages held for sale of real estate, and miscellaneous other financial assets.

Table 7
Percent of Households Who Do Not Own Assets by Race and Ethnicity, 1996 to 2002

	Households With No Asset Other Than Unsecured Liabilities (%)					
	1996	1997	1998	1999	2001	2002
Hispanic	14.9	14.3	12.4	12.0	11.7	10.5
Non-Hispanic Black	17.5	17.3	15.4	14.5	15.1	16.4
Non-Hispanic White	2.3	2.3	2.2	2.0	2.1	2.5

	Households With No Asset Other Than Vehicles or Unsecured Liabilities (%)					
	1996	1997	1998	1999	2001	2002
Hispanic	28.7	28.9	26.2	24.4	25.7	25.4
Non-Hispanic Black	28.4	28.4	26.0	25.8	25.5	27.2
Non-Hispanic White	6.5	6.5	6.1	6.3	5.8	6.3

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel.

Another perspective on the gap between White and minority households is provided by looking at the proportions of households that own no assets. Table 7 shows that 10.5 percent of Hispanic households and 16.4 percent of Black households reported owning no assets other than unsecured liabilities in 2002. These are households with debt but no positive asset position. The similar proportion for White households is only 2.5 percent. If one considers households that own no assets other than a vehicle or unsecured liabilities, the proportions rise to 25.4 percent for Hispanics and 27.2 percent for Blacks. The same proportion for White households is only 6.3 percent in 2002. Thus, while virtually all White households own at least some real estate, business equity or financial instrument, over one-quarter of Hispanic and Black households own no such assets. On the positive side, there has been some improvement since 1996 when these proportions were slightly worse for both Hispanics and Blacks.

5. Net Worth by Type of Asset

As discussed in section 2 above, the median net worth of Hispanic households in 2002 was \$7,932, or only nine percent of the median net worth of White households. But what is the amount of equity that Latinos have acquired in the homes they own and how does that compare with White households? What is the value of the financial assets owned by Latino households? And what is the relative importance of each asset in the portfolios of Hispanic and non-Hispanic households? It is shown that, just as homeownership is more important than the ownership of all other assets except vehicles, home equity is the single largest item in the portfolio of homeowners. Also, not only are White households more likely to own any given asset, they also possess more of each asset on average in comparison to Hispanics and Blacks.

By one measure the median value of home equity or any asset owned by Hispanic households, other than vehicles, is zero. That is because fewer than 50 percent of Latino households own any single asset other than vehicles. For example, since only 47.3 percent of Hispanic households owned a home in 2002, the remaining 52.7 percent of Latinos had, by definition, zero amount of home equity. It follows that for the entire population of Latino households, the median value of home equity is zero. The same logic applies to all other assets except vehicles. What is true for Hispanic households is also generally true for Black and White households. The only exceptions arise in the case of White households who own

homes, interest earning assets and unsecured liabilities at rates in excess of 50 percent. Therefore, in gauging the value of individual assets, it makes sense to focus only on the households that own those assets.

Table 8 shows the median value of assets for households that own any particular asset. Among Hispanic households that owned a home, i.e., for the 47.3 percent of Latino households that owned a home, the median value of home equity was \$49,840 in 2002. That was 60 percent of the median value of home equity—\$81,191—owned by White households. So, not only is the proportion of White households that owns a home much higher, but the value of those homes is also higher. Black households, who have the same rate of homeownership as Hispanic households, have the lowest median value of home equity, namely, \$40,685 in 2002.

With respect to financial assets, Latino and Black households have virtually the same median value of interest earning assets in 2002, about \$1,500, which, in turn, is about one-third of the value owned by White households—\$5,029. The same could be said of stocks and mutual funds, where the holdings of Latino households—\$3,560—are roughly one-third of the \$10,171 held by White households in 2002. With regard to retirement accounts in 2002, Latino and Black households owned in the range of \$10,000 to \$12,000 in IRA & Keogh accounts and 401(k) & Thrift accounts. White households owned approximately twice that amount—\$20,343 in IRA & Keogh accounts and \$20,298 in 401(k) & Thrift accounts.

It was noted earlier that the 2001 recession had a negative impact on the wealth of Hispanic and Black households. For Latino households, the erosion in wealth can be traced to the loss in value of financial assets. Between 1999 and 2002, the median values of the holdings of Hispanic households declined in all of the following categories: interest earning assets, other interest earning assets, U.S. savings bonds, IRA & Keogh accounts, 401(k) & Thrift accounts, and stocks and mutual funds.¹⁷ On the other hand, the median value of equity in owned homes and rental properties increased between 1999 and 2002. Thus, the strength of the housing market in the recent economic slowdown eased the reduction in median wealth of Hispanic homeowners.

The trends in the median value of assets were similar for White householders. Between 1999 and 2002, these households also saw an increase in the value of home equity and a reduction in the value of their financial assets. The fact that nearly three-quarters of White households own homes most likely prevented a reduction in the median net worth of this population. Black households were somehow able to buck these trends as, for them, the median values of all financial assets except stocks and mutual funds increased between 1999 and 2002.

How important are the various assets to the portfolio of the “typical” Latino and non-Latino households? Because not all households own all assets, and since several assets are owned by very few households, this question is open to more than one answer. Table 9 offers one perspective on the issue. In particular, Table 9 shows the distribution of the *mean* net worth of Hispanic households. In 2002, the mean net worth of Hispanic households is estimated to be \$65,371. In the same year, the mean level of home equity for *all* Hispanic households, not just homeowners, was \$39,864. Thus, as shown in Table 9, 61 percent of the average net worth of Latino households is derived from home equity. Other assets pale in comparison. The next most important assets on the list are rental properties and 401(k) & Thrift accounts and each of those accounts for only 7.3 percent of the mean net worth of Hispanic households.

¹⁷ The magnitudes of the declines in these asset values for Hispanics are likely to have been affected by the sample effect discussed in section 3 above. But the direction of the change is unlikely to have been the consequence of just the sample effect, especially since the same changes are observed for White households and the stock market began a slide in 1999 that lasted several years.

Table 8
Median Net Worth of Households by Type of Asset, Race and Ethnicity, 1996 to 2002
(2003 dollars)

	Median Net Worth by Type of Asset (\$)					
	1996	1997	1998	1999	2001	2002
Hispanic						
Own Home	40,605	38,785	34,675	41,545	46,439	49,840
Rental Property	46,406	62,624	41,538	67,784	72,482	110,623
Other Property	34,586	22,772	33,659	32,701	20,826	20,343
Interest Earning Assets	1,659	1,709	1,684	1,974	1,562	1,525
Other Interest Earning Assets	17,293	13,189	13,028	14,809	25,799	8,406
Checking Accounts	578	569	561	550	622	508
US Savings Bonds	580	570	562	1,084	622	812
IRA & Keogh Accounts	15,035	13,070	18,142	16,254	12,384	10,149
401k & Thrift Accounts	8,121	9,109	11,185	13,081	10,413	12,179
Stocks & Mutual Funds	8,070	11,407	7,503	10,836	5,705	3,560
Business	4,177	5,683	3,915	5,466	2,580	2,236
Vehicles	4,337	4,386	3,534	3,253	3,313	3,265
Other Assets	12,610	13,638	8,976	6,614	10,372	35,521
Unsecured Liabilities	3,480	3,416	4,474	3,608	3,838	3,051
All Assets	6,961	7,801	7,167	10,495	6,213	7,932
Non-Hispanic Black						
Own Home	34,695	35,819	36,957	38,265	41,279	40,685
Rental Property	20,817	17,111	31,357	32,509	82,836	81,191
Other Property	17,402	22,772	22,439	14,213	31,239	22,365
Interest Earning Assets	1,615	1,711	1,380	1,341	1,346	1,522
Other Interest Earning Assets	13,464	26,427	13,422	13,545	13,537	16,103
Checking Accounts	348	342	337	545	414	345
US Savings Bonds	348	342	337	542	312	508
IRA & Keogh Accounts	5,764	7,956	6,719	7,653	14,448	11,976
401k & Thrift Accounts	6,939	7,985	8,959	9,810	10,320	10,166
Stocks & Mutual Funds	4,626	4,563	5,613	8,669	6,192	3,050
Business	2,882	3,418	3,817	13,119	1,145	2,030
Vehicles	4,235	3,821	3,905	3,739	3,241	3,153
Other Assets	5,801	5,697	5,610	4,592	6,420	8,137
Unsecured Liabilities	3,920	3,418	3,920	4,335	4,149	4,060
All Assets	7,135	7,013	7,873	8,774	5,905	5,988
Non-Hispanic White						
Own Home	63,808	68,190	67,194	70,436	75,069	81,191
Rental Property	69,390	68,190	67,317	81,272	97,333	101,657
Other Property	29,004	34,222	39,197	43,731	41,488	45,771
Interest Earning Assets	5,116	4,663	5,152	5,418	5,186	5,029
Other Interest Earning Assets	34,695	34,158	33,556	32,509	31,116	30,514
Checking Accounts	580	649	672	656	726	712
US Savings Bonds	1,153	1,137	1,120	1,090	932	1,015
IRA & Keogh Accounts	22,043	22,772	24,698	27,879	23,815	20,343
401k & Thrift Accounts	16,140	19,356	22,453	24,744	20,709	20,298
Stocks & Mutual Funds	16,030	22,730	18,344	21,866	11,352	10,171
Business	11,529	9,109	9,519	10,933	10,320	7,120
Vehicles	7,459	6,873	6,378	6,721	5,366	5,277
Other Assets	25,940	27,924	30,293	27,251	28,895	30,447
Unsecured Liabilities	3,887	4,099	4,376	4,335	4,644	4,973
All Assets	75,482	77,368	79,905	86,370	86,286	88,651

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel.

