Asset Funders Network

WOMEN AND WEALTH

INSIGHTS FOR GRANTMAKERS

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Women are now more likely to go to college than men, and families are more likely to rely on women's earnings than ever before. Two-thirds of mothers are either the sole breadwinners, primary breadwinners (earning as much or more than their partners), or co-breadwinners (earning 25-49% as much as their partners).[1] The economic security of today's families rests more on the shoulders of women than ever before. While we are accustomed to using income to measure financial well-being, income inequality is just the tip of the iceberg.

By 2014, the public began to scrutinize the extent of wealth inequality in the United States and raised the collective awareness that wealth is distributed far more unequally than income. More people across the country now realize that the current economic system is working to their disadvantage. But both the extent and the consequences of the women's wealth gap have been largely missing from public attention on wealth inequality. Instead, we have focused primarily on the wage gap to understand how women fare economically and as a result, we have underestimated and sometimes even misunderstood women's financial situation.

Our understanding of women's economic status is incomplete without taking wealth into consideration. Grantmakers interested in impacting the future of children, families, and our nation must have an understanding of the women's wealth gap when making investment decisions. Investing in strategies that promote women's asset building, increase financial stability, and help women build a solid financial base for themselves and their families will not only improve women's financial status, but also the financial status of subsequent generations and our nation's economy. What's good for women is good for our nation.

The information and best practices contained in this issue brief will provide funders with the tools for maximizing the impact of their investments in a more socially and economically just society. The women's wealth gap lies at the heart of other social inequities impacting children, families, and our nation. When the lens of the women's wealth gap is used, new and more impactful programming decisions emerge to support a more equitable future that benefits everyone.

INVESTING IN STRATEGIES that promote women's wealth not only improves women's financial status, but also the financial status of subsequent generations and improves our nation's economy.

WEALTH reflects our ability to invest in our own future and the future of our children.

WHAT IS WEALTH?

WEALTH IS THE VALUE OF ASSETS MINUS DEBTS.

Wealth provides an overview of financial health; it represents our ability to deal with the economic consequences of illness, unemployment, and financial emergencies. Wealth also reflects our ability to invest in our own future and the future of our children.

COMMON TYPES OF ASSETS INCLUDE:

- Cash
- Investments
- Retirement accounts such as IRA and 401(k) accounts
- Real estate
- Business assets

COMMON DEBTS INCLUDE:

- Mortgages
- Credit card debt
- Education debt
- Vehicle loans

WEALTH IS AN ASSET.

WEALTH PROVIDES:

- ☑ A reservoir that can be drawn upon in times of need
- ☑ A better future for our children
- ☑ Support in old age

> WITH NEARLY HALF OF MOTHERS positioned as the sole or primary breadwinner for their families, the advancement of our nation relies on women more than ever before. We are dedicated to investing in programs that positively impact and improve economic security and wealth for women and girls."
>
> DENA L. JACKSON
> V.P. GRANTS & RESEARCH, DALLAS WOMEN'S FOUNDATION

WEALTH: WOMEN VS. MEN

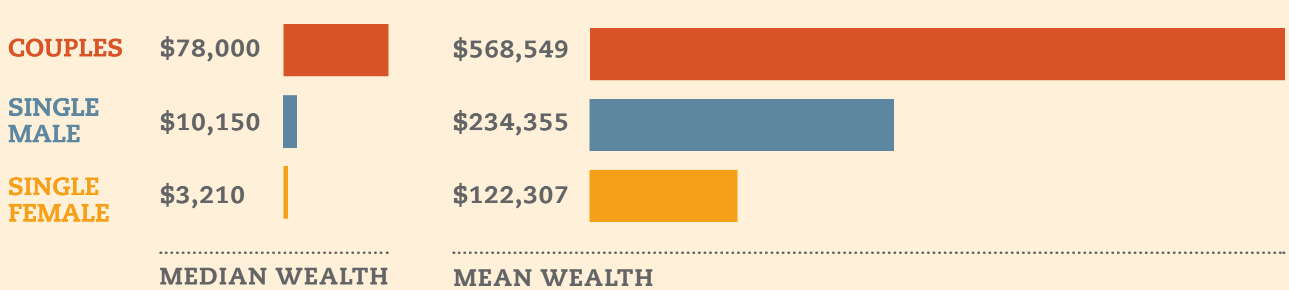
We all know that the middle class is shrinking and wealth inequality has been growing. Perhaps what is less known is how wealth inequality affects men and women differently. Analyses of the newly released 2013 Survey of Consumer Finances data[2] reveal that during their working years, the median wealth for single women is $3,210, whereas single men have a median wealth of $10,150. Single women have only 32 cents for every dollar of wealth owned by single men.

