

Asset Ownership by Black and White Families

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The likelihood of owning homes, investment accounts, and retirement accounts by Black and White families was analyzed using data from the 2004 Survey of Consumer Finances. Education, income, and contact with more financial institutions were almost always influential in the likelihood of owning assets and the value of assets. White families were less likely to be homeowners if they had been denied credit, whereas Black families had less equity in their homes if they had been denied credit. These and other results reinforce the need for financial counselors and planners and consumer educators to help consumers develop a good credit rating, become more risk tolerant, and develop longer horizons for saving and investing.

Key Words: asset ownership, Black families, Survey of Consumer Finances, White families

Introduction and Purpose

Most families want to increase their ownership of assets and the value of those assets. This study provided insight for educating and advising families by showing what factors are related to the ownership of assets. Wealth is an important measure of economic well-being and, as might be expected, the wealth distribution is not equally distributed by race. Over time the population of the United States has become more diverse. The 2000 Census revealed that the racial and ethnic distribution of the U.S. population was White, 70%; Black, 13%; Hispanic, 12%; Asian and Pacific Islander, 4%; and other, 1% (Stoll, 2004). To limit the scope of the study, only Black and White families were included in this analysis.

Two studies of wealth of Black and White families (National Bureau of Economic Research [NBER], 1990; Gittleman & Wolff, 2004) have provided some insight. Authors of both studies noted that the gap in wealth needs further research. Blau and Graham (NBER, 1990) analyzed data on younger families from the National Longitudinal Surveys of Young Men and Young Women. They found that young Black families held 18% of the wealth of young White families. Black families held more of their wealth in homes and vehicles and less in liquid assets or business assets than Whites. Education was the most

important demographic factor affecting the difference in wealth between these younger White and Black families.

In a longitudinal study, Gittleman and Wolff (2004) examined data on families from the Panel Study of Income Dynamics using the 1984, 1989, and 1994 waves. On average, White families had higher incomes and higher savings rates, and White families were more likely than Black families to receive inheritances and to receive larger amounts of inheritances. Gittleman and Wolff pointed out that period effects such as changes in the value of housing could influence wealth accumulation differently for families.

A considerable amount of research has been devoted to the relationship between tolerance for risk, ethnicity, and asset accumulation (e.g., Coleman, 2003; Gutter & Fontes, 2006; Yao, Gutter, & Hanna, 2005). Coleman (2003) compared attitude toward risk and the amount held in risky assets as a percentage of net worth of Black, White, and Hispanic families in the 1998 Survey of Consumer Finances (SCF). She found that Hispanic respondents were significantly more risk averse than Whites. In regard to Black respondents, she concluded that risk varied depending on the level of net worth. Yao et al. (2005) combined data from the 1983, 1989, 1992, 1995, 1998, and

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2001 SCF to compare the levels of financial risk tolerance (from taking no risk to substantial risk) held by Blacks, Hispanics, and Whites. Their primary finding was that Blacks and Hispanics were less willing to take some risk but more willing to take substantial risk. Yao et al. suggested that this effect might be due to variation among minority groups.

Gutter and Fontes (2006) investigated the relationship between race and ownership of risky assets (defined as stocks and businesses) as a percentage of total financial assets. They found that Black families were less likely to own risky assets if they had more children, were not working, had less tolerance for risk, and needed more liquidity. However, there was no difference between Black and White families in the proportion of risky assets to net worth when other factors were controlled.

In addition to factors such as education and risk tolerance, the accumulation of assets is likely to be related to factors such as age, income, marital status, planning horizon, and other factors. Therefore, a conceptual model is needed to explore the likelihood of owning the assets and the value of the assets. Because the ownership of homes, investment accounts, and retirement accounts are important to the economic well-being of families, the purpose of this study was to investigate the ownership of these assets. The study used data from the 2004 SCF. Although this is a cross-sectional data set, it provided the most recent information on assets of Black and White families.

Ownership of Assets

Homeownership

Homeownership is a way to transmit wealth from one generation to another. Studies have shown that home ownership leads to stronger families and safer, more close-knit communities with better schools and services. However, owning a home has been a challenge for many Black families. The Home Owner's Loan Corporation helped many White homeowners avoid default during the Depression, but not Black homeowners (Conley, 2001). This agency instituted 'redlining' so those neighborhoods deemed high risk would be assigned a red—no loan—rating. Black neighborhoods received this designation, a practice which was also adopted by private banks. The 1977 Community Reinvestment Act outlawed redlining, and Blacks have had more opportunity to become homeowners (Conley, 2001).

