

Employment Capital: How Work Builds and Protects Family Wealth and Security

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About the Leveraging Mobility Study

This and subsequent briefs in the series draw on a unique dataset of in-depth interviews conducted at two points in time, offering a rare look at family financial lives and the decisions and trade-offs families made between financial security and opportunities during a decade of particular economic volatility. In 1998 the original sample of 180 was selected to ensure that half the sample was white families and half was African-American families and included an equal split of working class and middle class families. At baseline, families had children aged between 3 and 10 years old. More than 12 years later, these children were at the end of their high-school career or beyond when the second wave of 137 interviews was conducted between 2010 and 2012. The parents are now in the latter half of their working lives, between 40 and 60 years old.

The families were located in three urban cities in 1998: one on the East Coast, one on the West Coast, and one in the Midwest. At the time of the second interviews the majority lived in the same city or near-by, a few had moved to other states where they were contacted and interviewed. The baseline and follow-up interviews covered information about the children's education histories, the community or communities where they had resided previously and currently, their household income and expenditures, household wealth and debt, their work history, family financial and non-financial assistance, and reflections about their economic security and decisions they had made related to using their assets.

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Employment and Wealth

Interviewing young families in the late 1990s, when the economy was growing and prosperous, and again in 2010 during a stagnant economy amid dramatic wealth loss, we were surprised to find that more than two-thirds had seen their wealth increase. As we talked to them, it became clear that many factors were at play. One important observation was that for many of the families that built wealth, the characteristics of their employment (benefits, flexibility, and consistent work) facilitated a pathway to accumulating wealth that income alone could not provide. The interview data suggest the link between employment and building wealth goes far beyond the paycheck.

A puzzle remained, however. African-American families in our interview sample saw their incomes and educations rise in relation to those of white families and yet their wealth increased at a significantly lower rate. Sorting through the interview data and aligning it with national data as a comparison, it became clear that wealth-building job characteristics are distributed unequally among racial, class, and occupational divides.

This brief examines the features and locations of jobs that help families build wealth. It explores what happens when workers do not have jobs with characteristics that build and preserve wealth. It answers the question of why inequities exist in access to those job characteristics and proposes policy solutions to improve work-based pathways to wealth building and economic security.

Much has been written about the connection between good jobs, career mobility, and economic security. The lived experiences of families allow us to add a critical new understanding of the connection between work and wealth.

“...my whole goal in life is not only to continually learn, but to continually make my work pay, I guess. And maybe it’s not necessarily money that I’m looking for, but like time off or...benefits like being able to telecommute or being able to...tend to sick children or you know, husband or whatever. You know, those kind of things where the company puts family life first I think is a benefit to me.”

-Tricia Reagan



Employment Capital's Role in Protecting and Building Wealth

We call the employment-based resources and job characteristics beyond income that enable families to build and preserve wealth “employment capital.” These resources provide more than simply non-wage compensation—our data suggest they actually build and protect wealth. The types of employment capital important to families interviewed who were able to build and secure wealth were: (1) job benefits; (2) job flexibility; and (3) consistent work.

Employment capital builds wealth in multi-dimensional ways. It provides the direct means to build wealth, for example through retirement fund opportunities, and to preserve income wealth through health insurance subsidies. Job flexibility and consistent work make a difference in the types and hours of employment secured, affecting income thresholds and access to employment capital opportunities. The three dimensions of employment capital that were of greatest importance to the families interviewed are outlined in Figure 1.

EMPLOYMENT CAPITAL BUILDS WEALTH

Margaret and Albert Dove, an African-American couple, have had access to many of the job characteristics critical to building wealth. They have been able to convert their employment into wealth through both income increases associated with their occupational positions and through non-income employment capital. In 1998, Margaret was a full-time, salaried-with-benefits computer programmer and human resources manager for a hotel chain, a job she'd held for 10 years. By 2010, she was working for a new company as a senior manager, a higher-level position than she had in 1998. Her husband, Albert, worked for the city administration, in the same position he had held in 1998.

In 1998, their household income was \$75,000. By 2010, their household income had increased to \$160,000, primarily because of Margaret's promotions. They had \$230,000 in retirement savings, a result of steady contributions matched through her work-provided retirement plan over the course of 20 years. Their health expenses were low because she had access to good health insurance through work. She didn't have to buy her own life insurance, since it was provided by her employer.

Terms Used in This Series

Assets/Wealth: Assets are the tangible resources available to households—financial, personal, institutional, and social (networks of family and friends)—that can be drawn upon in times of need, or can be invested for the future. Examining the change in a family's wealth over time helps reveal changes in economic security and opportunity for the family as a whole.

Head Start Assets: Head start assets are those assets parents provide to their children to help them access opportunities. These assets might include a loan or gift to buy a house, or a savings account to help pay for college.

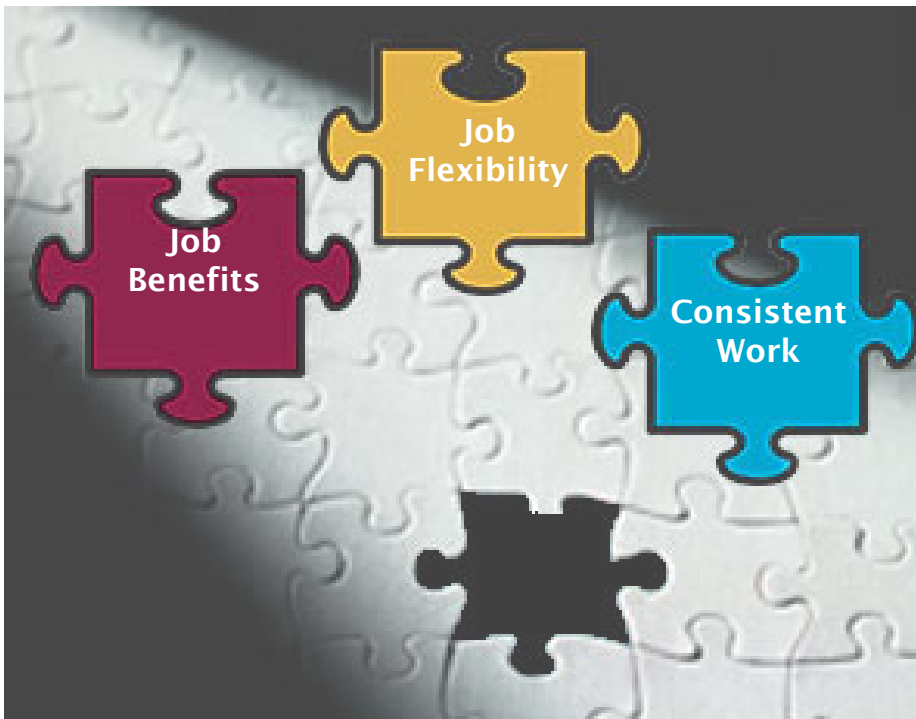
Transformative Assets: Transformative assets are inherited wealth that lifts individuals or families beyond their own direct achievements.