Couples, especially those who are married, are generally wealthier than singles, in part because higher-income people are more likely to marry and because of the wealth-enhancing benefits of marriage such as economies of scale, and more favorable tax treatment.[4]

However, low-income couples do not reap the same level of economic benefits from marriage as higher-income couples and marriage is not the remedy for the wealth gap. Women now spend more years single than married.[5] Even during marriage, women have less control over wealth.[6] To understand the economic situation of women, we cannot assume that marriage will solve their financial struggles. This is especially true for low-income women who are the most financially vulnerable and who are less likely to reap the same wealth-enhancing benefits of marriage as those with higher incomes.[7]

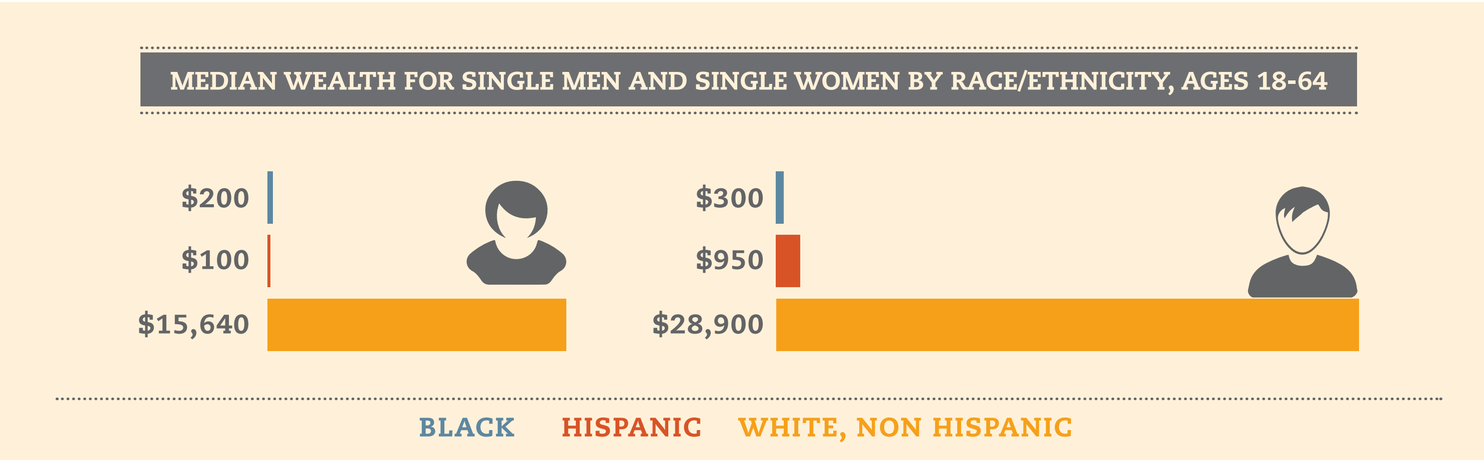
For grantmakers concerned with the well-being of women, low-income families, and children, the women's wealth gap is of paramount importance.