Investments

Black families were less likely than White families to hold certain financial assets, especially stocks and transaction accounts (Chiteji & Stafford, 1999; Gutter & Fontes, 2006). Gutter and Fontes (2006) found that Whites were twice as likely as Blacks in the 2004 SCF to own risky assets defined as stock and business assets (56% versus 28%). Chiteji and Stafford (1999) showed that the likelihood of owning transaction accounts and stocks among Black families was influenced by whether their parents held these assets.

Retirement Accounts

Previous research has suggested that White families were more likely to be prepared for retirement than Black families (Choudhury, 2001; Yuh, Montalto, & Hanna, 1998). Data from the Health and Retirement Study (HRS) which collected data on families headed by individuals age 51 to 61 showed that 79% of White families had pension accounts compared to 66% of Black families. White families were three times as likely as Black families in the HRS to own Individual Retirement Accounts (IRAs) and Keogh accounts (50% to 15%) (Choudhury, 2001). Yuh et al. (1998) developed a model of retirement wealth and estimated the likelihood of adequacy for families in the 1995 SCF. The descriptive statistics showed that 55% of White families and 39% of Black families would have an adequate amount of retirement wealth. However, there were no differences in retirement wealth adequacy by racial or ethnic background in the logistic regression when other factors were controlled.

Theoretical Framework

Symbolic Interaction Theory

The symbolic interaction theory assumes that family background and connections help define, identify, and shape certain values (Ingoldsby, Smith, & Miller, 2004). Boykin and Toms (1985) identified three dimensions of racial socialization among Black families: mainstream experience, minority experience, and Black cultural experience. Boykin and Toms observed that the three themes, respectively, emphasize achievement through education and hard work, presence of racial restrictions, and heritage and historical traditions. Thornton (1997) explored the application of these themes using data from the National Survey of Black Americans. He found that Black parents who were older and parents with more education were more likely to emphasize achievement through education and hard work.

Life Cycle Hypothesis of Savings

The life cycle hypothesis of savings suggested that younger individuals are likely to borrow to finance consumption while they acquire education and professional skills. Hence, they are not likely to accumulate much wealth until they reach midlife and their income has increased. In retirement, they are expected to spend down their accumulated assets (Ando & Modigliani, 1963). However, many older persons have continued to save and many have expected to transfer wealth to the next generation.

Thaler and Shefrin (1981) developed the behavioral life cycle hypothesis which suggested that individuals have instincts to be either a planner who is concerned with lifetime utility or a doer who is focused on the present. Thaler and Shefrin also suggested that individuals practice *mental accounting*, meaning that they have different propensities to save in different categories of accounts. For example, they may think differently about funds in a retirement account than those in a cash reserve for emergencies. Thus, this theoretical framework suggests that individuals could be either long-term or short-term planners. Also, individuals could have a different point of view for different accounts.

Age

If the effect for age is consistent with the life cycle hypothesis of savings (Ando & Modigliani, 1963), the value of assets will increase toward midlife. However, it is expected to eventually decrease as assets are drawn down in later life. In this study, the effect of age was examined by including age and age-squared as predictor variables. If the respondent's saving behavior is consistent with the life cycle hypothesis of savings, the age variable would be positive and the age-squared variable would be negative.

Marital Status

Many studies included marital status when analyzing family well-being. For example, Bryant (1990) extended Becker's (1976) work on the theory of marriage by showing a preference for marriage by single individuals who believed they were better off with two incomes. Also studies showed that couples had higher family incomes and more wealth than single families (Weicher, 1997).

Race

In addition to the research focusing on risk tolerance and race, other studies have examined differences in wealth accumulation based on the role of inheritance, income

differentials, historical periods, social and kin networks, and attitude (Chiteji & Hamilton, 2002; Choudhury, 2001; Gittleman & Wolff, 2004; Straight, 2001). For example, individual characteristics such as race and health status have been associated with community disadvantages such as poor educational facilities and limited access to banking facilities (Robert & Reither, 2004).

Income

Family income is the most common measure of the U.S. standard of living. According to Stoll (2004), the Black to White family income ratio was 0.54 in 1990 and 0.58 in 2000. The poverty rate of Black families has historically been at least two to three times higher than that of Whites. Black families' poverty rate has been particularly sensitive to changes in economic conditions. In 2000, at the height of the economic boom, nearly a quarter of Black families were poor, and nearly 40% of Black female-headed families were poor (Stoll, 2004).