Net Financial Assets/Liquid Wealth: Financial assets are those liquid financial resources, such as savings accounts, retirement accounts, children's college funds, and stocks and bonds, available to a family to draw upon. Net financial assets are the sum of all assets minus the sum of all debts, excluding home equity.

Net Worth (Total Wealth): Net worth is a wealth measure that looks at the sum of a family's assets minus all its debts, including home equity.

Asset Security: A family has asset security if, together with three months of unemployment insurance and its own assets, it has sufficient liquid assets to cover 75% of average household consumption for three months.

Figure 1: Employment Capital



Job Benefits

- Retirement savings
- Paid sick and vacation days
- Health insurance subsidies
- Disability insurance
- Tuition benefit

Job Flexibility

- Modified work schedules around care-giving needs
- Compressed work weeks
- Job sharing
- Paid personal days

Consistent Work

- Stable employment with no gaps between employment
- Long tenure with one employer
- Sufficient hours to qualify for benefits

Job Benefits

Paid vacation and sick days, retirement savings, health insurance, disability insurance, and tuition reimbursement.

Job benefits take various financial forms, including shared costs with the employee (employer-subsidized benefits), full benefits (employers assume full costs), tax-deferred (employee assumes cost but benefit reduces taxable income), and simple access (costs borne by employee but available only through employment). Collectively, these benefits provide financial compensation by reducing the employees' use of income to cover costs for such things as health insurance, retirement savings, disability

insurance, and tuition credits. In some cases families gain income, such as when employers match retirement contributions, or when children and staff are able to access higher education tuition-free.

Some benefits are only through employers, such as pre-tax flexible spending accounts or access to credit unions that may provide low-interests accounts or loans. Each of the benefits described within this section is incentivized through the U.S. tax code. Of the 137 families interviewed in 2010, nearly half had access to benefits through their work, and four-fifths of these families saw an overall increase in their wealth.¹ Benefits help families directly build their wealth and that wealth enables present and future economic security. The following benefits are discussed within this section: retirement savings, paid vacation, paid sick leave, health insurance, short-term disability, and education benefits.

Retirement Savings

Work-provided retirement savings build wealth directly through investment of wages, and often through employer matches, in a tax-preferred savings account. Savings can be in defined-benefit plans (pensions) or defined-contribution plans, such as a 401(k). Across the United States, 45 percent of families participate in employer-provided retirement plans.² In 2010, 50 percent of workers in the private sector participated in defined-contribution plans and 22 percent participated in defined-benefit plans.³

Defined-contribution retirement savings provide the means for families to directly increase their wealth for future retirement security. Of the 95 families interviewed that had any increase in their wealth between 1998 and 2010, nearly two-thirds had employer-provided defined-contribution retirement accounts that drove that wealth increase. Margaret and Albert Dove (whose story we will return to later in the report) both had access to retirement accounts through their jobs, driving the growth of their wealth over the years. Margaret's employer matched her contributions. Pension plans also build retirement security. Twenty families in our sample had pension plans through their employers. Nationally, the rate of access to pensions or other defined-benefit plans has declined steadily over the past 20 years, from 52 percent in 2000 to 45 percent in 2010, as employers have moved to defined-contribution plans.⁴

"The 401(k) is self-funded...You put in and you contribute to it but then my company just started matching up to 3 percent...and I've been there over 10 years, so I'm fully vested. So, whatever is in there that they provided, if I left today or tomorrow, my balance goes with me. I don't have to leave any of it behind."

-Margaret Dove

The retirement benefit and Margaret's consistent employment have allowed her to amass a significant stock of wealth. Laticia Curley also built up a substantial retirement nest egg through steady contributions into her retirement account. In 1998, she was working for a county social services organization. By 2010, she had been in that job for more than 20 years and had married someone who also had 20 years' tenure in his job. They built up between \$300,000 and \$500,000 in their two work-based accounts as a result of their own savings and employer matches. Combined with a pension plan, Laticia had significant retirement security.