MEAN AND MEDIAN WEALTH FOR COUPLES, SINGLE MEN AND SINGLE WOMEN, AGES 18-64



THE IMPACT OF RACE

Women of color experience both a gender wealth gap and a racial wealth gap.[8] The historical legacy of the racial wealth gap[9] in combination with the women's wealth gap leaves women of color with the least amount of wealth. Single Black women have a median wealth of $200 and single Hispanic women $100, less than a penny for every dollar of wealth owned by single White non-Hispanic men.[10]

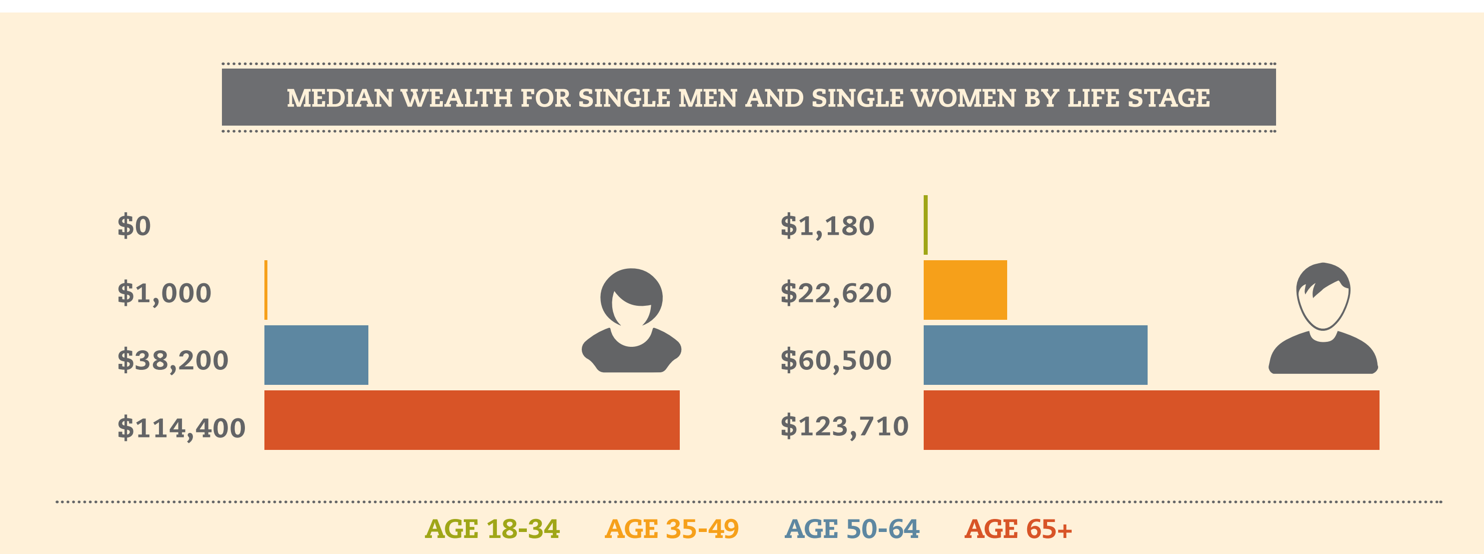


THE WEALTH GAP THROUGHOUT WOMEN'S LIFE CYCLE

While wealth generally increases with age, a wealth gap persists across the life cycle. Moreover, young women are now being hit especially hard. Millennial women have a median wealth of zero and women ages 35-49 have a median wealth of $1,000 (only 4% as much as men ages 35-49). Millennial women are more likely to have education debt than millennial men (49% versus 32%, respectively) and more likely than men to be custodial parents, limiting their ability to build wealth.

The wealth gap appears to narrow substantially for women in retirement, but this is deceptive—reflecting more of a byproduct of demographics. Because women generally live longer than men, the composition of single women in the older age group shifts to encompass a higher percentage of widows, who generally have higher wealth than divorced and never-married women because they have inherited the wealth benefits of marriage. Thus, it is a mistake to conclude that all women in retirement are faring as well as men.