Education

There are differences in the attainment of education between Black and White individuals. For men, the Black to White ratio in the attainment of a college education was 0.41 in 1980, whereas in 2000, it was 0.44. For women, the Black/White ratio in the attainment of a college education was 0.66 in 1980 and 0.62 in 2000 (Stoll, 2004). In a study of Black families, 40% of the poorly educated did not own any financial assets, whereas over 80% of families headed by a college graduate controlled some financial assets (Oliver & Shapiro, 2005).

Self-employment

The self-employed may not accumulate many assets other than their business which is an asset in itself. Also, the self-employed might have a different perspective on investing or on saving for retirement. DeVaney and Kim (2003) found that those who were self-employed were less likely to save for retirement because they planned to work indefinitely. Also, many planned to sell their business when they retired and use that to provide retirement income.

Credit Approval History

Access to credit affects homeownership and access to other assets. In the past, Black families have faced barriers to the acquisition of assets such as homes and businesses due to discrimination in mortgage and small business credit markets, customer discrimination, limited access to information about investment opportunities, and other

factors (NBER, 1998; Munnell, Tootell, Browne, & McEneaney, 1996).

Financial Institutions

Financial institutions can help individuals move from debt-management to asset-management. Account ownership or doing business with financial institutions was associated with positive financial outcomes (Grable & Joo, 1999). Account ownership increased over time for families across all spectrums of income, net worth, education, race, and age in the 1989, 1992, 1995, 1998, and 2001 SCF data (Hogarth, Anguelov, & Lee, 2005). Therefore, the number of financial institutions that one does business with could have positively influenced the likelihood of owning assets.

Saving Behavior and Planning Horizon

Minority heads of families were more likely to contribute to family functions, family care-giving, and socialization than families with a White head (Aranda & Knight, 1997). In a study in which savings motives were organized as a hierarchy, there were only two significant differences between White and minority families. White families were less likely than minority families of all races to move up the hierarchy to higher level savings motives such as societal, luxury, and self-actualization from saving for basic needs and from saving for security needs (DeVaney, Anong, & Whirl, 2007). It is not known whether Black and White families differ in their preference for the length of planning horizons for saving and investing.

Professional Advice

Some studies have shown conflicting results in regard to the relationship between professional advice and asset ownership. In a study of clerical workers, Grable and Joo (1999) found that age was important, but race, education, gender, marital status, and income did not affect the decision to seek professional advice. A study with data from the 1998 SCF showed that those who sought professional advice for saving and investing and credit and borrowing had higher income, net worth, and financial assets (Elmerick, Montalto, & Fox, 2002). Elmerick et al. (2002) also found that Black families were significantly more likely to seek professional advice on saving and investing and on credit and borrowing compared to White families when all other factors were controlled.

In summary, factors such as age, marital status, race, income, education, self-employment, credit approval history, con-tacts with financial institutions, willingness to take risk, saving behavior, planning horizon, and seek-

ing professional advice are all expected to influence the likelihood of owning assets and the value of the assets. It is hypothesized that there will be differences between Black and White families in the likelihood of ownership and the amount of the various assets.

Methods

Data and Sample

The study used data from the 2004 SCF to assess the likelihood of asset ownership and the amount of the assets of Black and White families. The SCF is collected every 3 years by the National Organization for Research at the University of Chicago (Kennickell, 2005). Sponsored by the Board of Governors of the Federal Reserve System, the SCF provides detailed information on demographic characteristics and assets and liabilities of U.S. families. The sample for this study consisted of 481 Black families and 3,468 White families in the 2004 SCF. Families of other racial and ethnic backgrounds were excluded.

A multiple imputation technique was used to handle missing and incomplete data and five implicates of the data were developed (Rubin, 1987). All five implicates were used in the study. The Repeated Imputation Inference (RII) method was used in all of the analyses including descriptive analysis, logistic regressions, and tobit regressions (Kennickell, 1997). A weight variable was applied for the descriptive analysis.

Dependent Variables and Analysis

The ownership of each of three assets (homes, investment accounts, and retirement accounts) was examined based on a conceptual model that included race, age, marital status, education, family income, self-employment, denial of credit, contacts with financial institutions, willingness to take risk, saving behavior, planning horizon, and seeking professional advice.

The likelihood of owning each type of asset was examined using logistic regression. Ownership was coded as 1 if the asset was owned and 0 otherwise. Logistic regression is the appropriate method when the dependent variable is binary (Kennedy, 1998). Next, the value of the assets was examined using tobit regression. This is the appropriate method when a large percentage of the continuous dependent variables are 0 (Kleinbaum, Kupper, Muller, & Nizam, 1998).