Table 9
Mean Net Worth and its Distribution by Type of Asset, Race and Ethnicity, 1996 to 2002
 (Asset values in 2003 dollars)

	Total Mean Net Worth (\$) and its Percent Distribution					
	1996	1997	1998	1999	2001	2002
Hispanic						
Total Mean Net Worth (\$)	54,452	51,760	47,199	59,470	60,006	65,371
<i>Percent Distribution of Mean Worth</i>						
Own Home	51.4	50.7	56.4	53.3	54.9	61.0
Rental Property	4.9	5.3	6.2	4.9	7.4	7.3
Other Property	3.4	3.4	4.5	3.1	3.6	1.9
Interest Earning Assets	6.0	5.6	7.2	6.3	6.8	5.8
Other Interest Earning Assets	0.9	0.8	0.8	0.5	0.8	0.5
Checking Accounts	0.7	0.7	0.8	0.7	0.7	0.5
US Savings Bonds	0.2	0.2	0.4	0.3	0.2	0.3
IRA & Keogh Accounts	4.2	4.7	6.7	5.4	4.1	2.9
401k & Thrift Accounts	5.7	7.0	9.5	9.5	7.9	7.3
Stocks & Mutual Funds	7.3	8.7	8.1	8.8	11.1	7.2
Business	7.1	11.7	5.8	9.7	5.8	6.7
Vehicles	8.2	8.4	8.1	6.3	4.2	3.4
Other Assets	8.1	2.6	1.5	0.5	0.8	1.8
Unsecured Liabilities	-7.9	-9.8	-16.0	-9.2	-8.3	-6.5
Non-Hispanic Black						
Total Mean Net Worth (\$)	34,293	36,831	37,319	43,013	47,129	45,711
<i>Percent Distribution of Mean Worth</i>						
Own Home	65.4	60.1	61.3	56.4	60.9	63.0
Rental Property	3.7	2.8	5.5	2.7	4.4	6.5
Other Property	3.0	2.7	3.4	1.8	3.7	2.8
Interest Earning Assets	6.4	6.0	5.8	4.9	5.5	4.3
Other Interest Earning Assets	0.9	0.8	0.8	0.6	0.4	0.9
Checking Accounts	0.6	0.7	0.7	0.7	0.5	0.4
US Savings Bonds	0.5	0.4	0.3	0.7	0.3	0.3
IRA & Keogh Accounts	2.6	2.3	3.3	3.4	4.1	3.8
401k & Thrift Accounts	7.2	9.5	10.3	11.5	12.1	11.5
Stocks & Mutual Funds	5.2	6.4	7.7	10.4	8.2	5.6
Business	4.6	8.2	3.2	9.8	5.5	7.1
Vehicles	10.9	9.3	9.3	8.5	4.3	3.9
Other Assets	2.1	1.5	0.9	0.2	0.9	0.4
Unsecured Liabilities	-13.0	-10.6	-12.3	-11.7	-10.7	-10.5
Non-Hispanic White						
Total Mean Net Worth (\$)	178,980	210,289	206,163	214,799	217,661	221,871
<i>Percent Distribution of Mean Worth</i>						
Own Home	35.5	30.8	32.3	32.9	37.1	38.5
Rental Property	4.6	3.5	4.0	3.6	5.2	4.9
Other Property	3.0	2.6	2.9	3.1	3.6	3.3
Interest Earning Assets	7.6	6.1	6.8	6.4	7.3	6.7
Other Interest Earning Assets	2.9	2.4	2.0	1.7	2.2	2.2
Checking Accounts	0.3	0.3	0.3	0.3	0.3	0.2
US Savings Bonds	0.5	0.5	0.4	0.4	0.3	0.3
IRA & Keogh Accounts	6.2	6.0	7.5	8.2	7.4	6.6
401k & Thrift Accounts	6.0	6.4	8.1	9.0	7.8	7.4
Stocks & Mutual Funds	23.2	31.2	27.0	24.5	21.4	21.9
Business	5.3	6.6	6.1	7.4	6.1	5.8
Vehicles	4.8	4.0	3.8	3.7	2.5	2.4
Other Assets	3.4	2.8	2.0	1.8	2.2	2.9
Unsecured Liabilities	-3.4	-3.1	-3.2	-2.9	-3.4	-3.0

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel.

Close behind are stocks and mutual funds which account for 7.2 percent of Latino wealth by this measure. Clearly, homeownership is a vital component of the wealth of Hispanic households.

The overwhelming importance of homeownership is also evident for Black households for whom home equity accounted for 63 percent of mean total net worth in 2002. Far behind are 401(k) & Thrift accounts which contributed 11.5 percent to the value of mean total net worth of Black households. Home equity is also important for White households but much less so. In 2002, home equity was only 38.5 percent of the mean net worth of \$221,871 of White households. Stocks and mutual funds are also very important to White households and accounted for 21.9 percent of their mean wealth in 2002. By these measures, therefore, the average White household has a much more balanced portfolio than the average Hispanic and Black household.

Another perspective on the importance of an asset may be gleaned by phrasing the question more narrowly. For example, what is the share of home equity in the total net worth of homeowners only? In other words, rather than estimating the distribution of net worth for the entire population, one can estimate the importance of an asset only to the segment of the population that owns that asset. Table 10 shows that home equity accounts for 88.4 percent or more of total net worth for one-half of Latino homeowners. Since 47.3 percent of Latino households currently own a home (Table 6), this implies that one-half of this number, or 23.7 percent of all Latino households, has 88.4 percent or more of net worth held in the form of a home.

Almost exactly the same statements apply to the situation of Black households. The homeownership rate for Black households was 47.7 percent in 2002. Among the Black households that own a home, one-half had 88.1 percent or more of their total net worth in the form of home equity. In other words, nearly one-quarter of all Black households count home equity as the overwhelming portion of their portfolio. Whites that own homes have more diverse portfolios but home equity is still the major portion of their wealth. In particular, home equity accounts for 61.6 percent or more of the total net worth of one-half of White homeowners. It can be seen from Table 10 that most owners of rental and other properties would also count those properties as significant parts of the value of their total holdings. Thus, real estate is a key asset for those who own it.

The significance of homeownership can also be assessed by comparing the wealth of homeowners with others. Table 11 shows the median net worth of Hispanic and non-Hispanic homeowners and others. The wealth advantage of homeowners over the rest of households is enormous. The median net worth of non-Hispanic homeowners in 2002 was \$129,778.¹⁸ In contrast, the median net worth of non-Hispanic renters and others was only \$1,526, or just over 1 percent of the wealth of homeowners. Gaps of this size are present in all years since 1996. The median net worth of Hispanic renters and others is also very low. In 2002, the net worth of Hispanic renters and others was only \$762. On the other hand, Hispanic homeowners had a net worth of \$62,839, or 82 times the wealth of Hispanic renters and others.¹⁹

The data in Table 11 also indicate that the wealth of Hispanic homeowners is almost 50 percent of the level of wealth of non-Hispanic homeowners. The same result also emerges for Hispanic renters and others when compared with non-Hispanic renters and others in recent years. However, the wealth of all Hispanic households combined is only about 10 percent of the level of wealth of all non-Hispanic

¹⁸ The non-Hispanic category includes non-Hispanic Whites, non-Hispanic Blacks, and non-Hispanic Others (Asians and others).

¹⁹ Gaps of this magnitude also emerge from SCF data. Aizcorbe, Kennickell and Moore (see the citation in footnote 10) report that the median wealth of renters and others was less than three percent of the median wealth of homeowners in 2001.

Table 10
The Share of an Asset in the Net Worth of Households that Own the Asset, 1996 to 2002

	Median Values of Asset Shares (%)					
	1996	1997	1998	1999	2001	2002
Hispanic						
Own Home	81.8	82.6	81.8	81.6	86.0	88.4
Rental Property	28.1	34.5	27.5	39.5	33.6	42.7
Other Property	29.1	26.8	21.2	39.9	21.6	26.2
Interest Earning Assets	4.5	4.1	4.3	4.0	3.6	4.0
Other Interest Earning Assets	5.4	7.9	16.3	9.9	11.3	2.9
Checking Accounts	1.3	1.0	1.2	1.0	1.1	0.8
US Savings Bonds	0.9	0.8	1.0	1.4	0.5	0.7
IRA & Keogh Accounts	14.6	15.2	14.7	12.6	8.0	6.7
401k & Thrift Accounts	18.0	18.2	21.3	24.6	19.1	16.1
Stocks & Mutual Funds	11.1	16.5	8.5	11.0	6.2	2.6
Business	18.3	21.1	21.7	26.7	22.4	14.7
Vehicles	18.7	17.2	12.5	11.3	12.9	13.1
Other Assets	16.7	17.4	10.6	9.9	10.0	11.0
Unsecured Liabilities	-3.6	-3.1	-3.3	-3.1	-2.6	-2.9
Non-Hispanic Black						
Own Home	85.7	84.8	84.3	86.5	86.1	88.1
Rental Property	27.3	24.1	30.5	32.9	35.3	35.8
Other Property	26.3	24.6	21.6	21.7	28.8	18.3
Interest Earning Assets	5.3	4.9	3.9	3.6	2.2	2.6
Other Interest Earning Assets	17.1	14.0	13.7	11.5	6.7	12.6
Checking Accounts	0.5	0.6	1.0	1.1	0.5	0.5
US Savings Bonds	0.8	0.6	0.5	0.8	0.3	0.4
IRA & Keogh Accounts	9.8	9.6	10.3	9.9	12.7	10.6
401k & Thrift Accounts	20.0	25.6	24.1	25.8	18.0	24.0
Stocks & Mutual Funds	6.7	6.5	9.5	9.4	4.4	3.8
Business	32.4	14.5	20.0	23.5	23.1	37.5
Vehicles	16.8	16.1	14.7	13.9	10.7	10.4
Other Assets	11.8	7.4	9.3	4.5	7.9	16.7
Unsecured Liabilities	-4.1	-3.9	-4.1	-4.2	-2.8	-2.8
Non-Hispanic White						
Own Home	57.5	55.2	55.4	54.5	59.1	61.6
Rental Property	24.4	22.7	23.0	24.1	28.1	30.3
Other Property	14.4	14.1	15.9	15.6	17.8	18.1
Interest Earning Assets	5.0	4.4	4.5	4.2	4.5	3.9
Other Interest Earning Assets	8.0	8.0	7.8	6.5	6.6	8.5
Checking Accounts	0.6	0.7	0.6	0.6	0.6	0.6
US Savings Bonds	0.8	0.8	0.8	0.7	0.5	0.5
IRA & Keogh Accounts	10.4	10.6	11.7	12.1	10.7	9.6
401k & Thrift Accounts	15.7	18.6	21.0	21.9	17.7	17.5
Stocks & Mutual Funds	10.7	13.2	10.7	12.2	6.7	6.1
Business	12.8	10.8	11.0	10.0	9.4	10.5
Vehicles	7.6	6.8	6.0	5.7	4.2	4.2
Other Assets	12.0	12.5	12.4	9.9	12.2	11.6
Unsecured Liabilities	-2.7	-2.6	-2.5	-2.4	-2.2	-2.3

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel. The shares of individual assets in total net worth are first computed for each household. Then, for each asset, the median value of the shares is computed across households that own that asset.