Paid Vacation and Sick Leave

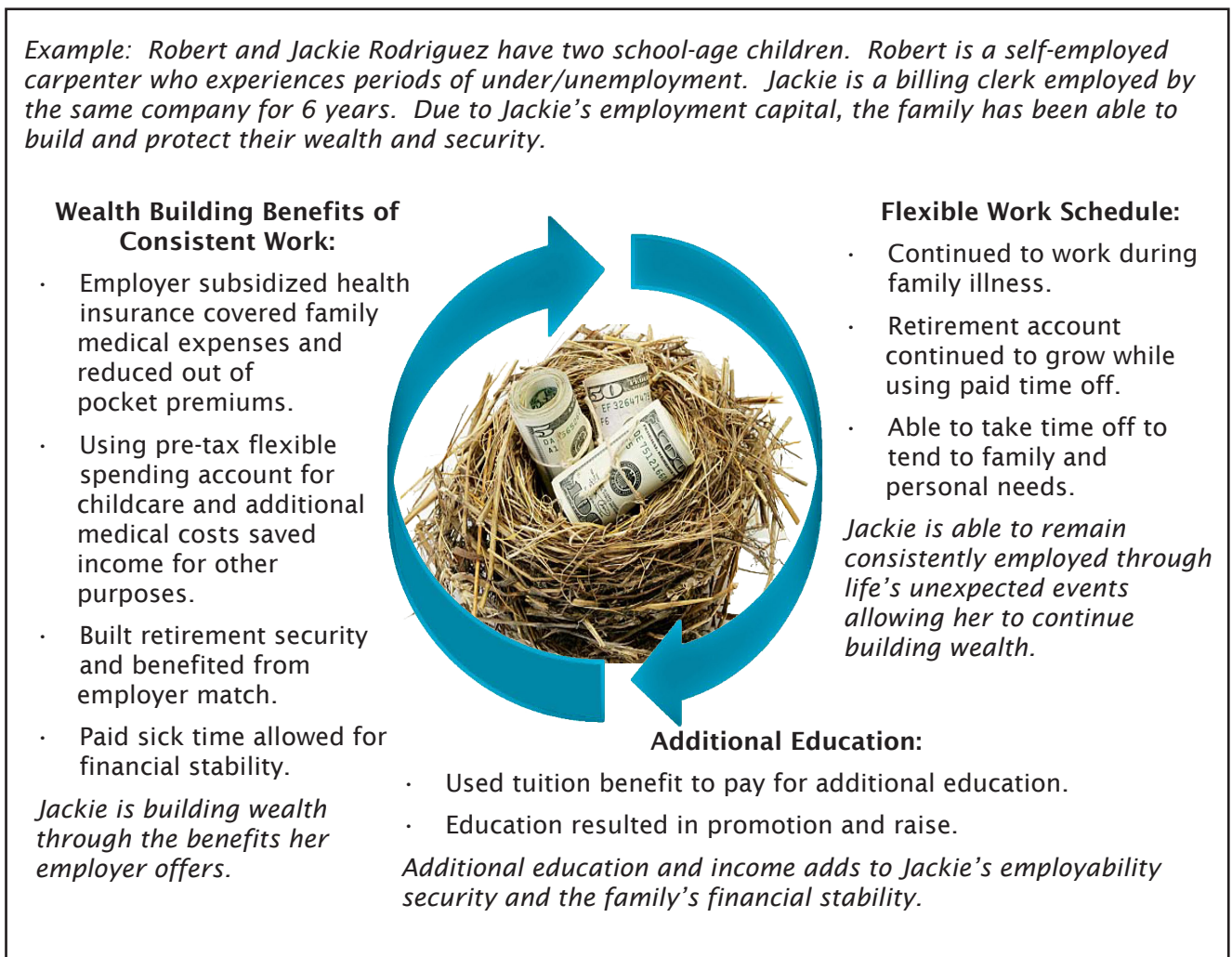
Paid vacation and sick leave provide employees time with their families and time to respond to the needs of a family member, or, if sick themselves, to stay home to avoid prolonging the illness or exposing co-workers or customers/clients. Nationally, 38 percent of private-sector workers lack access to even one sick day.⁵ Part-time workers have less access to sick and vacation days than full-time workers;⁶ the proportion of workers forced into part-time jobs has grown over the past decade.⁷ In the *Leveraging Mobility* data, paid sick time emerged as particularly important for families to maintain their jobs and protect their wealth. Angelina MacDonald's husband worked as an engineer at a corporation in the Midwest. During his employment he was diagnosed with cancer.

"He was so afraid that he was going to lose his job, and they have bent over backwards to accommodate him. You know, times when he had to go for all the testing...and then he was having radiation and chemo both...And so on the days when he had chemo, he would miss half a day of work. But they let him use his accrued sick time. He had never taken a sick day until then."

-Angelina MacDonald

Accrued time off provides another less often talked about benefit. When it is not used, it can serve as a direct route to building an asset. When Ricardo Dubois left his employer to enter a seminary, he took his accrued paid time off as a lump sum and used it to cover the entire cost of his college tuition.

Figure 2: Employment Capital: How an Individual Can Build and Protect Wealth and Security



Health Insurance and Short-Term Disability

Health and disability insurance are benefits that help individuals and families finance health care, from routine care to serious work-stopping health events. Health insurance limits family financial health expenses that often lead to drawing down assets or taking on medical debt, and when subsidized through work, allows income to be saved for other purposes. Health insurance policies differ in what they cover; some employers subsidize plans more than others. Margaret Dove always carried her family on her work health insurance because it was a good plan that covered 85 to 90 percent of costs, and 100 percent of preventative care. National data show that in 2012, 70 percent of full-time workers had access to medical benefits.⁸ Access to health insurance for part-time workers through their employment was much lower, at 24 percent.⁹ The policy context for health care coverage continues to evolve and the Affordable Care Act will create additional opportunities for health insurance coverage through employment.

Access to health insurance is important for protecting wealth and ensuring economic security. Families interviewed talked about looking for employment specifically so that they could have access to health insurance. When her husband left her, Toni Brown took a job as a school bus driver so that she could access health insurance for herself and her children. Sharisse Perkins, a teacher and mother of two, described how health insurance impacted decisions about what work she would pursue:

“like when I was working at...[People’s] Education Program. When I was having to decide should I do this freelance gig or should I take on [teaching] another class? If I took on another class that would up my hours there. It would pay [for health insurance]...So you’re just kind of ‘I better do that.’ It’s like the safer thing. We got married because of health insurance. It’s really a huge security thing. I wouldn’t just step away from this job...although we could maybe get the insurance from Brenton’s [work] but then it’s not as good...Yes, it [health insurance] affects a lot of things; it affects a lot of decisions.”

Health insurance is important, but for a more serious illness it does not cover lost wages. Short-term disability insurance often pays a percentage of a monthly income when a worker experiences a work-stopping health event. It can provide a critical bridge but is very expensive if purchased privately. If offered through work, it is employer-paid or attached to an employer-sponsored health insurance plan. The cost of the subsidized portion of health and disability insurance is not taxed as income and health insurance payments are deducted prior to taxable income calculations.