The dependent variables for each of the tobit regressions were the value of each of the assets. Housing equity was

measured by subtracting the amount still owed on the mortgage from the current market value of the home. The value of investment accounts consisted of the amount in savings bonds, certificates of deposit, money market accounts, call accounts, stocks, and bonds or mutual funds that were not included in retirement accounts. The value in retirement accounts consisted of the amount in retirement accounts (such as defined contribution accounts), IRAs, and Keogh accounts.

Independent Variables

The independent variables consisted of socioeconomic and behavioral factors. Socioeconomic factors included the age, marital status, race, and education of the head of the family; family income; whether the head was self-employed or had been denied credit; and the number of financial institutions with which the family had an account or did personal financial business on a regular basis. Marital status was coded as 1 if the head was married and 0 if the head was single, divorced, separated, or widowed. Income was the family's annual income. The log of income was used for the regression analyses to reduce heteroskedasticity.

Denial of credit was measured by the response to this two-part question: "In the past 5 years, has a particular lender or creditor turned down any request you made for credit or not given you as much credit as you applied for?" The responses, "Yes, turned down" and "Yes, not as much credit," were coded as 1. If the family had been approved for credit, denial of credit was coded as 0.

Behavioral factors included risk tolerance, being a regular saver, planning horizon for saving and investing, and seeking professional advice for saving and investing. Risk tolerance was measured from 1, *not willing to take any financial risk*, to 4, *take substantial financial risk expecting to earn substantial returns*. The variable was recoded as (a) above average risk or substantial risk to equal high risk, (b) average risk, and (c) no risk. "No risk" was the reference category. Saving behavior was measured by this statement, "(I/we) save regularly by putting money aside each month."

In the SCF, family heads were asked about their preference for length of the planning horizon for saving and investing. The possible responses were "a few months," "a year," "a few years," "5 to 10 years," or "more than 10 years." "A few months" was the reference category. If the family head sought professional advice for saving and investing

from advisors including accountants, bankers, brokers, financial planners, or lawyers, the variable was coded as 1 and 0 otherwise. See Table 1 for the coding of variables.

Descriptive Statistics

A typical Black family was headed by an individual age 47 with almost 13 years of education. Twenty-six percent were married. The average annual family income was \$38,010. Six percent were self-employed, 30% had been denied credit, 41% were regular savers, 57% were not willing to take risk when saving or investing, 39% had sought professional advice, and most preferred shorter planning horizons. On average, Black families had accounts with 1.63 financial institutions.

A typical White family was headed by an individual age 51 with almost 14 years of education. Fifty-five percent were married. Average family income was \$76,960. Among White families, 13% were self-employed, 19% had been denied credit, 42% were regular savers, and 37% would not take any risk when making saving or investing decisions. Among White families, the planning horizons were somewhat longer, and 54% had sought professional advice. On average, White families had accounts with 2.5 financial institutions.

The percentage of Black families who owned each type of asset was as follows: a home, 45%; an investment account, 32%; and a retirement account, 31%. For White families, the percentage who owned each type of asset was as follows: homes, 70%; investment accounts, 61%; and retirement accounts, 55%. The average equity for each of these assets for Black families was as follows: a home, \$39,294; investments, \$8,817; and retirement accounts, \$18,187. The average equity of these assets for White families was as follows: homes, \$133,087; investments, \$119,513; and retirement accounts, \$72,219 (see Table 1).

Likelihood of Owning Assets

For each of the types of assets, the likelihood of owning the asset or the equity in the asset was estimated for the total sample. If there was a statistically significant effect for race, the next step was to conduct separate regressions for Black and White families for each type of asset. There were significant differences for each type of asset and regressions were conducted separately for the Black and White samples (see Tables 2 through 4). The likelihood of owning each of the assets is discussed first followed by a discussion of factors that influenced the value of each asset.

Table 1. Measurement of Variables and Weighted Descriptive Statistics of Black Families ($n = 481$) and White Families ($n = 3,468$) in the 2004 Survey of Consumer Finances