Table 11
Median Net Worth of Hispanic and Non-Hispanic Households
by Homeowner Status, 1996 to 2002
(2003 dollars)

	Median Net Worth (\$)					
	1996	1997	1998	1999	2001	2002
Hispanic						
Renters or others	578	570	337	545	774	762
Homeowners	56,767	53,614	49,485	57,928	57,376	62,839
All Hispanics	6,961	7,801	7,167	10,495	6,213	7,932
Non-Hispanic						
Renters or others	2,264	1,935	1,914	2,059	1,816	1,526
Homeowners	111,141	115,222	117,070	123,175	126,261	129,778
All Non-Hispanics	59,786	61,171	62,179	67,692	68,248	69,305

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel.

households. That is a consequence of the much higher rate of homeownership among non-Hispanics (Table 6).²⁰

While much of the wealth of homeowners is derived from home equity, homeownership as a trait is also associated with higher rates of ownership of other assets as well as higher levels of holdings of those assets. This can be seen in Appendix Tables A1 and A2 which report ownership rates and the median values of financial assets for Hispanic and non-Hispanic homeowners and others.²¹ For example, consider the gap that exists with respect to retirement accounts. Both Hispanic and non-Hispanic homeowners are about twice as likely as renters and others to own a 401(k) or Thrift account (see Table A1). Moreover, Hispanic homeowners with 401(k) and Thrift accounts had a median value of \$15,020 in their accounts in 2002, but Hispanic renters and others with these accounts had only \$6,061 (Table A2). Similarly, non-Hispanic homeowners with 401(k) and Thrift accounts maintain a median balance of \$22,328 in contrast to the balance of \$7,629 kept by non-Hispanic renters and others. Large gaps in ownership and asset values between homeowners and renters can also be observed in the case of IRA and Keogh accounts. Overall, homeowners are also more likely to own and maintain higher balances in checking and interest earning accounts, possess a greater value of savings bonds, own more in stocks and mutual funds, have more of other assets, and appear to drive better cars.

6. Wealth by Household Characteristics

There are many reasons why the net worth of Latino households is below the U.S. average. The Hispanic population in the U.S. is younger, not as highly educated, and earns less than the non-Hispanic population. Moreover, 40 percent of the Hispanic population is composed of immigrants who, along with previous generations of Latinos, are concentrated in a small handful of states in the U.S. This section examines how the median net worth of Hispanic and non-Hispanic households varies by their economic

²⁰ Table 6 shows data for non-Hispanic Whites and Blacks only. The homeownership rate of non-Hispanic Others was 57 percent in 2002.

²¹ As is the case with previous tables, the median values are only computed over the set of households that own any particular asset.

and demographic characteristics such as income, age, education, gender, and region of residence. The next section examines the wealth of immigrant groups.

The net worth of a household increases with its income. That fact emerges clearly in Table 12 which shows the net worth of Hispanic and non-Hispanic households grouped into quintiles of the income distribution.²² Among Hispanics, a wide gulf in net worth emerges with the fourth highest income quintile. In 2002, the median wealth of Latinos in the fourth income quintile was \$38,402, or four times as high as the median wealth of Latinos in the third income quintile, namely, \$9,629. Among non-Hispanics, the big jump in net worth occurs at much lower levels of income. The net worth of non-Hispanic households in the second income quintile was \$40,194 in 2002, five times as high as the net worth of non-Hispanics in the lowest income quintile—\$7,963. Table 12 also shows that, in the highest income ranges, Hispanic net worth in 2002 was 40 percent of non-Hispanic net worth. However, Hispanic households in the three lowest income quintiles have a net worth that is less than 20 percent of the net worth of non-Hispanic households in the same income quintiles. Thus, the gap in wealth between Latino and non-Latino households is much higher at lower levels of income.

Underlying the wealth gaps by income level is differences in homeownership across the quintiles of the income distribution. Even at the lowest rungs of the income distribution, nearly 50 percent of non-Hispanic households own a home. However, the same is true for fewer than 30 percent of Hispanic households in the lowest income quintile. For Latinos, the rate of homeownership does not cross the 50 percent threshold till the third income quintile. In 2002, this meant a monthly household income in the range of \$2,552 to \$4,020. Clearly, policies designed to promote homeownership among low- to mid-income Hispanics would have a large impact on closing the wealth gap between Latino and non-Latinos households.

Existing research shows that wealth increases with the age of a household head but only till about age 65. Household wealth diminishes thereafter as older households begin the process of consuming past savings.²³ This pattern also emerges from the SIPP data for non-Hispanic households. Table 13 shows that the median wealth of non-Hispanic households peaks in the age group 55 to 64 years. In 2002, for example, the median wealth of these households was \$145,131, nearly 14 times higher than the wealth of non-Hispanic households headed by persons of age 25 to 34 years—\$10,705. Notably, the age wealth gap was much lower in 1996 when the wealth of non-Hispanic households in age group 55 to 64 years was only 8 times as high as the wealth of households in age group 25 to 34 years.

Among Hispanic households, wealth continues to grow through all age levels and peaks at ages beyond 65 years. In 2002, the median wealth of Hispanic households in age group 65 years or above was \$51,934. This, too, is almost 14 times higher than the wealth of Hispanic households in age group 25 to 34 years, namely, \$3,857. In the year 1996, this ratio was lower as the wealth of Hispanic households in age group 65 years and over—\$39,155—was 10 times as high as the wealth of households in age group 25 to 34 years. As is the case with non-Hispanic households, the net worth of Hispanic households also increases rapidly with age, although it appears that it takes Hispanic households a decade longer than non-Hispanics to multiply their wealth by the same proportion.

As with income and age, the education of the household head is another factor positively related to net worth. The advantages of a college education are quite significant. In 2002, non-Hispanic households with college-educated heads had a median net worth of \$161,613 (Table 14). This was nearly three times as high as the net worth of \$56,428 owned by non-Hispanic households whose head had

²² The income quintile ranges are given in the footnote to Table 12.

²³ See the papers by Edward N. Wolff (cited in footnote 7) and Ana M. Aizcorbe, Arthur B. Kennickell and Kevin B. Moore (cited in footnote 10).

Table 12
Median Net Worth and Home Ownership Rates of
Hispanic and Non-Hispanic Households by Income Quintile, 1996 to 2002
(Net Worth in 2003 dollars)

	Median Net Worth (\$)					
	1996	1997	1998	1999	2001	2002
Hispanic						
First Quintile	580	569	140	547	1,708	1,218
Second Quintile	3,874	3,814	3,497	6,450	2,796	4,466
Third Quintile	8,703	9,285	8,948	10,933	6,834	9,629
Fourth Quintile	27,438	26,843	25,339	38,374	27,750	38,402
Fifth Quintile	74,490	81,762	102,203	79,844	69,864	79,401
All Hispanics	6,961	7,801	7,167	10,495	6,213	7,932
Non-Hispanic						
First Quintile	8,586	8,466	8,751	11,368	9,615	7,963
Second Quintile	36,143	34,158	34,650	35,014	38,581	40,194
Third Quintile	46,760	51,753	53,281	55,807	56,654	57,080
Fourth Quintile	79,699	78,402	82,016	90,633	87,830	90,361
Fifth Quintile	162,536	176,082	178,463	199,550	197,032	195,018
All Non-Hispanics	59,786	61,171	62,179	67,692	68,248	69,305

Hispanic Wealth as Percent of Non-Hispanic Wealth						
Ratio of Wealth	1996	1997	1998	1999	2001	2002
First Quintile	6.8	6.7	1.6	4.8	17.8	15.3
Second Quintile	10.7	11.2	10.1	18.4	7.2	11.1
Third Quintile	18.6	17.9	16.8	19.6	12.1	16.9
Fourth Quintile	34.4	34.2	30.9	42.3	31.6	42.5
Fifth Quintile	45.8	46.4	57.3	40.0	35.5	40.7
All Hispanics	11.6	12.8	11.5	15.5	9.1	11.4

Homeownership Rates (%)						
	1996	1997	1998	1999	2001	2002
Hispanic						
First Quintile	28.1	28.8	29.0	27.9	31.3	26.8
Second Quintile	34.8	38.4	37.8	42.5	35.8	38.5
Third Quintile	44.2	47.3	46.6	50.2	46.5	52.6
Fourth Quintile	63.6	59.1	63.3	60.5	59.6	64.4
Fifth Quintile	75.1	77.1	74.1	77.1	71.4	72.9
All Hispanics	44.2	45.4	46.1	47.8	45.6	47.3
Non-Hispanic						
First Quintile	46.9	47.7	47.2	48.5	49.6	48.5
Second Quintile	60.3	60.5	61.5	61.5	62.9	62.3
Third Quintile	67.5	67.9	68.6	68.3	69.5	70.4
Fourth Quintile	77.1	77.3	78.2	78.4	78.6	80.2
Fifth Quintile	86.8	86.5	87.2	87.4	87.4	87.0
All Non-Hispanics	68.1	68.3	68.9	69.1	69.9	70.0

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel. Based on monthly household income, the first to fifth income quintiles in 1996 were as follows: Less than or equal to \$1,126, \$1,126 to \$2,130, \$2,130 to \$3,394, \$3,394 to \$5,268, more than \$5,268. The range of income for each quintile moved up over time and in 2002 the income quintiles were as follows: Less than or equal to \$1,380, \$1,380 to \$2,552, \$2,552 to \$4,020, \$4,020 to \$6,434, more than \$6,434.

