NATIONAL WOMEN'S LAW CENTER

GENDER AND RACIAL WEALTH GAPS AND WHY THEY MATTER

The tax code increasingly rewards extreme wealth, shields it from taxation, and allows it to grow larger across generations. Because of the preferential rates and loopholes available to the very wealthy, the current tax system (while progressive overall) enables enormous amounts of wealth to be accumulated by very few—who tend to be white and male. This exacerbates racial and gender inequality, hinders economic growth and broadly shared prosperity, and sharply limits the tax revenues available to make investments in women and people of color.

What is Wealth?

- Wealth is commonly understood as the total value of assets that individuals or families have accumulated (such as savings, stock, a home, or a 401(k)) minus any debts (such as student loans or credit card debt).

White men and white families are much more likely to hold wealth than women, households of color, or women of color—and hold significantly more of it. This is a longstanding and persistent problem. The most recent data shows a snapshot of wealth for each of these groups in 2022, as both pandemic disruptions and federal supports affected family finances.

Women and households of color have always owned less wealth than white men. Historic and ongoing pay discrimination, less access to capital, higher debt levels, lower rates of homeownership and lower home values all contribute to the wealth gap. In addition, the tax system rewards wealth and helps it to grow, exacerbating longstanding wealth inequities. Federal tax policies aimed at supporting low- and middle-income classes do not support families equitably. In 2022, women's wealth grew relative to men's but a substantial gender and racial wealth gap remains. As federal pandemic-era supports such as child care support and expanded refundable tax credits have expired, the wealth gap may widen in future years.

Gender and Racial Wealth Gaps

Women

- In 2019, the gender wealth gap between never-married persons was a woman owning $0.34 per a man's $1. In 2022, this gap narrowed to a woman owning $0.68 per a man's $1. The largest gender wealth gap is between men and women who had never been married.
- Pay discrepancies between women and men expanded enough to widen the gender wage gap for the first time since 2003. In 2023, the difference was $0.83 per $1, whereas in 2022, the difference was $0.84 per $1. Because women would need to work three additional months in a year to be paid what men are paid, there is an unequal foundation to begin growing wealth.
- Women have always owned less wealth than men due to historical and ongoing factors like employment pay discrimination, lack of access to credit, lack of access to education, and barriers to property ownership.
- While it can be hard to assess wealth gaps between married men and married women—because wealth is assessed at the household level—there is also evidence that married women hold less wealth than married men. Married couples are likely not to own assets equally, and divorce courts in most states give spouses "equitable shares" of assets rather than divide them evenly.

People of Color

- For every $1 of wealth owned by a white household, Black households own 23 cents and Latinx households own 19 cents.
- Families of other races, including Asian, American Indian, Alaska Native, Native Hawaiian, Pacific Islander, other races, and those who identified as more than one race, also have less wealth than white families.
- Communities of color have higher rates of debt - medical, student loan, automobile, and credit card - across the nation which contributes to an inability to pass wealth down to the next generation.
- Racial wealth gaps reflect a long history of discriminatory policies that have barred people of color from growing wealth. These gaps have not narrowed over time. In fact, the evidence shows the racial wealth gap widened during the Covid-19 recession, even as the wealth of U.S. families grew overall during that period. Moreover, the factors that supported wealth building during the pandemic, including economic supports from the federal government, forced savings from business closures and some rapid asset appreciation, have now turned less favorable.

Women of Color

- For every $1 of wealth owned by a never-married single white man, never-married single Black women own 8 cents and never-married single Latinas own 14 cents.
- Black women have approximately 90% less wealth than White men. This is attributable to gaps in pay, educational opportunities, access to capital, personal finance, housing, and health.
- Women of color experience the most profound wealth gap because they face both gender and racial disparities. This leads to a "double income gap"-- research has shown that Black women working full time have been underpaid by up to $20,000 a year.
- Federal policies aimed at supporting low- and middle-income families do not support families equitably. Black and Latinx families and women overall disproportionately rely on public benefit programs such as SNAP, TANF, SSI or Medicaid. These programs prohibit the accumulation of assets in order to maintain program eligibility.
- Additionally, unequal access to financial services affects women of color. Black women are 5 times more likely than white men to rely on expensive payday loans, exposing them to high-cost liabilities and perpetuating a cycle of financial instability because of a lack of access to credit. Black women are also primarily the family members bearing financial costs such as fines, fees and money bail associated with the criminal legal system, stripping them of wealth.