Variables	Measurement	Total ($N = 3,949$) $M(SD)$ or %	Blacks ($n = 481$) $M(SD)$ or %	Whites ($n = 3,468$) $M(SD)$ or %
Dependent variables				
Homeownership	1 = homeowner; 0 = otherwise	65.96%	45.02%	69.84%
Investment ownership	1 = investment holder; 0 = otherwise	56.50%	32.64%	60.91%
Retirement account ownership	1 = account holder; 0 = otherwise	51.47%	31.26%	55.21%
Home equity	Continuous, \$	118,432 (290,516)	39,294 (77,138)	133,087 (312,335)
Value of investments	Continuous, \$	102,216 (1,048,004)	8,817 (121,386)	119,513 (1,138,886)
Retirement savings	Continuous, \$	63,777 (223,661)	18,187 (75,739)	72,219 (240,349)
Independent variables				
Socioeconomic variables				
Age	Continuous, years	50.24 (17.37)	47.37 (16.73)	50.77 (17.44)
Marital status	1 = married; 0 = otherwise	50.18%	25.69%	54.71%
Race				
Black	1 = yes; 0 = otherwise	15.63%	-	-
White	1 = yes; 0 = otherwise	84.37%	-	-
Education	Continuous, highest grade	13.52 (2.60)	12.760 (2.71)	13.67 (2.55)
Family income	Continuous; log of income	70,874 (223,199)	38,010 (105,647)	76,960 (238,201)
Self-employment	1 = self-employed; 0 = otherwise	12.18%	5.59%	13.40%
Denied credit	1 = denied/limited credit; 0 = otherwise	20.37%	30.21%	18.55%
Financial institutions	Continuous	2.36 (1.60)	1.63 (1.36)	2.50 (1.61)
Behavioral variables				
Risk tolerance				
Take no risk	1 = yes; 0 = no	39.81%	57.11%	36.60%
Take average risk	1 = yes; 0 = no	40.67%	28.19%	42.98%
Take high risk	1 = yes; 0 = no	19.53%	14.70%	20.42%
Regular saver	1 = save regularly; 0 = otherwise	41.46%	40.84%	41.57%
Planning horizon				
Few months	1 = yes; 0 = no	17.91%	26.19%	16.38%
A year	1 = yes; 0 = no	13.43%	16.65%	12.81%
Few years	1 = yes; 0 = no	27.94%	28.12%	27.91%
5 to 10 years	1 = yes; 0 = no	26.40%	21.87%	27.23%
More than 10 years	1 = yes; 0 = no	14.32%	7.17%	15.65%
Seek professional advice	1 = seek advice from professional; 0 = otherwise	51.48%	38.92%	53.80%

Homeownership

Among Black family heads, years of education and number of financial institutions with whom the respondent had regular contact were positively related to the likelihood of homeownership. Also, those who were married were more likely to be homeowners than those who were single, never married, divorced or separated, or widowed.

Among White respondents, the likelihood of homeownership increased until age 82, and then it began to decrease. The likelihood of homeownership increased as education, income, and contact with financial institutions increased.

Those who were married, who saved regularly, and who sought professional advice were more likely to be homeowners. Compared to those who were willing to take high risk, those who were not willing to take risk were less likely to be homeowners. Those who had been denied credit were less likely to be homeowners (see Table 2).

Investment Accounts

The likelihood of holding investment accounts increased for Black families as education and contact with financial institutions increased. The likelihood of holding investment accounts for White families increased with more

Table 2. Results of the Regressions on Homeownership and Equity of Blacks (n = 481) and Whites (n = 3,468) in the 2004 Survey of Consumer Finances

Independent variables	Homeownership				Home equity			
	Blacks		Whites		Blacks		Whites	
	Parameter estimate	Odds ratio	Parameter estimate	Odds ratio	Parameter estimate	P	Parameter estimate	P
Age	0.0758	1.079	0.1194***	1.127	5773.9	.1078	50092.0***	.0002
Age squared	-0.0001	1.000	-0.0007***	0.999	-4.64680	.8905	-267.4*	.0251
Married (reference group: unmarried)	0.8203**	2.271	1.0827***	2.953	62960.9**	.0040	155593.0*	.0320
Log income	0.2433	1.275	0.2778***	1.320	31165.8***	.0007	574157.0***	<.0001
Education	0.1424**	1.153	0.0496*	1.051	12373.6**	.0021	1469.2	.9196
Self-employed (reference group: not)	-0.3019	0.739	0.0953	1.100	122342.0***	.0002	102217.0	.1553
Denied credit (reference group: approved or n/a)	-0.4186	0.658	-0.6051***	0.546	-56981.3**	.0099	-210176.0*	.0320
Financial institutions	0.5810***	1.788	0.2678***	1.307	41811.5***	<.0001	16731.6	.2811
Risk								
No risk	0.6053	1.832	-0.5519***	0.576	40882.5	.1603	-301118.0**	.0018
Average risk	0.0959	1.101	-0.0486	0.953	8765.8	.7650	-134468.0	.0675
High risk (reference)	-	-	-	-	-	-	-	-
Regular saver (reference group: not)	0.0849	1.089	0.2292*	1.258	7114.1	.7234	-157335.0*	.0145
Planning horizon								
Few months	-0.7616	0.467	-0.3543	0.702	-81148.8*	.0342	-64161.2	.5815
A year	-0.6319	0.532	-0.3009	0.740	-91806.1*	.0254	30780.9	.8082
A few years	-0.3727	0.689	-0.1702	0.843	-89411.3*	.0157	42454.6	.6497
5 to 10 years	-0.1138	0.892	-0.1602	0.850	-42666.6	.2481	-63985.0	.4486
10 years (reference)	-	-	-	-	-	-	-	-
Seek professional help (reference: do not)	0.3175	1.374	0.6858***	1.985	19670.7	.3207	156147*	.0161