Table 13
Median Net Worth of Hispanic and Non-Hispanic Households by Age, 1996 to 2002
(2003 dollars)

	Median Net Worth (\$)					
	1996	1997	1998	1999	2001	2002
Hispanic						
24 years or less	576	813	337	1,744	1,614	1,218
25 to 34 years	3,862	2,811	2,807	3,322	2,755	3,857
35 to 44 years	8,749	9,405	11,023	14,716	8,669	9,994
45 to 54 years	20,350	20,287	13,663	18,313	16,881	23,475
55 to 64 years	21,905	28,918	28,558	27,796	28,308	29,074
65 years or older	39,155	30,665	34,395	35,997	49,149	51,934
All Hispanics	6,961	7,801	7,167	10,495	6,213	7,932
Non-Hispanic						
24 years or less	2,197	1,043	2,007	1,093	1,729	1,351
25 to 34 years	13,524	12,348	10,816	13,307	10,592	10,705
35 to 44 years	46,653	47,250	49,474	53,739	52,808	49,941
45 to 54 years	93,296	90,389	92,790	100,966	98,398	91,753
55 to 64 years	119,115	121,447	118,627	133,286	136,441	145,131
65 years or older	117,292	118,883	120,635	121,630	127,986	135,763
All Non-Hispanics	59,786	61,171	62,179	67,692	68,248	69,305

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel.

Table 14
Median Net Worth of Hispanic and Non-Hispanic Households by Education, 1996 to 2002
(2003 dollars)

	Median Net Worth (\$)					
	1996	1997	1998	1999	2001	2002
Hispanic						
Less than High School	2,882	2,526	3,029	4,992	4,128	4,475
High School	7,568	9,415	6,960	9,810	5,598	8,077
Some College	11,124	13,631	10,042	16,868	11,781	10,166
College	51,414	47,887	50,909	62,363	50,097	58,145
All Hispanics	6,961	7,801	7,167	10,495	6,213	7,932
Non-Hispanic						
Less than High School	28,693	27,350	23,436	26,239	21,568	20,343
High School	50,546	51,438	52,357	55,155	53,222	51,650
Some College	53,407	56,010	56,197	59,863	57,374	56,428
College	124,841	131,080	138,964	152,006	159,855	161,613
All Non-Hispanics	59,786	61,171	62,179	67,692	68,248	69,305

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel.

attended, but not graduated, from college. Hispanic households with a college-educated head have an even greater edge over those who attended but did not graduate from college. The net worth of the former group in 2002 was \$58,145, nearly six times as high as the net worth of \$10,166 for the latter group. Nonetheless, a college degree does not eliminate the significant disparity between non-Hispanic and Hispanic wealth as non-Hispanic households with a college educated head enjoyed a net worth (\$161,613) nearly three times higher than Hispanic households with a college-educated head (\$58,145).

Hispanic households whose head lacks a high school degree have very low net worth—\$4,475 in 2002. This is less than 10 percent of the wealth owned by Hispanic households with a college-educated head. On the positive side, the least educated Hispanic households have partially closed the gap over time vis-à-vis the college-educated households. In 1996, if a Hispanic household head had less than a high school education, the net worth of that household—\$2,882—was only five percent of the net worth of a Hispanic household with a college-educated head—\$51,414. Latino households with less than a high school education have also somewhat narrowed the gap in comparison to similarly educated non-Latino households. In 1996, Latinos with less than a high school education owned only 10 percent of the wealth owned by their non-Latino counterparts—\$2,882 versus \$28,693. By 2002, this proportion had increased to 22 percent—\$4,475 versus \$20,343. Thus, at least in terms of net worth, less educated Hispanics outperformed their non-Hispanic counterparts as well as more educated Hispanics between 1996 and 2002, increasing their wealth from a very small base.

Among non-Hispanics, the change in wealth between 1996 and 2002 was directly related to the level of education. As shown in Table 14, the wealth of non-Hispanics without a high school degree eroded from \$28,693 in 1996 to \$20,343 in 2002. Non-Hispanics with a high school degree realized a modest gain of 2.2 percent in net worth over the same time period, and those who attended some college increased their net worth by 5.7 percent. However, the largest gains among non-Hispanics were registered by college graduates whose net worth increased every year between 1996 and 2002, including through the recession in 2001. Starting at \$124,841 in 1996, the median net worth of non-Hispanic college graduates increased 29.5 percent to stand at \$161,613 in 2002. Thus, between 1996 and 2002, wealth accumulation proved to be easier for the better educated non-Hispanics.

The wealth of college-educated Hispanics did not fare as well in the 1996 to 2002 time period. In 2001, the median wealth of Hispanics with college degrees—\$50,097—was actually less than their median wealth of \$51,414 in 1996. It recovered the next year, but by the end of 2002 the net worth of Hispanic college graduates was only 13 percent higher than in 1996. One consequence is that the relative standing of college-educated Hispanics also slipped during this time period. In 1996, the median net worth of Hispanics with a college degree was 41 percent of the wealth of their non-Hispanic counterparts. This ratio had slipped to 31 percent by the end of the recession in 2001 and then recovered somewhat to finish 2002 at 35 percent. Thus, a college education did not provide immunity from the economic downturn for Hispanics as both their absolute and relative wealth slipped backwards during the 2001 recession.

The well known wage gap between women and men also translates into a wealth gap between households headed by women and men (Table 15). Among non-Hispanics, the net worth of a household, if headed by a woman, was \$51,405 in 2002. This is 60 percent of the net worth of non-Hispanic households headed by a man, namely, \$86,370 in 2002. This ratio has not changed in recent times as it has fluctuated between 55 and 60 percent since 1996. Hispanic households headed by a woman had just over one-third of the wealth of households headed by Latino men in 2002—\$4,489 in comparison to \$13,154. However, this ratio was much lower in the recent past, standing at less than one-fourth in 1996.

Table 16 shows how the wealth of households varies across the four principal regions. Non-Hispanic households located in the Northeast have the highest net worth—\$91,540 in 2002—followed by

Table 15
Median Net Worth of Hispanic and Non-Hispanic Households by Gender, 1996 to 2002
(2003 dollars)

	Median Net Worth (\$)					
	1996	1997	1998	1999	2001	2002
Hispanic						
Male	12,037	12,760	11,640	14,629	10,726	13,154
Female	2,882	3,116	3,164	4,985	4,113	4,489
All Hispanics	6,961	7,801	7,167	10,495	6,213	7,932
Non-Hispanic						
Male	75,914	76,705	78,416	85,102	87,933	86,370
Female	42,346	44,716	45,994	49,908	50,061	51,405
All Non-Hispanics	59,786	61,171	62,179	67,692	68,248	69,305

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel.

Table 16
Median Net Worth of Hispanic and Non-Hispanic Households by Region, 1996 to 2002
(2003 dollars)

	Median Net Worth (\$)					
	1996	1997	1998	1999	2001	2002
Hispanic						
Northeast	132	45	84	109	1,037	1,725
Midwest	10,429	13,501	14,707	22,458	11,664	9,845
South	13,928	15,229	14,391	18,693	8,903	12,179
West	6,473	6,974	6,171	7,992	6,596	9,337
All Hispanics	6,961	7,801	7,167	10,495	6,213	7,932
Non-Hispanic						
Northeast	79,255	80,310	86,659	92,654	87,670	91,540
Midwest	67,405	70,643	72,705	79,077	75,372	75,298
South	45,939	47,111	44,607	49,198	51,773	51,819
West	66,853	65,283	73,027	74,890	84,005	88,118
All Non-Hispanics	59,786	61,171	62,179	67,692	68,248	69,305

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel. The West region included South and North Dakota.

non-Hispanic households in the West, the Midwest and the South. This ranking of regions has remained unchanged since 1996. Exactly the opposite pattern emerges for Hispanic households. The wealthiest Hispanic households are located in the South, followed by Latino households in the Midwest, the West and the Northeast. This pattern is explained in part by the predominance of Cuban households in Florida. Those households are the closest to White households in terms of income and education. Hispanic households in the Northeast are principally of Puerto Rican origin and reside mostly in the New York area. Because of its high cost, homeownership rates in New York are well below the rates in other states for households of all races and ethnicities. For Hispanics, in particular, the rate of homeownership in New

York is estimated to be below 20 percent in 2002, well below the overall homeownership rate of 47.3 percent.²⁴ Given the overwhelming importance of home equity in shaping the net worth of low income individuals, it is not surprising that Hispanic households in the Northeast have very low net worth.²⁵

In summary, the traits that influence household wealth include their level of income, the age, education and gender of the household head, and their region of residence. The characteristics of Hispanic households are typically associated with low levels of wealth. The income of Hispanic households is well below average and the heads of Hispanic households, while somewhat less likely to be female, are younger and less educated. Hispanic households are also concentrated in high cost areas within the Northeast and West regions of the country. This contributes to a lower rate of homeownership and overall net worth.

7. The Wealth of Immigrant Groups

Nearly 50 percent of Hispanic households are headed by first-generation Americans and many of them arrived in the U.S. only in the past two decades. It is of interest, therefore, to examine the wealth of Hispanic immigrants and chart their progress over time as well as with respect to the native-born. Since immigration is typically followed by a period of adjustment to the U.S. labor and financial markets, one would expect that the savings and wealth of first-generation Americans lag behind their native-born counterparts. That impression is confirmed by the evidence presented below. However, it is also shown that it is not immigrant status per se but the region of origin for immigrants that is a more important predictor of net worth of foreign-born households.