A family can fall on hard times if one or more of the workers in the household is unable to work because of illness or injury. Several families interviewed spoke of the importance of short-term disability insurance in protecting their assets in the face of a longer-term illness or disability. Lindsay Bonde, a single mother, had osteoarthritis, which made it increasingly hard for her to walk and she had to stop working in 2007 after spinal surgery. After using all of her liquid assets, Lindsay’s only remaining asset was her house, which she was able to protect through access to work-provided short-term disability insurance:

“Yeah I had short-term disability [through work] and now it went into long-term disability...thank God we had that because if I didn’t have that, I would have sold the house, no doubt about it.”

Sharisse Perkins was diagnosed with breast cancer and had to stop working when she got sick:

“I had this big illness, but I could take a short-term disability and get my full paycheck, just a huge benefit. But if I didn’t have this job, and I got sick...you know, it’s like you always just worry like one little thing could happen and you would be in deep trouble.”

Nearly one in three of the families interviewed experienced a health event or a new disability between 1998 and 2010. This suggests that such events are more common than perceived. It is expected that as heads of household age these events will become more frequent. Without protective benefits such as adequate health insurance and short-term disability, families risk having to take on debt or deplete their wealth stock, reducing future retirement security.

Education and College Tuition Benefits

College and education tuition benefits make a large impact on a family's future well-being and wealth profile. Education and college tuition benefits help employees cover continuing education costs through full or partial contributions, making higher education possible, and often freeing up income for savings or other purposes. Margaret Dove's first employer offered tuition reimbursement, paying about 80 percent of the costs of her associate degree in accounting. National data suggest, though, that only 11 percent of employees are offered some kind of education reimbursement.¹⁰

Covering educational costs does not just free up income and assets for other uses, it can also result in job promotions. In 1997, just before we interviewed her for the first time, Ansy Adams completed a certificate program at the university where she was employed. She was able to move from her part-time job to a full-time administrative position at the school. By 2010, Ansy had taken advantage of the university's policy of providing education as a benefit and had earned both a bachelor's and master's degree. She earned significantly more, receiving promotions and income raises as a result of that education, enabling her to build up a matched retirement savings account totaling \$100,000. Despite halving her retirement wealth through a divorce settlement, Ansy still held more wealth in 2010 than she had in 1998.

Ansy also had an employer-sponsored college tuition benefit for her children, which paid for her son's college education. Ansy continued working at the university so that her son would be able to go there tuition-free. All she had to pay for was his accommodations and books: *"Yeah, my 30 years...was [my children's] savings and [his] college savings plan."* By 2010, she had seen an increase in her overall wealth in part because she did not have to pay for college for herself or her son, freeing up additional income for savings. The college tuition benefit is available primarily to employees of academic institutions, although it is often available in a more-limited form through large corporations. This is a wealth-building employment benefit whose value is not completely taxed when the employee pays federal and state income taxes.

Flexibility

Job provides an adaptable and responsive work schedule to meet the care needs of a family.

Job flexibility can take many forms: it can enable a parent to shift hours to meet a bus carrying a disabled child home from school; it permits parents to attend teacher conferences at school; it expands employment opportunities for individuals dependent on limited public transit schedules; it lets individuals care for themselves and family when in need, and much more. Job flexibility helps families to stay employed and often to secure employment that provides access to wealth-building benefits. With job flexibility, workers can better coordinate work and family commitments, often a challenge that can result in job loss.¹¹ Marisol Winters described how her career as a professor gave her flexibility to respond to the needs of her family:

"You know, there's not many jobs where I can say, 'Okay. Well 3:00, come meet me at my house.' That's just not going to happen. You know, or if I need to...for instance, Sean's school has a family weekend later this month. It starts Friday. So we're flying down Thursday. You know? You can do that as a professor. You just don't have that flexibility in other jobs."

She has been able to stay with her employer over a long period of time in part because of the flexibility that the job offers, and she has built up \$267,000 in retirement accounts from her current and previous employers.

Kate Molloy, an African-American mother of two, had been employed at the same organization for 11 years. A full-time and salaried employee, she was grateful for the adaptable work schedule her employer allowed her to have over the years: “[The job] allows a lot of flexibility. It was really, really good when my children were younger and I had to be at schools here and schools there. But the flexibility has been really, really great. I had a lot of that.” As a result, Kate was able to stay employed full time while raising her children, and she now has retirement savings and health insurance, as well as tuition benefits that she anticipates her daughter accessing.

Consistent Work and Employment Stability

An individual has not experienced periods out of work, this may be long-term attachment to one employer or industry sector (employment stability); an individual has many jobs and sector changes without gaps (consistent work).

Both consistent work and employment stability were important for families whose wealth increased because they were able to take advantage of the benefits and flexibility that enabled wealth building over many years, allowing them to stay on the wealth escalator for long stretches of time. By avoiding periods out of work where they might have to dip into savings, they had relatively more economic security than their more employment-insecure counterparts. Seventy-five families in the study did not experience any unemployment during the period 1998 to 2010. Forty-two of these families had at least one worker with employment stability who had been with the same employer for longer than 10 years. Nationally, about one-third of employees have more than 10 years of tenure.¹²

Margaret Dove and her husband worked for the same employer for many years. Margaret worked in her first job for 18 years and received a stock option when her employer was bought out. She was eventually laid off but due to her job tenure and level she received one and a half years of severance pay (close to \$100,000). When she left, she did not have to touch her 401(k) which had about \$60,000 in it. In 2010, she had been working for her current employer for ten and a half years and had invested in a new retirement savings account. It was her length of employment with a single employer that qualified her for this benefit. Longevity also qualified her to take the full retirement savings, her own and her employer’s contributions, with her.

Employment stability, ever more infrequent, increases the likelihood that a household will experience raises and promotions that lift its income. Longer-term workers have the opportunity to take full advantage of pensions and retirement plans that require “vesting,” under which an employee must work at the organization for a certain period of time before becoming eligible to receive the built-up retirement funds. Margaret Dove’s ability to build retirement wealth was in part due to her employment stability.