* $p < .05$. ** $p < .01$. *** $p < .001$.

education, income, and contact with financial institutions. Also, those who were regular savers and those who sought professional advice were more likely to have investment accounts. Those who were risk averse and those who had been denied credit were less likely to hold investment accounts. Those who had planning horizons from a few months to a few years were less likely to hold investment accounts compared to those who had 10 years or longer planning horizons (see Table 3).

Retirement Accounts

The probability of having a retirement account increased for Black respondents until age 45, and then it began to decrease. Black respondents with more income, with more education, and who dealt with more financial institutions were more likely to have retirement accounts. Black respondents with planning horizons of 1 year, a few years, and 5 to 10 years were more likely to hold retirement accounts than those with 10 year horizons. The self-employed were less likely to have retirement accounts.

Table 3. Results of the Regressions on Investments of Blacks ($n = 481$) and Whites ($n = 3,468$) in the 2004 Survey of Consumer Finances

Independent variables	Investment ownership				Value of investments			
	Blacks		Whites		Blacks		Whites	
	Parameter estimate	Odds ratio	Parameter estimate	Odds ratio	Parameter estimate	<i>P</i>	Parameter estimate	<i>P</i>
Age	-0.0068	0.993	-0.0041	0.996	-54809.7	.4403	-450311**	.0015
Age squared	0.0001	1.000	0.0002	1.001	677.1	.3502	5759.5***	<.0001
Married (reference group: unmarried)	-0.1221	0.885	0.0989	1.104	-268745.0	.5784	-1106030	.2112
Log income	0.1478	1.159	0.3155***	1.371	723916.0*	.0358	4837685***	<.0001
Education	0.2060***	1.229	0.1668***	1.182	217355.0	.1039	606326***	.0009
Self-employed (reference group: not)	0.3473	1.415	0.1345	1.144	1878568.0	.0659	-2780569**	.0019
Denied credit (reference group: approved or n/a)	-0.0936	0.911	-0.2816*	0.755	-112762.0	.7607	-149161	.8920
Financial institutions	0.4462***	1.562	0.2557***	1.291	270268.0	.1398	782187**	.0011
Risk								
No risk	-0.5036	0.604	-0.7682***	0.464	-87609.1	.8748	-4078176***	.0006
Average risk	-0.1189	0.888	-0.1380	0.871	510350.0	.4144	-1016208	.2735
High risk (reference)	-	-	-	-	-	-	-	-
Regular saver (reference group: not)	0.1640	1.178	0.2605**	1.298	261835.0	.5359	-560917	.4401
Planning horizon								
Few months	0.3040	1.355	-0.4499**	0.638	-690023.0	.3733	-1576890	.2886
A year	0.8751	2.399	-0.5500**	0.577	-441397.0	.5687	-3154802*	.0313
A few years	0.6699	1.954	-0.3497*	0.705	-774466.0	.2888	-1984642	.1323
5 to 10 years	0.1205	1.128	-0.2340	0.791	-1134253	.1533	-870137	.4130
10 years (reference)	-	-	-	-	-	-	-	-
Seek professional help (reference: do not)	0.3054	1.357	0.5514***	1.736	653457.0	.1557	2028510**	.0068

* $p < .05$. ** $p < .01$. *** $p < .001$.

For White respondents, the likelihood of having a retirement account increased until age 52, and then it began to decrease. White respondents with more income, with more education, and who dealt with more financial institutions were more likely to have retirement accounts. White respondents were more likely to hold retirement accounts if they were married, saved regularly, and sought professional advice. The self-employed were less likely to have a retirement account. Those with a planning horizon of only a few months, a year, or a few years were less likely to hold a retirement account than those with a 10 year horizon (see Table 4).

Factors Related to the Amount of Assets

Tobit regressions for the amount of each asset were estimated for the total sample. Because the effect for race was significant, separate tobit regressions were conducted for Black and White families. The results of the regressions are shown in Tables 2 through 4.