The wealth of native and foreign-born households is shown in Table 17.²⁶ As discussed in section 3 above, the estimates for 1997 to 1999 are based on the 1996 SIPP panel that does not encompass immigrants entering the U.S. in 1996 or later years. Thus, the trend in the wealth of immigrants from 1997 to 1999 should be understood to represent the net worth of immigrants who were present in the U.S. in 1996. The estimates for 2001 and 2002 come from the 2001 SIPP panel that does include immigrants who reached the U.S. between 1996 and 2000. It is still valid to draw comparisons between 1996 and 2001 (or 2002) because the data for these points in time is reflective of the populations of immigrants in the U.S. in those years. However, the comparability of data for immigrants between 1999 and 2001 is affected because the former does not fully reflect the presence of all immigrants present in the U.S. in 1999. To preserve comparability between 1999 and later years, Table 17 presents a second set of estimates for 2001 and 2002. In these estimates, immigrants who entered the U.S. between 1996 and 2002 are eliminated from the 2001 SIPP panel. This is the same as the procedure that was used in section 3 to measure the change in wealth between 2001 and 2002.

The wealth of all immigrants combined is well below one-half of the wealth of native-born households. In 2002, foreign-born households had a median net worth of \$24,357, or only 37 percent of

²⁴ For non-Hispanics, the rate of homeownership in New York was 59.3 percent in 2002, much below the national average rate of 70 percent.

²⁵ A recent report by the Tomás Rivera Policy Institute examines barriers to homeownership for Mexican-Americans in three large metropolitan areas in the South and West. See Jongho Lee, Louis Tornatzky and Celina Torres, "El Sueño de su Casa: The Homeownership Potential of Mexican-Heritage Families," The Tomás Rivera Policy Institute, 2004.

²⁶ The sample of households used to derive the estimates in Tables 17 to 20 is different from the sample for all preceding estimates except for the estimates in section 3. The immigrant status of a person in the SIPP sample is ascertained only during the second wave (Wave 2) of interviews. Thus, in Tables 17 to 20 the sample consists only of persons who were also present and interviewed during Wave 2. The size of this sample shrinks over time as households attrite from the SIPP panel for a variety of reasons.

Table 17
Median Net Worth and Home Ownership Rates of Hispanic and Non-Hispanic Households by Nativity, 1996 to 2002
 (Net Worth in 2003 dollars)

	Median Net Worth (\$)							
	1996	1997	1998	1999	2001	2001(a)	2002	2002(a)
Hispanic								
Native	11,234	13,412	10,946	15,405	8,875	8,875	10,425	10,425
Immigrant	4,815	4,262	3,761	6,529	5,525	6,721	6,800	8,242
All Hispanics	7,014	7,851	7,068	10,660	6,439	7,791	8,342	9,844
Non-Hispanic								
Native	61,049	62,320	62,868	68,213	71,180	71,180	71,260	71,260
Immigrant	46,767	50,354	57,603	71,727	54,178	74,540	61,740	85,439
All Non-Hispanics	60,334	61,814	62,638	68,403	69,897	71,330	70,936	72,050
All Households								
Native	57,882	58,781	59,126	63,957	66,177	66,177	66,281	66,281
Immigrant	18,327	18,742	19,250	29,700	19,188	30,087	24,357	35,326
All Households	53,773	55,045	55,346	60,141	60,615	62,671	61,490	63,122

Immigrant Wealth as Percent of Native Wealth								
Ratio of Wealth	1996	1997	1998	1999	2001	2001(a)	2002	2002(a)
Hispanic	42.9	31.8	34.4	42.4	62.3	---	65.2	---
Non-Hispanic	76.6	80.8	91.6	105.2	76.1	---	86.6	---
All Households	31.7	31.9	32.6	46.4	29.0	---	36.7	---

Homeownership Rates (%)								
Hispanic	1996	1997	1998	1999	2001	2001(a)	2002	2002(a)
Native	49.2	49.8	50.1	51.7	48.7	---	50.9	---
Immigrant	39.2	40.9	42.2	44.1	42.9	---	45.1	---
All Hispanics	44.5	45.6	46.3	48.1	45.9	---	48.2	---
Non-Hispanic								
Native	69.1	69.2	69.7	69.9	71.5	---	71.5	---
Immigrant	56.4	58.3	59.8	60.5	54.9	---	57.7	---
All Non-Hispanics	68.3	68.6	69.1	69.3	70.3	---	70.5	---

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel. The second set of estimates for 2001 and 2002 exclude immigrants who entered the U.S. between 1996 and 2000 from the 2001 SIPP panel.

\$66,281, the median net worth of native-born households (Table 17). Still, that was an improvement over 1996 when the median wealth of immigrants—\$18,327—was 32 percent of the net worth of native-born households—\$57,882. But when households are placed into groups by ethnicity, the gap between immigrant and native-born households shrinks considerably.

The foreign- and native-born wealth gap virtually disappears when non-Hispanic immigrant households are compared with their native-born counterparts. The median net worth of non-Hispanic immigrant households was \$61,740 in 2002. This was 87 percent of the median net worth of native-born non-Hispanics—\$71,260. In 1996, non-Hispanic immigrants had a net worth of \$46,767. That was 77 percent of \$61,049, the net worth of native-born non-Hispanic households in 1996.

A similar result emerges when Hispanic immigrants are compared only to native-born Hispanic households. In 1996, the ratio of wealth was only 43 percent, when the net worth of immigrant and

native-born Hispanic households was \$4,815 and \$11,234 respectively. In 2002, first-generation Hispanic households had a net worth of \$6,800. This was 65 percent of the level of wealth belonging to native-born Hispanic households in 2002, namely, \$10,425. Thus, when immigrant households are compared to their own native-born ethnic counterparts, Hispanic or non-Hispanic, they are found to have a net worth that is two-thirds or more as much.

If Hispanic and non-Hispanic immigrants, considered individually, possess nearly as much wealth as similar native-born households, why is the net worth of all immigrant households combined only 37 percent of the median wealth of all native-born households combined? The explanation for this phenomenon lies in the composition and characteristics of immigrant and native-born households. Over 40 percent of immigrant households but only 5 percent of native-born households are Hispanic. Thus, Hispanics have a large role in determining immigrant wealth, whereas the comparison group of native-born households consists almost entirely of non-Hispanics. As has been shown above, the net worth of Hispanics is relatively low, which, in turn, is due to the fact that they have lower than average age, education and income.²⁷ That is especially true of first-generation Hispanics. Thus, differences in the characteristics of immigrant and native-born households are the underlying reason for the wealth gap between foreign-born and native-born households.²⁸

What can one say about the year-to-year change in the wealth of immigrant and native-born households, especially between 1999 and 2001? To answer this question, it is necessary to turn to the second set of estimates which are derived from the sub-sample of the 2001 SIPP panel that excludes immigrants arriving in the U.S. after 1996. This way one can learn about the changing fortunes of immigrants who were present in the U.S. before and during 1996. No adjustment is called for in the sample of native-born households.

Using the full sample from 2001, it has already been observed that the wealth gap between immigrant and native-born households shrank considerably between 1996 and 2002. Much of this growth took place prior to the 2001 recession. By 1999, non-Hispanic immigrants, who were in the U.S. before 1996, had achieved a higher level of net worth—\$71,727—than native-born non-Hispanic households—\$68,213. The wealth of these immigrants continued to grow through and beyond the 2001 recession and, by 2002, was nearly double its level in 1996.

What about the wealth of Hispanic immigrants who entered the U.S. before 1996? Their net worth fluctuated in the period prior to the recession, falling from \$4,815 in 1996 to \$3,761 in 1998. But their wealth nearly doubled in 1999, rising to \$6,529 in the space of a year. The growth in the wealth of this group of Hispanic immigrants leveled off during the recession but picked up again in 2002. Their net worth of \$8,242 in 2002 was 71 percent higher than their net worth in 1996.

Native-born Hispanic households fared the worst during the 1996 to 2002 time period. Starting at \$11,234 in 1996, the wealth of these households fluctuated from one year to the next. They ended 1999 with a promising note as their net worth peaked at \$15,405 in that year. However, the wealth of native-born Hispanic households shrank by over 42 percent between 1999 and 2001, falling from \$15,405 to \$8,875. In fact, native-born Hispanic households were the only one of the four groups in Table 15 to suffer a loss in wealth between 1999 and 2001. This finding echoes previous findings on the labor market

²⁷ Data on the age, education and income of Hispanics by generation are available on the Web site of the Pew Hispanic Center (www.pewhispanic.org).

²⁸ Other studies that have looked at the role of the characteristics of immigrants in determining relative wealth are Deborah A. Cobb-Clark and Vincent Hildebrand, "The Wealth and Asset Holdings of U.S.-Born and Foreign-Born Households: Evidence from SIPP Data," Australian National University, December 9, 2002, and Lingxin Hao, "Immigrants and Wealth Stratification in the U.S.," Johns Hopkins University, January 2001.

outcomes for first and later generations of Hispanic households in the recent past. For example, previous research conducted by the Pew Hispanic Center showed that the first generation has been more successful in gaining jobs and maintaining a lower rate of unemployment than the second and third generations over the past several years.²⁹

Despite the many nuances, the fact remains that the wealth of the entire population of immigrants is less than the wealth of the native-born. One reason behind the gap is the homeownership rate (see Table 17). When Hispanic households are considered in isolation, the homeownership gap between immigrant and native-born households is only six percentage points in 2002, but the rate is low for both the native-born (50.9 percent) and the immigrant (45.1 percent). At the same time, native-born non-Hispanic households had a homeownership rate of 71.5 percent, or nearly 14 percentage points higher than the homeownership rate of 57.7 percent for immigrant non-Hispanic households. When Hispanic and non-Hispanic households are combined, the homeownership rate for immigrants—52.4 percent in 2002—is 18 percentage points below the homeownership rate for native-born households—70.3 percent in 2002.³⁰ Given the strong relationship between homeownership and net worth (see section 5 and 6 above), increasing the rate of homeownership among immigrants is the key to shrinking the gap in wealth between them and native-born households.