Families who are able to make transitions between employers can also increase their earning potential, by accessing better jobs with more opportunities for promotion. Nearly two-thirds of the families interviewed had a worker with employment stability (meaning a worker changes employment but at least maintains the same salary and access to benefits). Three-quarters of these workers saw their wealth increase.



Each of the employment capital opportunities alone contributes to wealth building, but when available together, we often see synergistic impacts. People working in jobs that are temporary or are permanent but part time often do not have access to wealth-building employment capital, although they may have incomes that look similar on paper to those working full time at a stable place of employment. Families with at least one worker able to access this employment capital are more able and likely to get on and stay on the wealth escalator.

Missing Employment Capital Limits Family Wealth-Building

While many families in our sample experienced the wealth-building benefits of employment capital, others did not. Identifying where employment capital is missing informs our understanding of its critical role in wealth building. Nearly one in three of the families interviewed had workers who were self-employed. Without access to employment capital, these families were not only less likely to build wealth, they were less likely to be able to protect their wealth in times of joblessness or under-employment. The wealth-building experiences and perspectives of those families without employment capital are quite different, as the following examples demonstrate.

Without Retirement

Just over one-third of the families interviewed did not have a retirement account. Felicia and Simon Ward were one of those families. Felicia was disabled and Simon was self-employed. Although they had managed to buy a house, they had no retirement savings. When asked about their retirement plans, Simon laughed and said, *“What’s that? You mean dying? Expiring?...I got some bottles downstairs. Cans and bottles.”* His wife chimed in: *“That’s our retirement.”* Without retirement savings, families have less financial security for their future and they do not have the capacity to use those savings in an emergency.

Without Health Insurance

The Affordable Care Act will likely address for many families the challenge of being unable to access health insurance through an employer. Families interviewed told how the absence of health insurance creates stress and worry about medical costs and financial insecurity. In 1998, Michelle and Bob Johnson were part of a new African-American middle class. They had high hopes of buying a house and Bob had a good position in television. But Bob was laid off in 2004 and it took him two years to find a new job. In the meantime, they were uninsured and took on substantial debt when their daughter had a medical emergency. They were still paying off their debts several years later when we interviewed them in 2010. Nationally, in 2010, one in five families had medical debt, leading to challenges paying other household bills.¹⁷

When interviewed in 2010, Darline Oxford was unemployed, did not have health insurance, and could not afford to buy insurance independently on the market. When asked about health insurance, she responded with the fear that illness could lead to debt, which could lead to home loss:

“No, I have no health insurance. I keep telling my son, you know, don’t get sick. We can’t afford to get sick...because I own a home, you know, I’m definitely afraid of anybody sneezing around me. You know if I get sick...they can sue me for my home and...I just don’t have it.”

Managing Care-Giving and Work

The number of workers care-giving the elderly is increasing. In 2011, 17 percent of U.S. workers were providing elder care.¹³

“68 percent of caregivers surveyed had to make work accommodations such as taking time off, coming in late, leaving early, refusing a promotion, reducing work hours, changing jobs, or quitting”¹⁴

Three-quarters (74.8 percent) of parents between the ages of 25 and 44 are currently employed, and they make up slightly more than half (53.6 percent) of all workers in that age group. These are workers that may regularly face work/family conflicts.¹⁵

A Pew study found that about half of all working parents encountered problems in managing work/family balance.¹⁶

Without Job Flexibility

In our data, workers who needed job flexibility—primarily for caretaking—frequently had to leave jobs and find alternative employment, often not as well paid and/or without benefits. In some cases they were unable to find employment. Sandy Doherty left her job with a unionized employer that included significant employment capital, including benefits like paid sick and vacation time, because of the lack of flexibility in responding to her needs as a parent:

“...Sarah was about, I don’t know, almost 11 and I just kept kind of dreaming of the day that I would just be able to be a...better mom and be more available...It was like, ‘I want to take my kid to the theater and soccer, and acting.’ So, it just was always so frustrating, a tough job, because...either you have to make up excuses and sort it out, or just use your sick time and you’re taking a risk, you’re always risking lying about it or whatever you’re doing to sort of accommodate your family and be a good mom, versus working hard and making money.”

Christa Barzak left her full-time employment with job benefits for contract work so she could be more available for her daughter, who was having trouble in school. Since she was now self-employed she was not eligible for unemployment benefits. When work dried up she had to draw down her family’s assets until she could qualify for public safety net programs.

One in 10 of the families interviewed was unable to find employers to accommodate their family care scheduling needs. Hillary Wooldridge needed to look after her disabled son:

“I actually got a job in a nursing home and...I couldn’t stay there...because of his needs...I only did six months there...and they wanted me weekends—and weekends was the hardest problems ‘cause I couldn’t leave him home by himself and I wasn’t allowed to take him with me, so...[I had to leave the job].”

Being unable to find a job with flexibility can also mean taking a payout. Linda Diamond’s son had sickle-cell anemia. In 2010, she was working as a chef at a restaurant making \$60,000 a year. A few years before, she had worked at another local restaurant making \$120,000 a year, but had to leave that job. Her employers wouldn’t accommodate her need to take care of her son on the occasions when he got sick. Her current job paid less but offered more flexibility in allowing her to meet her family’s needs.

Without Consistent Employment

For those unable to find consistent work, building wealth can be a hard prospect. Lori Meador did not have a consistent employment record, through no fault of her own. In 1998, she worked for a social services organization and saved into a 401(k) plan. She changed employers a few times and then was laid off in 2006. Unemployment insurance did not cover the household budget, so she cashed out her 401(k) to support her family. When she began working again, she had started taking care of her ageing mother. As a result, she could go back to work part time. With a matched 401(k) and health insurance at her new job, by 2010 she had started to build up a small nest egg of \$2,000. Instead of building on the foundation of the 401(k) she had begun with the social services organization, she was starting anew.