Equity in the Home

Black respondents who were married and those who were self-employed had more equity in their homes than their counterparts. Equity in the home increased as education of the head of the family, income, and contact with finan-

Table 4. Results of the Regressions on Retirement Account Holding of Blacks ($n = 481$) and Whites ($n = 3,468$) in the 2004 Survey of Consumer Finances

Independent variables	Retirement account holding				Amount of retirement savings			
	Blacks		Whites		Blacks		Whites	
	Parameter estimate	Odds ratio	Parameter estimate	Odds ratio	Parameter estimate	p	Parameter estimate	p
Age	0.2138***	1.238	0.1548***	1.167	19754.1***	.0008	54095.9***	<.0001
Age squared	-0.0024***	0.998	-0.0015***	0.999	-205.5**	.0012	-422.95***	.0002
Married (reference group: unmarried)	0.0079	1.008	0.6191***	1.857	8783.9	.7298	197871.0**	.0031
Log income	0.4996**	1.648	0.1865***	1.205	31515.6**	.0045	243142.0***	<.0001
Education	0.1453*	1.156	0.1109***	1.117	15505.1**	.0057	58760.1***	<.0001
Self-employed (reference group: not)	-1.4191*	0.242	-0.5242***	0.592	16092.8	.7357	-205091.0**	.0022
Denied credit (reference group: approved or n/a)	-0.0516	0.950	-0.1692	0.844	-14411.5	.5574	59214.2	.4610
Financial institutions	0.3592**	1.432	0.2002***	1.222	34173.6**	.0013	110040.0***	<.0001
Risk								
No risk	-0.6617	0.516	-1.0605***	0.346	-44427.9	.1611	-557540.0***	<.0001
Average risk	-0.1383	0.871	-0.1851	0.831	14219.8	.6549	-202526.0**	.0028
High risk (reference)	-	-	-	-	-	-	-	-
Regular saver (reference group: not)	0.4283	1.535	0.5429***	1.721	18474.1	.4340	44558.2	.4226
Planning horizon								
Few months	0.8478	2.335	-0.5234**	0.593	14428.2	.7636	-97923.0	.3650
A year	1.3100*	3.706	-0.5659***	0.568	24967.9	.6084	-256292.0*	.0337
A few years	1.1567*	3.179	-0.2333	0.792	22808.2	.6216	-91984.6	.3756
5 to 10 years	1.2438*	3.469	-0.2533	0.776	64797.9	.1542	-136831.0	.1089
10 years (reference)	-	-	-	-	-	-	-	-
Seek professional help (reference: do not)	0.1207	1.128	0.4075***	1.503	8128.1	.7262	159384.0**	.0064

* $p < .05$. ** $p < .01$. *** $p < .001$.

cial institutions increased. Black families had less equity in their homes if they had been denied credit and if their planning horizons were a few months, a year, or a few years.

For White families, home equity increased as the age of the family head increased. The turning point was age 92, so we concluded that equity in the home increases with age. White family heads who were married had more equity in their homes. As income increased, equity in the home increased. White families who had been denied credit, who were not willing to take any risk, and who were regular savers had less equity in their homes. An explanation for the unexpected negative effect for regular savers could be that those who saved regularly were new homeowners. Therefore, they had less equity in their homes (see Table 2).

Value of Investment Accounts

Among Black families, as income increased, the value of investment accounts increased. Also, the self-employed had more in investment accounts although this effect was only marginally significant ($p = .0659$). For White respondents, the value of the investment accounts decreased until age 39, and then it increased. The value of investment accounts increased as education, income, and contact with financial institutions increased. Those who sought professional advice had larger investments. The self-employed had less in investments than others. Those who were not willing to take any risk had less in investment accounts than those who would take high risk. Also, those whose planning horizon was 1 year had less in investment accounts than long-term planners (see Table 3).

Value of Retirement Accounts

The value of retirement accounts increased for Black respondents until age 48, and then the amount in retirement accounts decreased. As income, education, and contacts with financial institutions increased for Black families, the value of the retirement account increased.

The value of retirement accounts increased for White respondents until age 64, and then it decreased. As income, education, and contacts with financial institutions increased, the value of retirement accounts increased for White families. Those who sought professional advice had more in retirement accounts. Those who were not willing to take risk or would take only average risk, those who planned for only a few years, and the self-employed

had less in retirement accounts compared to their counterparts (see Table 4).

Summary and Implications

The analysis of the total sample of the 2004 SCF showed that Black families were less likely to own homes, investment accounts, and retirement accounts compared to White families, and the values of these assets were less for Black families. When regressions were conducted separately for Black and White families, education, income, and contact with more financial institutions were almost always influential in the likelihood of owning assets and the value of assets. However, other factors such as age, denial of credit, and risk tolerance produced different results. Implications are offered for counselors, planners, and educators.