The relationship between net worth and country of origin is evident in the estimates presented in Table 18. Immigrants from non-Hispanic countries tend to have the highest net worth and those from Central and South America the lowest. Approximately 85 percent of immigrant non-Hispanic households arrive from Asia and Europe, Canada, Israel, Australia or New Zealand. Similarly, about 90 percent of immigrant Hispanic households originated from Mexico, Cuba and Central American or Caribbean countries. It can be seen in Table 18 that the median net worth of immigrant households varies quite

Table 18
Median Net Worth of Hispanic and Non-Hispanic Immigrant Households by Place of Origin, 1996 to 2002
(2003 dollars)

	Median Net Worth (\$)					
	1996	1997	1998	1999	2001	2002
Hispanic						
Cuba	36,661	43,513	41,559	38,888	45,639	39,787
Mexico	3,782	3,821	3,360	6,396	5,575	7,602
Other Central America and Caribbean	865	1,137	954	975	778	2,508
All Hispanics	4,815	4,262	3,761	6,529	5,525	6,800
Non-Hispanic						
Asia	32,322	30,790	37,803	55,701	51,598	58,313
Europe, Canada, Israel, Australia and New Zealand	78,078	99,057	104,630	130,806	84,136	104,026
All Non-Hispanics	46,767	50,354	57,603	71,727	54,178	61,740

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel.

²⁹ See the citations in footnote 3.

³⁰ Homeownership by immigrants is studied in detail in Demetrios Papademetriou and Brian Ray, "From Homeland to a Home: Immigrants and Homeownership in Urban America," *Fannie Mae Papers*, Vol. 3, Issue 1, March 2004. Another detailed study is by George J. Borjas, "Homeownership in the Immigrant Population," Research Institute for Housing America, Working Paper No. 02-01, March 2002. Their estimates of the gap in homeownership between native-born and foreign-born households are similar to those reported in Table 17.

significantly across these different points of origin. Immigrant households from Europe, Canada, Israel, Australia or New Zealand had a net worth of \$104,026 in 2002. These households have consistently the highest level of wealth of any other immigrant group in every year from 1996 to 2002. Immigrant households from Asia currently have the second highest level of net worth—\$58,313 in 2002. Asian-born households did not always hold this distinction. Until 1998, the second rank belonged to households from Cuba who, with a net worth of \$39,787 in 2002, are easily the wealthiest among immigrant Hispanic households. Immigrant households from Mexico have a net worth of \$7,602 and the median wealth of households from Central American and Caribbean countries is only \$2,508 in 2002. Although the net worth of households from Mexico is fairly low, it has risen rapidly in recent years and is presently just more than double its level of \$3,782 in 1996. In contrast, the wealth of Cuban households appears to have flattened out, hovering in the vicinity of \$40,000 in the 1996 to 2002 period. It appears likely that the wealth profile of Hispanic households in the future will be shaped primarily by immigrants from Mexico.

The number of years an immigrant has been in the U.S. and whether or not a transition has been made into citizenship are two other predictors of the wealth of immigrant households. Tables 19 and 20 show net worth and homeownership rates for immigrant households grouped by their year of entry into the U.S. and citizenship status. For both Hispanic and non-Hispanic households, net worth is found to be higher the longer the household has been in the U.S. Consider, for example, Hispanic households who migrated to the U.S. between 1996 and 2001. Their net worth in 2002 was \$1,221 (Table 19). At the same time, Hispanic households who had arrived between 1991 and 1995 had a net worth of \$3,151. This pattern continues with earlier years of entry and, finally, Hispanic households who arrived prior to 1980 are found to have a net worth of \$37,380 in 2002. Thus, in 2002, as well as in other years, the wealth of an immigrant household is found to be higher the longer that household has been in the U.S.

Looking at the wealth of households in different year-of-entry cohorts within a single year can, however, yield a misleading picture of the financial assimilation of immigrants. That is because each cohort may consist of households with varying characteristics that are also related to wealth accumulation. For instance, immigrants who arrived prior to 1980 may have different levels of education or come from different source countries than the latest arriving immigrants.³¹ An alternative is to look at the change in net worth of the same set of immigrant households over time. That is possible with the SIPP data since it follows the same households for a number of years. In particular, in Table 19, the data for 1996 to 1999 come from a single SIPP panel and cover the same immigrant households within each cohort subject only to sample attrition.³² There are signs of wealth assimilation for Hispanic households as, subject to some fluctuation, the wealth of all four cohorts is observed to increase between 1996 and 1999.³³ But the growth in net worth is not impressive, except for the cohort of Hispanic households that arrived in the U.S. prior to 1980. Their net worth increased from \$16,162 to \$25,884 from 1996 to 1999. Signs of growth in net worth are also present for all cohorts of non-Hispanic immigrants, with the most impressive increases recorded by immigrants who entered the U.S. between 1980 and 1989. Thus, following the same cohorts of immigrants between 1996 and 1999 confirms the impression that the initial wealth of foreign-born households is low and that it follows an upward trajectory thereafter. But even after several decades in the U.S., the wealth of immigrant Hispanic households is well below the national norm.

³¹ This issue was first raised by George Borjas, “Assimilation, Changes in Cohort Quality, and the Earnings of Immigrants,” *Journal of Labor Economics*, Vol. 3, No. 4, 1985.

³² Sample attrition can cause a bias in estimates of the change in wealth of a cohort if more wealthy (or less wealthy) households are systematically more or less likely to exit the sample over time.

³³ The data for 2001 and 2002 come from a different SIPP sample and also utilize somewhat different definitions for immigrant cohorts. Therefore, the data for these two years should not be compared with the earlier years for judging the assimilation of a specific cohort.

Table 19
Median Net Worth and Home Ownership Rates of
Immigrant Households by Year of Entry, 1996 to 2002
(Net Worth in 2003 dollars)

	Median Net Worth (\$)					
	1996	1997	1998	1999	2001	2002
Hispanic						
Pre 1980	16,162	14,624	17,417	25,884	37,080	37,380
1980 to 1984	4,815	4,107	3,929	4,938	5,071	8,031
1985 to 1989	1,735	1,323	1,572	2,235	---	---
1985 to 1990	---	---	---	---	4,927	5,286
1990 to 1996	1,153	1,139	839	1,804	---	---
1991 to 1995	---	---	---	---	2,328	3,151
1996 to 2001	---	---	---	---	778	1,221
Non-Hispanic						
Pre 1980	112,008	108,479	117,590	134,638	125,859	138,552
1980 to 1984	29,093	45,686	40,267	47,779	79,730	64,690
1985 to 1989	15,063	16,691	15,536	25,692	---	---
1985 to 1990	---	---	---	---	42,577	42,014
1990 to 1996	8,814	7,066	8,231	10,647	---	---
1991 to 1995	---	---	---	---	27,413	23,495
1996 to 2001	---	---	---	---	7,145	8,189

	Homeownership Rates (%)					
	1996	1997	1998	1999	2001	2002
Hispanic						
Pre 1980	54.7	56.2	57.6	56.8	62.9	66.5
1980 to 1984	41.6	40.4	39.9	42.6	48.1	47.3
1985 to 1989	21.6	22.6	25.2	28.4	---	---
1985 to 1990	---	---	---	---	38.1	41.6
1990 to 1996	17.3	22.0	24.3	30.2	---	---
1991 to 1995	---	---	---	---	28.1	27.7
1996 to 2001	---	---	---	---	16.5	22.1
Non-Hispanic						
Pre 1980	73.1	74.1	75.2	74.5	70.8	73.0
1980 to 1984	55.8	57.2	56.3	55.9	61.5	61.1
1985 to 1989	39.6	42.0	45.0	44.3	---	---
1985 to 1990	---	---	---	---	52.1	54.0
1990 to 1996	20.6	23.8	31.3	37.5	---	---
1991 to 1995	---	---	---	---	44.8	50.3
1996 to 2001	---	---	---	---	23.1	28.4

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel. The year of entry definitions vary slightly across the two SIPP panels. Also, by definition, the 1996 SIPP panel does not include persons who entered the U.S. during or after 1996.

Table 20
Median Net Worth and Home Ownership Rates of
Immigrant Households by Citizenship Status, 1996 to 2002
(Net Worth in 2003 dollars)

	Median Net Worth (\$)					
	1996	1997	1998	1999	2001	2002
Hispanic						
Naturalized Citizen	24,052	27,702	29,563	38,888	29,034	36,011
Non-Citizen	2,891	2,073	1,907	3,431	2,884	3,857
All Hispanics	4,815	4,262	3,761	6,529	5,525	6,800
Non-Hispanics						
Naturalized Citizen	98,123	97,167	105,110	110,884	96,538	111,240
Non-Citizen	13,524	12,577	14,454	29,335	15,950	23,205
All Non-Hispanics	46,767	50,354	57,603	71,727	54,178	61,740
All Households						
Naturalized Citizen	68,219	74,148	75,104	83,988	65,565	73,859
Non-Citizen	6,256	5,778	5,599	7,487	5,824	6,958
All Households	18,327	18,742	19,250	29,700	19,188	24,357

Non-Citizen Wealth as Percent of Naturalized Citizen Wealth						
Ratio of Wealth	1996	1997	1998	1999	2001	2002
Hispanic	12.0	7.5	6.5	8.8	9.9	10.7
Non-Hispanic	13.8	12.9	13.8	26.5	16.5	20.9
All Households	9.2	7.8	7.5	8.9	8.9	9.4

Homeownership Rates (%)						
	1996	1997	1998	1999	2001	2002
Hispanic						
Naturalized Citizen	56.6	59.0	57.6	58.6	61.1	63.5
Non-Citizen	32.1	33.6	36.0	38.2	32.7	34.5
All Hispanics	39.2	40.9	42.2	44.1	42.9	45.1
Non-Hispanics						
Naturalized Citizen	70.8	71.8	71.6	71.2	66.6	67.9
Non-Citizen	37.2	40.1	44.2	46.7	39.8	44.7
All Non-Hispanics	56.4	58.3	59.8	60.5	54.9	57.7

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel.