In an age when government supports are retrenching, there is even more need for families to draw on individual wealth to buffer life events. And yet access to private wealth built through employment capital is diminishing as sectors of the economy with low rates of access to employment capital, such as the service sector, grow. This creates inequities in wealth built through employment by both occupation and industry. It also plays out socioeconomically, as minority groups are concentrated in occupations and sectors of the economy without access to high levels of employment capital. We turn now to examine in more depth the ways that access to employment capital is mediated by employees’ occupations.

Inequities in Access to Employment Capital

We noticed in the *Leveraging Mobility* data that the different kinds of occupations and sectors where people worked impacted their ability to preserve and accumulate wealth. National data reflect this story. As the data in Table 1 shows, workers in management, the professions, and related occupations see higher rates of access to wealth-building benefits and other aspects of employment capital. By contrast, nearly half of the workers in the service sector do not have any access to medical insurance or retirement benefits. The following table details access to medical insurance and retirement by sector.

Table 1: Percent of all Workers with Access to a Selection of Benefits

Occupation	Retirement in 2012 ¹⁸	Medical and Retirement in 2012 ¹⁹	Paid Sick Leave in 2013 ²⁰	Paid Vacation in 2013 ²¹	No Medical or Retirement in 2012 ²²
Management, Professional, and Related	62%	76%	85%	75%	9%
Service	33%	30%	47%	58%	49%
Sales and Office	48%	60%	67%	79%	19%
Natural Resources, Construction, and Maintenance	33%	62%	57%	82%	20%
Production, Transportation, and Material Moving	47%	61%	55%	82%	20%

In the *Leveraging Mobility* study, families with workers in management and the professional occupations²³ held at the median more wealth than families in which workers' highest occupation was in the service sector or in sales and office work. Table 2 captures changes in family wealth over the 12-year study period. Families with the head of household working in management, professional, or related occupations saw their incomes increase at the median by \$13,000 and their net financial assets increase at the median by \$82,070. By contrast, at the median, workers in the service sector saw a greater increase in their incomes but their wealth grew far less, by \$16,816. The disproportionate nature of median income and wealth gains strongly suggests there is a deeper story to unpack.²⁴ The experiences of families we interviewed tell us that while income gains are important, job-related wealth is generated not only through gains in income, but importantly through access to wealth-building employment capital mediated by the worker's occupation.

Table 2: Change in Median Income, Net Financial Assets (NFA), and Net Worth (NW) of Families Interviewed by Occupation

Head of Household Occupation	n	Change in Median Income	Change in Median NFA	Change in Median NW
All	137	\$4,820	\$16,149	\$32,554
Management, Professional, and Related	74	\$13,000	\$82,070	\$162,228
Service	6	\$27,840	\$16,816	\$5,891
Sales and Office	25	\$7,160	\$10,400	\$3,300
Natural Resource Resources, Construction, and Maintenance	2	\$5,518	\$(12,270)	\$15,120
Production, Transportation and Material Moving	1	\$(13,314)	\$(12,800)	\$(23,840)

Source: *Leveraging Mobility Study*

Controlling for education, researchers found that 87 percent of U.S. occupations are racially segregated.²⁵ The same study noted that the occupations where black men are over-represented tend to have lower wages than those where they are proportionately represented or under-represented. Data also tell us that African-American workers are more likely to be employed in the service, sales, and office sector than are white workers,^{26, 27} sectors with lower wages and lower rates of employment capital. While African-American families made up about 11 percent of the total U.S. workforce in 2010, they represented 25.1 percent of the service sector workforce.²⁸ Similar patterns exist for Latino workers. Despite making up 15 percent of the U.S. working population,²⁹ Latino workers represented only 11 percent of workers in professional occupations, but 26.4 percent of all workers in the service sector.³⁰ By contrast, white workers are proportionately more likely to work in management, professional, and related occupations.

The *Leveraging Mobility* interview data show comparable patterns, though more greatly exacerbated. For example, two-thirds of the management, professional, and related occupational group is white, while just over four-fifths of the service sector is African-American. The patterns of occupational segregation mean that families of color have less access to employment capital, which is so important to build wealth. With this racial equity overlay, we begin to understand the stark racial retirement gap that remained in 2010, with only 43 percent of African-American families holding employer-based retirement savings versus 50 percent of white families.³¹ It becomes clear why the median amount in retirement savings in 2010 was \$19,000 for African-American families, less than half of the median of \$53,000 for white families.³² And we have some explanation for why access to health insurance is distributed inequitably by race, with 86.9 percent of white families insured in 2010 while only 75.8 percent of African-American families were insured.³³ Ultimately we begin to understand part of the story of why national data show such a stark difference in the wealth returns on a dollar of income between white and black families.³⁴



Income increases for white families are more likely to be tied to jobs that have wealth-building employment capital. The interview data show that a worker’s occupational sector plays a key role in structuring access to employment capital. The knowledge that occupation is racialized helps explain why there are inequities by race in access to employment capital, that is so important for building wealth. Addressing these occupational and sector inequities, and creating alternative wealth-building pathways for families outside of employment, would help address the racial wealth gap and ensure that all families can build wealth for their economic security, well-being, and mobility.

Policy Implications

This research raises important questions for policy makers and researchers seeking to strengthen the relationship between employment, wealth, and family well-being. Interview data suggest that employment capital, facilitated through the structure of work, plays an important and often hidden role in short- and long-term family wealth building and economic security. In addition to the traditional focus on income distribution, policy needs to respond to differential access to wealth-creating employment capital mediated through occupational inequities. This is of particular importance in recognizing the regressive nature of employment capital related tax expenditure distributions for those in low-income and racialized occupations. There are many ways for policy makers to respond. Following are some immediate policy and research implications from this report:

Promote Equity in Access to Employment Capital Within the Workplace

This research reveals the importance of employment capital as a significant contributor to family wealth, economic security, and well-being. While longer-term efforts should also seek to de-couple wealth-building opportunities from employment—providing access through alternative but comparable pathways—there are many potential policy directions that could strengthen and expand workplace employment capital to build and protect wealth.