Pandemic Income Support

The rise in women's wealth is at least partially explained by the stimulus checks and increased tax credits Americans received during the pandemic. The bottom half of the wealth distribution saw their median wealth increase by 88%, largely shaped by asset appreciation, expansion of public benefits, and rising incomes. However, financial barriers remained in the form of exclusionary homeownership, inflation, and job instability. Overall, wealth gains during the pandemic were based on a combination of circumstantial economic markets and time-limited economic supports. The ending of these temporary factors could lead to broader wealth gaps in the future.

- Between 2019 and 2022, the typical American household in the bottom half of the wealth distribution saw their wealth grow to $27,000 from $14,390; however, this still trails far behind the median net worth, which sits at $192,900.
- While the median wealth increased across the board, the racial wealth gap also continued to increase– $240,120 stands between the median white household and the median Black household.
- Wealth growth was not equitable, meaning that poorer Black households were still likely to be in debt and poorer Hispanic households had a median household net worth of zero in 2021.
- Low-income families were more likely to experience pandemic-related shocks such as job instability, lack of access to teleworking opportunities, and increased risk of severe infection. These obstacles required families with low incomes to pull from their own monetary reserves, decreasing their net worth instead of capitalizing on government programs to grow their wealth.

These wealth gains have partially eroded starting in 2022 as pandemic-related support has expired and inflation has risen. While wealth levels in mid-2024 were still above pre-pandemic levels, they were on a downward trend as pandemic related support expired.

Why does this matter?

Gender and racial wealth gaps are one measure of the compounding effects of generations of discrimination and lack of access to opportunity. Low levels of wealth impact the financial stability, economic resilience, well-being, and access to opportunity for women supporting families on their own, families of color, and women of color.

- Wealth provides a cushion against emergencies, helps build future wealth, and allows families to pursue opportunities for a better future. It offers support across generations.
- Lack of wealth makes it harder for women and families of color to weather financial crises, seek jobs with higher wages, and experience upward economic mobility.
- Lack of wealth can have detrimental lifetime effects on children, like worse physical health, worse social outcomes, and fewer years of completed schooling.
- Lack of wealth leads to poorer health outcomes as not having a financial cushion means people miss appointments and treatments and struggle to afford medication.
- Chronic material hardship because of low levels of wealth stresses women experiencing poverty's overall mental and physical health. For Black and Hispanic women stressors from discrimination, poverty, and systemic socio-economic disadvantages compound to diminish their mental and physical health: a phenomenon termed "weathering."

Federal policies can work to mitigate gender and racial wealth gaps by supporting women, particularly women of color. By contrast, enacting policies that shift more wealth to those who are already wealthy or cutting programs that support people without substantial wealth will further deepen gender and racial wealth gaps.

Tax policy can be a powerful tool to increase racial and gender equity, if we are willing to unlock its full potential. Taxing the wealthiest individuals and profitable corporations fairly and effectively would reduce gender and racial wealth gaps by breaking up the concentrated wealth of the nation. The revenues raised by better taxing wealth could be invested in supports, such as child care, paid leave, home and community-based services, health care, affordable housing, and family tax credits, that would increase opportunities for women and people of color to build wealth.

For more information, explore these NWLC resources:

- **Gender and the Tax Code**
- **Tax the Patriarchy**
- **Left Behind: The Retirement Crisis for Women and LGBTQIA+ People**
- **Unsupported: Underinvestment in the Care Economy Drives Gender and Racial Wealth Gaps**