Evidence of wealth assimilation among immigrant households also emerges in the data on homeownership rates (Table 19). Homeownership rates are highest among immigrant households who arrived in the U.S. before 1980—73 percent for non-Hispanic households and 66.5 percent for Hispanic households in 2002. On the other hand, Hispanic immigrants who arrived after 1996 had a homeownership rate of only 22.1 percent in 2002. Non-Hispanic immigrants who landed after 1996 were only slightly better off by this yardstick with 28.4 percent of them owning homes in 2002. In other words, the homeownership rate among immigrants who arrived over two decades ago was two to three times as high as the rate among immigrants who arrived in the past five years.

Signs of a transition into homeownership are also present in the sample of immigrants that can be followed continuously from 1996 to 1999. For example, the homeownership rate for Hispanic immigrants arriving between 1990 and 1996 increased from 17.3 percent in 1996 to 30.2 percent in 1999. But the rate

of increase levels off within a few years. Latinos who arrived a decade earlier, i.e., between 1980 and 1984, had a homeownership rate of just over 40 percent and that did not change from 1996 to 1999. The homeownership rate for Hispanic immigrants arriving before 1980 was stationary around 55 percent. The same general pattern describes the behavior of homeownership rates among non-Hispanic immigrants.

It is interesting to note that non-Hispanic immigrants assimilate into homeownership at a much more rapid rate than Hispanics. In 1996, non-Hispanic and Hispanic immigrants who arrived between 1990 and 1996 had very similar homeownership rates—20.6 percent and 17.3 percent respectively. However, by 1999, the gap between the groups had grown to seven percentage points in favor of non-Hispanics. Also, the non-Hispanic cohort that arrived between 1985 and 1989 crossed the 40 percent threshold in homeownership by 1997 while the same Hispanic cohort had not crossed the 30 percent mark by 1999. The slower rate of assimilation into homeownership is echoed in the slower rate of assimilation into wealth among Hispanic immigrants.

Citizenship, a milestone for many immigrants, is also a marker for greater wealth. Since it typically takes a few years of residency in the U.S. to acquire citizenship it is, in part, an indicator of assimilation. But it is also an indicator of greater immersion in American labor and financial markets, as well as in the social and cultural institutions of the country. Among non-Hispanic immigrants, the net worth of naturalized citizens was \$111,240 in 2002 (Table 20), nearly five times as high as the net worth of other non-Hispanic immigrants at the same time—\$23,205. The proportional gap was even higher in the case of Hispanic immigrants. Naturalized Hispanic citizens had a net worth nearly 10 times as high as the net worth of other Hispanic immigrants—\$36,011 versus \$3,857 in 2002. Thus, there is a striking gap in net worth between immigrants who are naturalized citizens and those who are not.

The rate of homeownership is one of the factors explaining the wealth advantage of naturalized citizens. As shown in Table 20, naturalized non-Hispanic citizens have a rate of homeownership close to 70 percent. That is about 25 percentage points higher than the 44.7 percent homeownership rate among non-Hispanic immigrants who are not yet American citizens. Naturalized Hispanic citizens also have high homeownership rates—63.5 percent in 2002. Hispanic immigrants who are non-citizens have much lower homeownership rates—only 34.5 percent in 2002. Overall, immigrants who are also naturalized citizens resemble native-born households more than other immigrants with respect to their success in attaining homeownership.³⁴

8. Conclusions

The net worth of Hispanic and Black households is less than one-tenth of the net worth of White households. Moreover, the wealth gap widened in recent years as the 2001 recession and the economic slowdown that followed was harder on minority and lower income households. Between 1999 and 2001, the net worth of Hispanic and Black households is estimated to have fallen by 27 percent each. This contrasted with a two percent gain for White households over the same time period. Hispanic households recouped much, but not all, of their loss in the year following the recession but the wealth of Black households remained stagnant through the end of 2002.

The distribution of wealth across minority households is also much more concentrated than among White households. Over one-quarter of Hispanic households and nearly one-third of Black households had zero or negative net worth in 2002, a rate that is two to three times higher than among White households. Also, four times as many minority households as White households own no assets

³⁴ A similar conclusion is reached by Sherrie Kossoudji and Stan Sedo, “Immigrants, Natives, and Home Ownership,” paper presented at the conference on Financial Access for Immigrants: Learning from Diverse Perspectives, Federal Reserve Bank of Chicago, April 15-16, 2004.

other than a car or unsecured debt. Most Hispanic and Blacks fall into the lowest category of wealth and the size of their middle-class is relatively small in itself and in comparison to Whites. The result is that the wealthiest one-quarter of Hispanic and Black households control over 90 percent of their community's total wealth. But even at the very highest rungs of the wealth distribution, the net worth of Hispanic households is less than one-half of the net worth of White households.

It was shown in the report that the wealth gap between White households and Hispanic and Black households is much larger than the income gap. Even though the median income of Latino and Black households is two-thirds as high as the income of White households, their wealth is only one-tenth as much. The reasons why this might happen include the lack of inheritances, limited access to financial markets, and barriers to homeownership. The ownership of a home bears a strong relationship with the net worth of a household. Regardless of race or ethnicity, the house is the single most important asset in the portfolio of homeowners. Households that own homes are also more likely to own other assets and they enjoy an enormous wealth advantage over renters and other households. Hispanic homeowners are found to have a net worth that is one-half the level of the net worth of non-Hispanic homeowners, a ratio much closer to the gap in income between the two groups. However, non-Hispanic households are much more likely to own homes and that drives a much bigger wedge between the wealth of the two groups in the aggregate.

Other factors that contribute to the lower level of wealth among Hispanics are that they are relatively young, not as highly educated, and concentrated in high cost regions, such as New York and California, where homeownership can be less attainable. Net worth increases with age for Hispanics at almost the same rate as it does for non-Hispanics and as the Latino population ages to the U.S. norm it will also become wealthier in both absolute and relative terms. The wealth gap between those who have a college degree and those who do not is enormous, and increasing the level of education of minority communities is one key to shrinking both the income and wealth gaps. The Hispanic population is also increasingly moving to new settlement areas, such as Raleigh, Omaha and Nashville, and this trend may contribute to increasing homeownership and net worth.

The high rate of immigration among Hispanics is another reason why their net worth is relatively low. Over 40 percent of the Hispanic community is first-generation American and many of these households arrived here only in the past two decades. The rapid rate of immigration means that many Hispanic households are still in the assimilation phase, culturally and economically. The rate of homeownership and the net worth of Hispanic households increases with time spent in the U.S. However, the evidence also shows that assimilation is not complete, i.e., even after two decades or more in the U.S., the wealth of immigrant Hispanic households remains below average. But, at least to some extent, the true wealth of Latino immigrants may be underestimated because they have shown a strong propensity to send remittances to their source countries. For many of these migrants the ability to support family members through remittances is a more important motive for coming to the U.S. than the prospect of accumulating wealth here. The Pew Hispanic Center estimates that remittance flows to Latin American and Caribbean countries exceed \$30 billion per year. That amounts to over \$2,500 per year for each Hispanic household in the U.S. If that sum were saved and invested within the U.S. it would have a significant impact on the measured wealth of Hispanic households, albeit not enough to close the gap between them and non-Hispanic households.

Appendix

The Survey of Income and Program Participation

The estimates of wealth reported in this study are derived from the Survey of Income and Program Participation (SIPP). Conducted by the Census Bureau, SIPP is a longitudinal survey, i.e., it is designed to follow the same panel of households over several years. The data for this report are from the 1996 and 2001 panels of SIPP. The 1996 SIPP panel, initially consisting of over 90,000 individuals, was interviewed from April 1996 to March 2000. Interviews for the 2001 panel, initially featuring over 70,000 persons, began in February 2001 and ended in January 2004. Each SIPP panel is asked two sets of questions over time. A “core” set of questions is repeated with each round of interviews, called a “wave,” and a rotating set of questions, called “topical modules,” is asked at intermittent waves. The 1996 SIPP panel had 12 waves of interviews and the 2001 panel had nine waves of interviews. The topical modules on wealth for the 1996 SIPP panel were conducted during Waves 3, 6, 9 and 12, starting in December 1996 and conducted a year apart. Wealth data from the 2001 panel are currently available from Waves 3 and 6 conducted at the end of 2001 and 2002 respectively.³⁵

The entire SIPP panel is not interviewed simultaneously but over a four-month period. One four-month period constitutes a wave. For example, Wave 3 of the 1996 SIPP refers to a set of interviews conducted from December 1996 to March 1997. In each round of interviews, respondents are asked to provide answers pertaining to the preceding four months. Thus, an interview conducted in December 1996 would collect data for August 1996 to November 1996, the so-called reference months. In the case of wealth, data are collected only for the fourth reference month. In other words, persons interviewed in December 1996 would report wealth data for November 1996, those interviewed in January 1997 would report wealth data for December 1996, and so on.

The time period references in this report pertain to four-month time periods and the specific months covered by each year mentioned in the report are as follows: 1996 – November 1996 to February 1997; 1997 – November 1997 to February 1998; 1998 – November 1998 to February 1999; 1999 – November 1999 to February 2000; 2001 – September 2001 to December 2001; 2002 – September 2002 to December 2002. This nomenclature differs slightly from that used by the Census Bureau in its wealth reports. More specifically, the Census Bureau uses 1998 to refer to November 1997 to February 1998 and 2000 to refer to November 1999 to February 2000. In other words, the Census Bureau prefers to place an emphasis on the beginning of a year whereas this report emphasizes the end of a year. Drawing attention to the end of the year is preferred in this report because of the use of both the 1996 and 2001 SIPP panels. The reference months for the wealth data from the 2001 SIPP panel are indisputably from the end of a year.