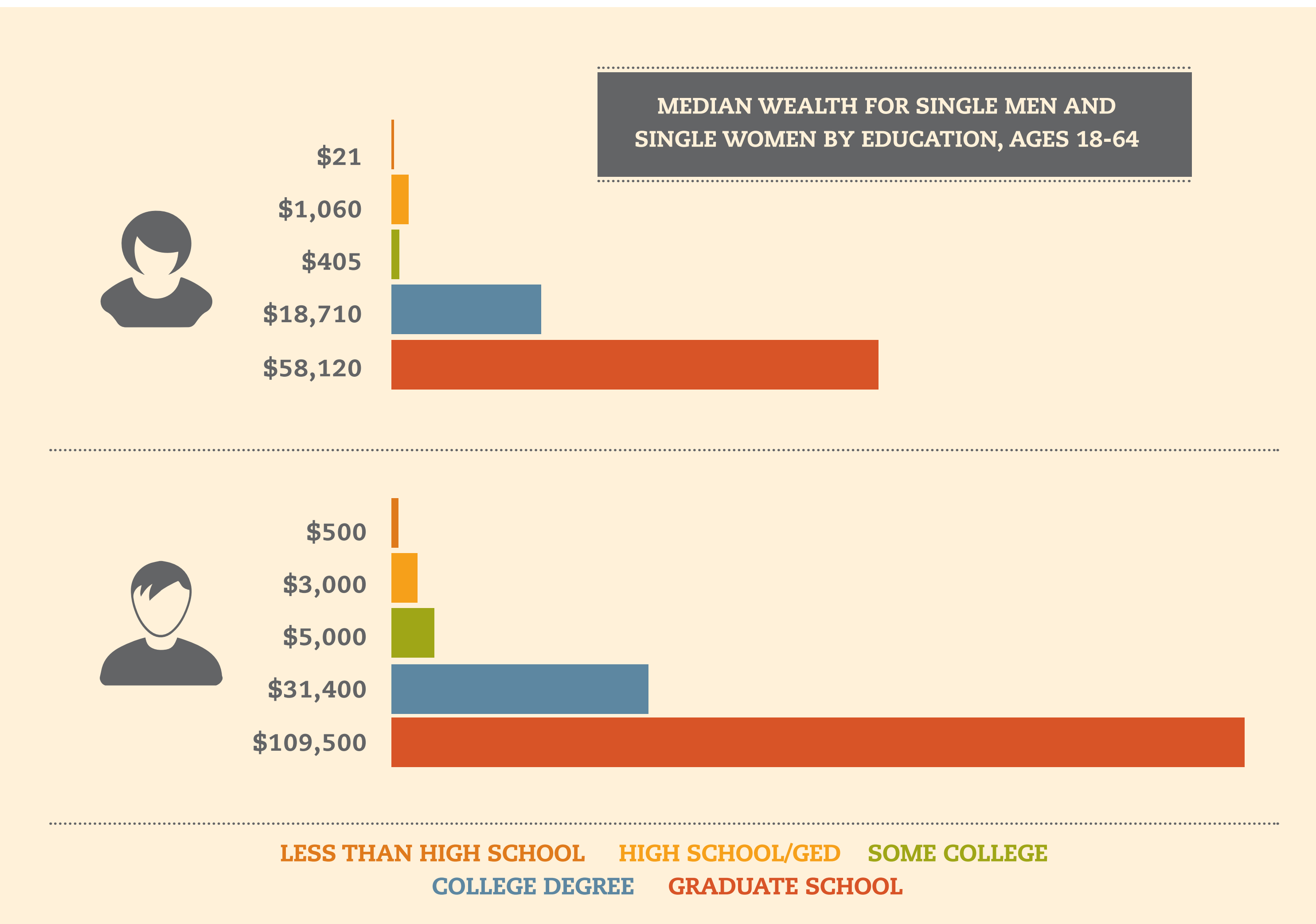
In fact, women are more likely than men to rely on Social Security for the majority of their income in retirement and receive far less income in retirement than men.[11] Coupled with their higher life expectancy and lower retirement incomes, women must rely more heavily on savings to support themselves. Consequently, a truer understanding is that older women need more wealth to cover their retirement years, making the gender wealth gap greater than it appears for seniors.