- **Incentivize and encourage long-term saving plans and health care utilization for employees across income levels.** For example, by creating a refundable tax option for low-income workers who save for retirement and who participate in employer sponsored health care.³⁵
- **Increase ease of access to and portability of retirement accounts** by reducing enrollment and vesting periods for new hires. This ensures that when employment ends a worker can have access to both their contribution and their employer's contribution without penalty.
- **Establish minimum employment capital standards** and require government (state and federal) contractors to meet these standards.
- **Require all employment capital opportunities be made available to all workers employed on behalf of a firm, whether full, part-time, contract, or temporary, and provide publicly run marketplaces for smaller employers** to access retirement accounts and other employment capital opportunities. Specific models already established in other countries and in the U.S. include: the NEST retirement accounts in the U.K. and California's legislation that will auto-enroll workers into state provided 401(k) retirement accounts when they do not have access to one through work; as well as the Affordable Care Act in the U.S. which provides a public marketplace for health insurance.
- **Strengthen access to worker representation in the workplace.** Unionized jobs and jobs with significant worker input have more employment capital available to low-wage workers than those without.
- **Promote job sharing and job flexibility to reduce work-family conflict.** For example, the Massachusetts state government legislated that state workers can opt for alternative work options program which allows managers to set up job shares for workers that enable each employee to work part-time to cover the position.³⁶
- **Mandate a minimum number of sick and vacation days** for workers to reduce work-family conflicts and to reduce wealth depletion due to unpaid work days.

Reduce and Eliminate Occupational Segregation

Occupational segregation drives differences in how families build wealth. Policy should strive to expand opportunities to wealth building that will reduce inequities derived from differences in attachment to particular occupations, sectors, geographies and socio-economic positions in the U.S. To create a work-reward system that more fairly distributes the benefits of work, policy-makers need to address occupational segregation. A number of strategies would help including:

- **Expanding employment and education** initiatives designed to increase the racial and ethnic diversity of workers in high employment capital occupations.
- **A legislative mandate committing to minimum standards for work remuneration (income and employment capital)** would help ensure that work is fairly rewarded and tax expenditures fairly distributed.
- **Enforcement of existing equal opportunity laws** is important to preventing discrimination in hiring and promotions. Employers can move forward affirmative action and recruitment programs to ensure a diverse workforce.
- **Establishing minimum employment capital and racial and ethnic diversity standards in federal contracts.**

Broaden Measurement of Employment Capital Contributions to Family Wealth Building

To track progress made in working towards equity in the distribution of tax-preferred employment capital, expanded metrics beyond those currently available are needed. Policy-makers need improved data on the availability of employment capital to workers across occupation (education and sector), hours (full, part-time, hourly), and employment status (temporary, contract vs. employee). While some aspects of employment capital are currently measured, broadening and deepening these measures would reveal longitudinal changes in the structures of work and their impacts on wealth-building. Actions might include:

- **Expanding employment capital data captured** in cross sectional national business surveys.
- **Collaboration between the Internal Revenue Service and Bureau of Labor Statistics** to require reporting and jointly examine workforce access to employment capital.
- **Establishing a new set of employment capital metrics** to be added to individual longitudinal wealth surveys such as the Panel Study on Income Dynamics, or Survey of Income and Program Participation and others.
- **Calculate the tax expenditures related to employment capital for both employees and employers**, examining how non-employment-based wealth building opportunities that parallel employment capital might be structured and resourced.

Moving Forward: How Work Helps Build and Protect Wealth and Security

The stories and data in this report lead us to the conclusion that a job provides more than just income. For workers and families like the Doves, a job provides employment capital, critical to building and protecting family wealth even when income gains slow. But access to this important resource is not equally shared. The *Leveraging Mobility* and national data document how some occupations have greater access to employment capital than others. With high levels of documented occupational segregation, workers of color have less access to employment capital than do white workers. Employment structure is implicated as one possible contributor to the growing racial wealth gap. In an era of high unemployment, it is more important than ever to ensure that when secured work translates into its underlying promise of security, stability, and well-being. The proposed policy solutions can improve access to employment capital so that all workers benefit broadly and equitably from its wealth-building and protecting effects. Scaling up what we now know works not only makes work pay, but it also builds wealth and opportunity.

About the Leveraging Mobility Series

The *Leveraging Mobility* series of briefs examines how families build and leverage wealth. It reveals the factors that impact a family's financial security and opportunities for intergenerational mobility over time, measured through their changes in wealth. Following are teasers of the next briefs and reports to be released in 2014.

Negotiating Mobility: How Families Make Trade-Offs and Decisions Between Security and Mobility

Each family faces hard decisions as it strives to build financial security in the face of a changing economic opportunity structure. As part of this series, we will look at the complex decisions and trade-offs that families face in negotiating their economic security, and how different forms of assets and access to assets shape family trajectories. This brief will examine the trade-offs that families make as they negotiate a period of unemployment.

The Private Social Safety Net: The Impact of Extended Family Wealth on Family Financial Security

The asset field challenges how economic security and well-being is measured and understood. A fuller picture emerges when we include household wealth. The interview data suggest fluid movement of wealth within kinship networks, implying we need a broader view of how surveys currently measure wealth flows. By understanding wealth flows around kinship networks in greater depth we get a more complete picture of how a family faces economic challenges and how they might be able to take advantage of opportunities for mobility. This brief will explore the myriad ways that extended family support—both direct and indirect financial support—help families maintain income, financial security, and build opportunities for the next generation.

Changing the Rules of the Game: Homeownership and Wealth

Homeownership has historically been the means to build wealth in the U.S. Our interviews confirm that the wealth built from homeownership has converted into other forms of security and well-being, allowing families to renovate their homes, send their children to college, start a business, and save for retirement. But volatile and uneven home prices and neighborhood decline has left some families with a liability rather than an asset. In the *Leveraging Mobility* data we see examples where homes continue to be a source of wealth, where homes are simply a place to live, and where homes are a liability. This brief will explore the new reality of owning a home for families in the twenty-first century and whether homeownership can still provide the same wealth benefits promised in the twentieth century.

END NOTES

¹National data do not exist for the number of families that receive any combination of the benefits reviewed here. For each section we provide national data on the individual benefit discussed.