Most of the estimates in this report are from SIPP “cross-sections”, i.e., they are from the samples of households present in any particular wave. After data editing, the *household* sample sizes for the 1996 panel were as follows: Wave 3 – 33,899, Wave 6 – 30,805, Wave 9 – 29,058, Wave 12 – 28,269. For the 2001 panel, there were 27,401 and 26,601 households present in Waves 3 and 6 respectively. Wealth estimates for immigrants were prepared from subsets of these samples. The nativity status of individuals was ascertained only during Wave 2 interviews in both the 1996 and 2001 SIPP panels. Therefore, the wealth of immigrants, as determined in Waves 3, 6, 9 and 12, is only known for those who were also interviewed in Wave 2. This additional restriction led to the following household sample sizes for the 1996 panel: Wave 3 – 33,205, Wave 6 – 30,283, Wave 9 – 28,613, Wave 12 – 27,857. For the 2001 panel, the numbers of households present in Waves 3 and 6, as well as in Wave 2, were 26,439 and

³⁵ Details on SIPP are available at <http://www.sipp.census.gov/sipp/>. Additional information on SIPP, especially as it pertains to the estimation of wealth, is contained in the following report: Shawna Orzechowski and Peter Sepielli, “Net Worth and Asset Ownership of Households: 1998 and 2000,” U.S. Census Bureau, P70-88, May 2003.

25,452 respectively. The smaller subsets of households, i.e., those for whom immigration data are known, are also used in section 3 of the report.

Sample size diminishes over time because some households inevitably exit the sample for a variety of reasons. This can cause a bias, known as “attrition bias,” in the estimates over time if the households leaving the sample are systematically different from those remaining in the sample and those differences are related to household wealth. An examination of the characteristics of the SIPP panel at different points in time showed little cause for concern. Sample characteristics that might be related to wealth, such as, age, income, education, and gender, did not show any unusual trends.

A related area of concern was the “sample effect.” In this study, the wealth estimates for 1996, 1997, 1998 and 1999 are derived from the 1996 SIPP panel, and the wealth estimates for 2001 and 2002 are based on the 2001 SIPP panel. Therefore, there exists the possibility that differences in the compositions of the 1996 and 2001 SIPP panels, and not just the 2001 recession, are partly responsible for shifts in estimated wealth between 1999 and 2001. A key difference between the two panels is that the 1996 panel, by definition, does not incorporate immigrants who entered the U.S. in 1996 or later years. As discussed in the main body of the report, that led to an adjusted set of estimates derived from a sub-sample of the 2001 SIPP panel that excludes immigrants who arrived in the U.S. after 1996. When those immigrants are excluded, the resulting household sample sizes for the 2001 SIPP panels are as follows: Wave 3 – 26,009, and Wave 6 – 25,064.

The unit of observation in SIPP is a person but the wealth estimates are derived for households. Therefore, one issue with the estimation of household wealth is the identification of household characteristics. For example, how does one decide whether a household is Hispanic or immigrant? Does everyone in the household have to be Hispanic or foreign-born? The method used in the report is to equate the characteristics of the head of the household with the characteristics of the household. Thus, households are classified by the race, ethnicity, nativity, education, age, etc. of the head of the household. The same method is also used by the Census Bureau in preparing its estimates of wealth.

A principal alternative to using SIPP is to use data from the Survey of Consumer Finances (SCF). The SCF is a triennial survey conducted by the Federal Reserve Board. The three most recent surveys were conducted in 1995, 1998 and 2001. The SCF is more comprehensive in terms of the varieties of assets covered. For example, SCF collects data on equity in pension plans, and the value of household items, such as, artwork and jewelry. However, the SCF has a relatively small sample size, it over samples relatively wealthy households, and it does not record the immigration status of a person. SIPP offers a much larger sample size, it over samples the relatively poor, and it inquires about immigration status. These factors make SIPP much more useful for a study of the wealth of minority groups and foreign-born households. Because of the sample differences, the level of wealth estimated from SCF tends to be higher than the level of wealth estimated from SIPP. But there are also many similarities with respect to changes in wealth over time and the relative wealth of minority groups. Those are pointed out in this report at the relevant points.

Table A1
Asset Ownership Rates of Hispanic and Non-Hispanic Households by Homeowner Status, 1996 to 2002

	Hispanic: Asset Ownership Rates (%)						Non-Hispanic: Asset Ownership Rates (%)					
	1996	1997	1998	1999	2001	2002	1996	1997	1998	1999	2001	2002
Homeowners												
Interest Earning Assets	56.1	53.8	57.8	57.3	52.6	53.1	75.8	75.7	76.3	75.6	73.4	73.2
Other Interest Earning Assets	0.9	0.8	1.1	0.7	1.4	1.1	5.9	5.6	5.4	4.8	4.9	4.3
Checking Accounts	40.0	38.2	38.9	37.3	36.3	37.4	41.1	40.8	38.5	38.5	37.7	36.1
US Savings Bonds	8.2	7.8	7.7	6.0	7.0	6.8	22.5	21.8	20.7	19.7	17.7	16.8
IRA and Keogh Accounts	12.1	12.6	12.3	12.9	12.4	12.4	28.1	29.3	29.8	30.9	32.0	32.8
401k and Thrift Accounts	20.0	18.5	21.5	22.7	24.5	27.6	30.4	32.8	34.1	36.0	37.4	38.0
Stocks and Mutual Funds	14.2	14.4	14.3	14.9	16.2	14.8	36.5	35.8	35.6	35.7	41.2	38.7
Business	11.3	11.6	11.3	11.2	10.8	10.9	14.2	14.2	13.4	13.4	14.2	14.3
Vehicles	89.0	90.0	89.2	90.5	88.7	91.1	92.1	92.0	91.7	92.1	91.7	91.4
Other Assets	3.6	3.1	3.1	3.0	2.1	1.9	6.8	6.1	4.9	5.0	5.1	4.2
Renters												
Interest Earning Assets	28.5	28.5	32.3	32.9	33.2	32.8	46.6	45.2	48.4	47.6	47.9	45.7
Other Interest Earning Assets	0.3	0.3	0.1	0.2	0.3	0.2	1.3	1.1	1.1	1.1	1.1	1.2
Checking Accounts	26.2	25.9	25.4	27.1	24.7	23.1	37.2	37.2	36.1	36.8	33.7	32.1
US Savings Bonds	3.0	2.6	2.2	2.0	1.6	2.0	8.4	7.8	7.2	6.7	6.9	6.1
IRA and Keogh Accounts	2.6	1.8	2.9	3.7	3.4	2.4	8.3	8.2	9.5	10.3	10.4	9.9
401k and Thrift Accounts	8.1	10.5	11.6	12.6	9.7	10.3	17.1	17.5	18.6	20.1	21.1	20.4
Stocks and Mutual Funds	3.6	4.5	4.2	4.0	5.1	4.6	13.9	13.5	13.3	13.7	16.5	14.8
Business	5.0	4.2	4.2	5.3	5.4	4.9	6.7	6.6	5.7	5.7	6.1	6.6
Vehicles	63.4	64.5	64.3	65.6	66.6	67.5	74.5	73.4	73.7	74.4	72.9	71.2
Other Assets	0.9	1.2	1.2	1.4	0.7	0.7	2.7	2.4	2.3	2.1	2.0	1.6

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel.

Table A2
Median Net Worth of Hispanic and Non-Hispanic Households by Type of Asset and Homeowner Status, 1996 to 2002
(2003 dollars)

	Hispanic: Median Net Worth by Type of Asset (\$)						Non-Hispanic: Median Net Worth by Type of Asset (\$)					
	1996	1997	1998	1999	2001	2002	1996	1997	1998	1999	2001	2002
Homeowners												
Interest Earning Assets	2,540	2,637	2,358	3,270	2,394	2,034	6,339	5,697	5,613	5,512	6,192	5,086
Other Interest Earning Assets	13,878	13,189	22,371	21,673	25,799	22,515	34,695	34,158	33,556	32,509	31,116	30,514
Checking Accounts	580	570	674	654	833	712	692	684	783	820	830	813
US Savings Bonds	580	1,137	811	2,167	1,032	1,015	1,160	1,137	1,122	1,093	1,032	1,017
IRA and Keogh Accounts	18,852	17,535	19,015	18,586	15,558	10,190	23,058	22,815	26,382	29,431	25,720	21,633
401k and Thrift Accounts	11,529	11,393	15,660	18,586	16,567	15,020	18,562	22,772	25,826	29,519	23,815	22,328
Stocks and Mutual Funds	10,376	18,674	11,185	10,900	9,319	6,103	17,402	22,815	21,206	24,052	13,210	11,996
Business	4,612	5,697	5,593	7,653	3,106	3,051	11,602	10,267	11,185	10,933	10,355	10,149
Vehicles	6,168	6,213	5,033	4,373	4,556	3,926	8,687	8,204	7,271	7,477	5,553	5,536
Other Assets	23,130	34,180	8,976	7,653	6,248	86,266	28,517	28,825	33,659	28,052	31,116	30,447
Renters												
Interest Earning Assets	807	1,027	1,120	1,093	932	1,015	1,610	1,582	1,642	1,640	1,556	1,522
Other Interest Earning Assets	30,238	7,913	11,942	14,809	17,056	8,406	23,085	26,444	24,638	15,305	20,826	37,911
Checking Accounts	548	466	449	547	518	378	463	511	449	542	417	457
US Savings Bonds	580	341	252	379	310	508	464	568	559	545	414	507
IRA and Keogh Accounts	5,801	9,489	12,539	6,560	5,177	5,277	10,441	9,630	10,098	10,900	10,355	9,134
401k and Thrift Accounts	4,626	4,557	6,171	8,669	4,667	6,061	5,783	7,387	7,869	9,293	7,533	7,629
Stocks and Mutual Funds	4,641	5,704	4,474	7,653	2,083	0	5,221	6,819	6,711	8,669	4,025	4,066
Business	3,480	3,637	561	2,187	2,477	1,017	5,764	5,683	5,600	6,560	3,106	2,034
Vehicles	3,267	2,841	2,230	2,180	2,697	2,968	4,061	3,817	3,368	3,495	3,124	3,146
Other Assets	2,784	4,546	5,593	2,224	18,506	6,099	9,281	11,407	10,104	10,370	7,766	12,199

Source: Pew Hispanic Center tabulations of SIPP data.

Note: Estimates for 1996 to 1999 are based on the 1996 SIPP panel and estimates for 2001 and 2002 are derived from the 2001 SIPP panel.

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