THE DIFFERENCE IN WEALTH between men and women increases dramatically as education increases.

EDUCATION

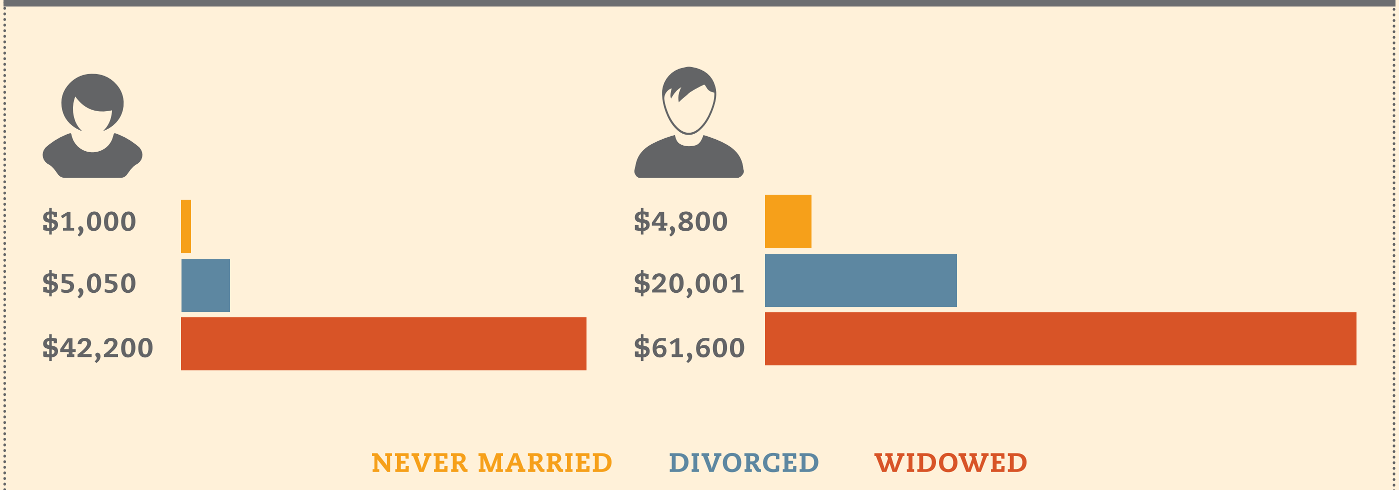
We would all like to think that higher education and higher wealth go hand in hand, but the wealth benefits of education are not equal. The difference in wealth between men and women increases dramatically as education increases. The median wealth for men with a high school diploma is almost $2,000 more than women, and at the graduate school level the median wealth for men is more than $51,000 higher than women with the same level of education.