Education

Education of the family head was influential in all but two of the analyses. Having a good education enables the head to obtain better pay and benefits which can lead to the ownership of assets. This reinforces the need for quality education for everyone. Counselors, planners, and educators can be active in their communities to support quality education.

Income

Income was influential on asset ownership and the value of the assets for both Black and White families in all but one of the analyses. This reinforces the need for individuals to educate themselves and their children for careers that pay well. It supports the need for individuals to upgrade their skills to progress in their careers. Also, it indicates that the role of financial advisors and educators in helping consumers manage their finances is extremely important.

Contact with Financial Institutions

Another highly influential factor was having contact with more financial institutions. This was evident for both Black and White families. This reinforces the active presence of banks, credit unions, and mortgage lenders in all communities to enable consumers to have access to services. Counselors, planners, and educators can work with local financial institutions to be certain that their customer services are appropriate for the needs of the community.

Professional Advice

Seeking professional advice was also influential. Consumers are more likely to identify with professionals of the

same ethnicity or gender. Counselors, planners, and educators should encourage young adults of all ethnic backgrounds to prepare for professional roles in accounting, banking, counseling, financial planning, insurance, investing, and law. Furthermore, women are underrepresented in many professions related to finance, so young women should be especially encouraged to prepare for these careers.

Planning Horizon

The length of the planning horizon was significant in several instances. In general, the results showed that a short planning horizon had a negative effect on asset ownership or the value of the asset. Counselors, planners, and educators should always communicate the importance of developing long-term goals in discussions and seminars.

Age

As the family head increased in age in both Black and White families, they were more likely to own a retirement account and to have more in the retirement account. As age increased for White family heads, they were more likely to be homeowners and to have more equity in the home. However, age was not significant for Black families in regard to homeownership or the equity in the home. Age was not a significant influence on the likelihood of having an investment account for either Black or White families. Asking those who are homeowners and investors what motivated and enabled them to buy a home or start investing should help advisors and educators develop strategies to serve potential home buyers and investors.

Denial of Credit

If White families had been denied credit, they were less likely to be homeowners and equity in the home was less. Although denial of credit did not affect the likelihood of homeownership for Black families, denial of credit meant that equity in the home was smaller for Black families. Although there is some variation in these results, they reinforce the importance of developing a good credit rating. Counselors, planners, and educators can help consumers understand their credit rating and how to improve it if that is needed.

Risk Tolerance

In regard to risk tolerance, those who were risk averse were less likely to be homeowners or hold investment accounts (for White families), and they had less in their investment and retirement accounts (also for White families). The variable was not significant for Black families.

The results suggest that many consumers, especially White families, could benefit from learning more about risk. Counselors, planners, and educators could provide individual advice and seminars related to investing and the relationship between risk and return.

Marital Status

Being married was related to increased likelihood of asset ownership and the value of assets for both Black and White families. This was highly significant for the likelihood of owning a home and home equity. Being married was influential on holding retirement accounts. Couples may feel more inclined to contribute to retirement accounts because they are likely to have more disposable income (if there are two earners), and life expectancy is greater when there are two people. Because women tend to live longer than men, women are likely to spend the last years of their life as widows. Hence, counselors, planners, and educators should highlight the need for retirement savings for a longer period for couples.

Regular Savers

Among White families, those who saved regularly were more likely to own a home, have an investment account, and hold a retirement account. Saving regularly was negatively related to the amount of home equity for White families. This might mean that the family was a new homeowner and had not accumulated much equity in the home. The variable for saving regularly was not significant for Black families for the assets in this study. Perhaps, Black families save for other purposes than those examined in this study. This should be explored in more depth to provide insight for counselors, planners, and educators.

Suggestions for Future Research

Symbolic interaction theory was included in the review of literature to suggest that values learned from family and peers might influence asset ownership. However, the SCF does not include any questions that measure how values were learned. One way to examine values would be the use of interviews or focus groups. For example, respondents could be asked, "How did the financial attitude and behavior of your parents and friends affect your financial attitudes and behavior?"

There was some support for the life cycle hypothesis of saving (Ando & Modigliani, 1963). Age was more influential for White families than for Black families. This could be another topic for qualitative research. For example, respondents could be asked, "When did you begin to

invest?" or "When did you decide to save for your retirement?" Ideas gained from focus groups could be used to develop seminars or messages targeting other consumers of the same age.

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