²Monique Morrissey and Natalie Sabadish, “Retirement Inequality Chartbook: How the 401(k) Revolution Created a Few Big Winners and Many Losers,” Economic Policy Institute, 2013. <http://www.epi.org/publication/retirement-inequality-chartbook/>

³Thirteen percent participated in both defined-benefit and defined-contribution plans. Morrissey and Sabadish, “Retirement Inequality Chartbook: How the 401(k) Revolution Created a Few Big Winners and Many Losers.”

⁴Ibid.

⁵Jane Farrell and Joanna Venator, “Paid Sick Days Work for U.S. Employees and Employers,” Center for American Progress, 2012.

⁶Bureau of Labor Statistics, “Employee Benefits in the United States,” news release, March 2013, USDL-13-1344.

⁷Rob Valletta and Leila Bengali, “What’s Behind the Increase in Part-Time Work?,” Federal Reserve Bank of San Francisco economic letter, 2013. <http://www.frbsf.org/economic-research/publications/economic-letter/2013/august/part-time-work-employment-increase-recession/>

⁸Lindsay B. Kimbro and Michelle B. Mayfield, “Retirement and Medical Benefits: Who Has Both?,” *Beyond the Numbers: Pay & Benefits*, vol. 2, no. 10, U.S. Bureau of Labor Statistics, April 2013. <http://www.bls.gov/opub/btn/volume-2/retirement-and-medical-benefits-who-has-both.pdf>

⁹Ibid.

¹⁰Bureau of Labor Statistics, National Compensation Survey: Employee Benefits in Private Industry in the United States, 2000. BLS, U.S. Department of Labor, Bulletin 2555, 2013. For larger employers, as many as 80 percent offer employer-assisted education.

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¹³Goyer, A. “Working Caregivers in the United States.” *The Journal*. AARP. Spring 2013. <http://journal.aarpinternational.org/a/b/2013/06/working-caregivers-in-the-united-states>

¹⁴Ibid.

¹⁵Glynn, S.J. Working Parents’ Lack of Access to Paid Leave and Workplace Flexibility. Center for American Progress November 20, 2012. <http://www.americanprogress.org/issues/labor/report/2012/11/20/45466/working-parents-lack-of-access-to-paid-leave-and-workplace-flexibility/>

¹⁶Parker, K. and Wang, W. “Modern Parenthood: Roles of Moms and Dads Converge as They Balance Work and Family.” Pew Charitable Trusts. 2013.

¹⁷Anna Sommers, Peter J. Cunningham. “Medical Bill Problems Steady for U.S. Families, 2007-2010.” Tracking Report No. 28, December 2011 <http://www.hschange.org/CONTENT/1268/#note1>

¹⁸EBRI Issue Brief, October 2010, No. 348. Kimbro and Mayfield, “Retirement and Medical Benefits: Who Has Both?”

- ¹⁹Table 6. “Selected Paid Leave Benefits: Access,” National Compensation Survey, March 2013, Bureau of Labor Statistics. Accessed November 18, 2013. www.bls.gov/news/release/ebs2.t06.htm
- ²⁰Ibid.
- ²¹Ibid.
- ²²Kimbrow and Mayfield, “Retirement and Medical Benefits: Who Has Both?”
- ²³Occupational categories are created using Equal Employment Opportunity Commission categories, which can be found at <http://www.eeoc.gov/employers/eeo1survey/jobclassguide.cfm>.
- ²⁴All families have a variety of different factors impacting their wealth building. Employment capital is just one factor.
- ²⁵Algernon Austin, William Darity Jr., and Darrick Hamilton, “Whiter Jobs, Higher Wages: Occupational Segregation and the Lower Wages of Black Men.” Economic Policy Institute briefing paper, no. 288, February 2011.
- ²⁶U.S. Department of Labor and U.S. Bureau of Labor Statistics, 2011. “Labor Force Characteristics by Race and Ethnicity.” August 2011. <http://www.bls.gov/cps/cpsrace2010.pdf>
- ²⁷Sylvia Allegretto and Steven Pitts, “The State of Black Workers Before the Great Recession,” University of California-Berkeley Labor Center research brief, 2010, Berkeley, Calif.: UC Berkeley Labor Center.
- ²⁸“Labor Force Characteristics by Race and Ethnicity, 2010,” U.S. Department of Labor report, August 2011. Retrieved on September 11, 2013, from: <http://www.bls.gov/cps/cpsrace2010.pdf>
- ²⁹“The Latino Labor Force at a Glance,” U.S. Department of Labor, 2012. http://www.dol.gov/_sec/media/reports/HispanicLaborForce/HispanicLaborForce.pdf
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- ³¹Morrissey and Sabadish, “Retirement Inequality Chartbook: How the 401(k) revolution created a few big winners and many losers.”
- ³²Ibid.
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- ³⁴In “The Drivers of the Racial Wealth Gap” research brief released by IASP in 2013, a dollar increase in income provided white families with a \$5.19 increase in their wealth and African-American families a \$0.69 increase in their wealth. See IASP website for more information: <http://iasp.brandeis.edu/pdfs/Author/shapiro-thomas-m/racialwealthgapbrief.pdf>
- ³⁵William G. Gale, “Tax Reform Options: Promoting Retirement Security,” testimony to the United States Senate Committee on Finance, September 15, 2011. Brookings Institute website: <http://www.brookings.edu/research/testimony/2011/09/15-retirement-savings-gale#foot2>
- ³⁶Massachusetts State Government Employment Guidelines website: <http://www.mass.gov/anf/employment-equal-access-disability/hr-policies/alt-work-options/job-sharing-guidelines.html>

The **Institute on Assets and Social Policy (IASP)** is dedicated to advancing economic opportunity, security and equity for individuals and families, particularly those left out of the economic mainstream. Our work is premised on the understanding that assets provide the tangible resources that help individuals move out of and stay out of poverty, as well as inspiring effective individual, community, state, and national actions through the belief that security, stability, and upward mobility are indeed possible.

Additional reports and briefs that draw on these interviews can be found on our website www.iasp.brandeis.edu

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