MARITAL AND PARENTAL STATUS

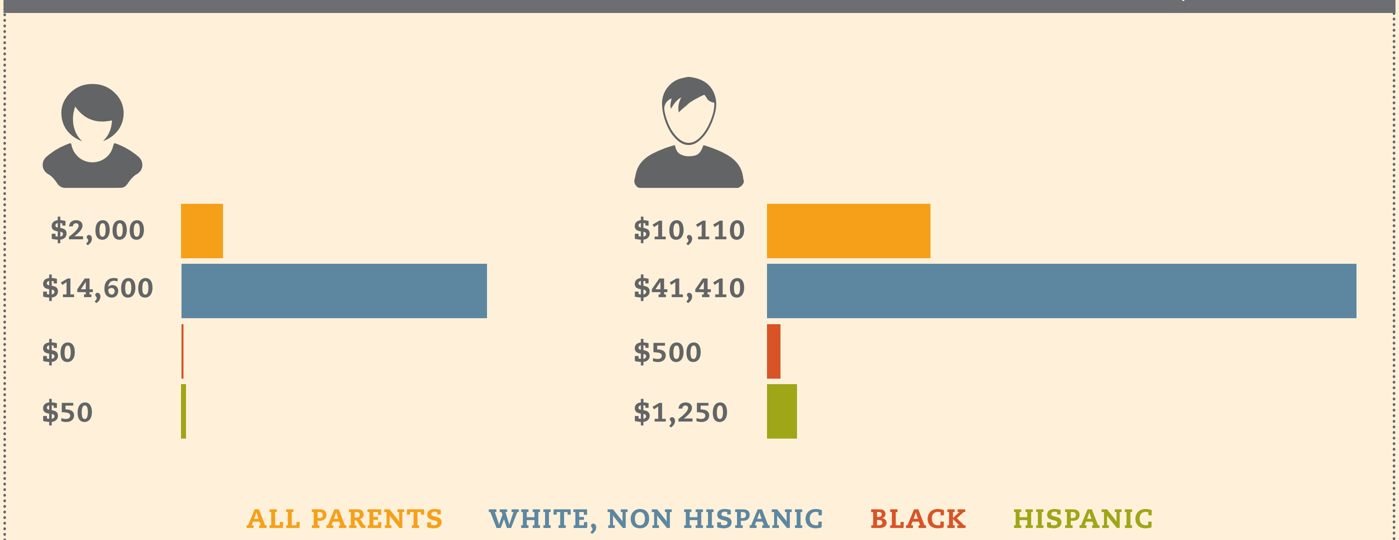
Marrying and having children also affect women's wealth. Because of the wealth advantages of marriage (and because higher-income people are more likely to marry), women who have been married generally have higher wealth than those who have never married.[12] Widowed women under age 65 also generally have higher wealth because, as a group, they tend to be older than people who are never-married or divorced and because marital assets were passed to the surviving spouse rather than being divided, as in the case of divorce.

MEDIAN WEALTH FOR SINGLE MEN AND SINGLE WOMEN BY MARITAL STATUS, AGES 18-64



Single mothers also have less wealth than women who are not mothers, due to the additional expenses of raising children and the impact that children have on wages.[13] The wealth tax on mothers is especially high. Mothers have only 20% as much wealth as fathers and the gender wealth gaps for Black and Hispanic women who are mothers are severe. Mothers who are Black or Hispanic have a median wealth of $0 and $50 respectively. Mothers who are also women of color face the triple wealth disadvantage of the gender wealth gap, racial wealth gap, and motherhood wealth tax.

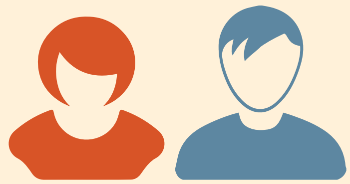
MEDIAN WEALTH FOR SINGLE MEN AND SINGLE WOMEN PARENTS BY RACE/ETHNICITY, AGES 18-64



INCOME

Wealth generally increases with income, but women at every income level have less wealth than men.

MEDIAN WEALTH FOR SINGLE MEN AND SINGLE WOMEN BY INCOME, AGES 18-64

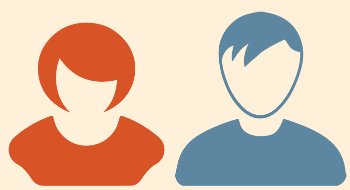


Income	Women	Men
LESS THAN $20,000	$0	$110
$20,001-$35,000	$600	$4,600
$35,001-$50,000	$7,220	$9,500
$50,001-$65,000	$31,000	$39,200
$65,001+	$166,600	$223,700

In fact, if we use only the income gap as our lens for women's financial status, we not only underestimate women's economic vulnerability, but we also fail to see substantial inequities for groups in which the income gap has almost closed. Never-married women working full time earn 97% as much income as never-married men working full time. However, even though never-married women working full time have almost closed the income gap, they still only have about one-third of the wealth of never-married men. If income were our only lens, we would incorrectly surmise that the financial situation of never-married women was just about equal to never-married men.

The differences between the gender income and gender wealth gaps reveal that income inequality is not the only cause of the wealth gap. Reducing the women's wealth gap will require strategies beyond closing the income gap.

GENDER INCOME AND WEALTH RATIOS FOR FULL-TIME WORKERS AGES 18-64



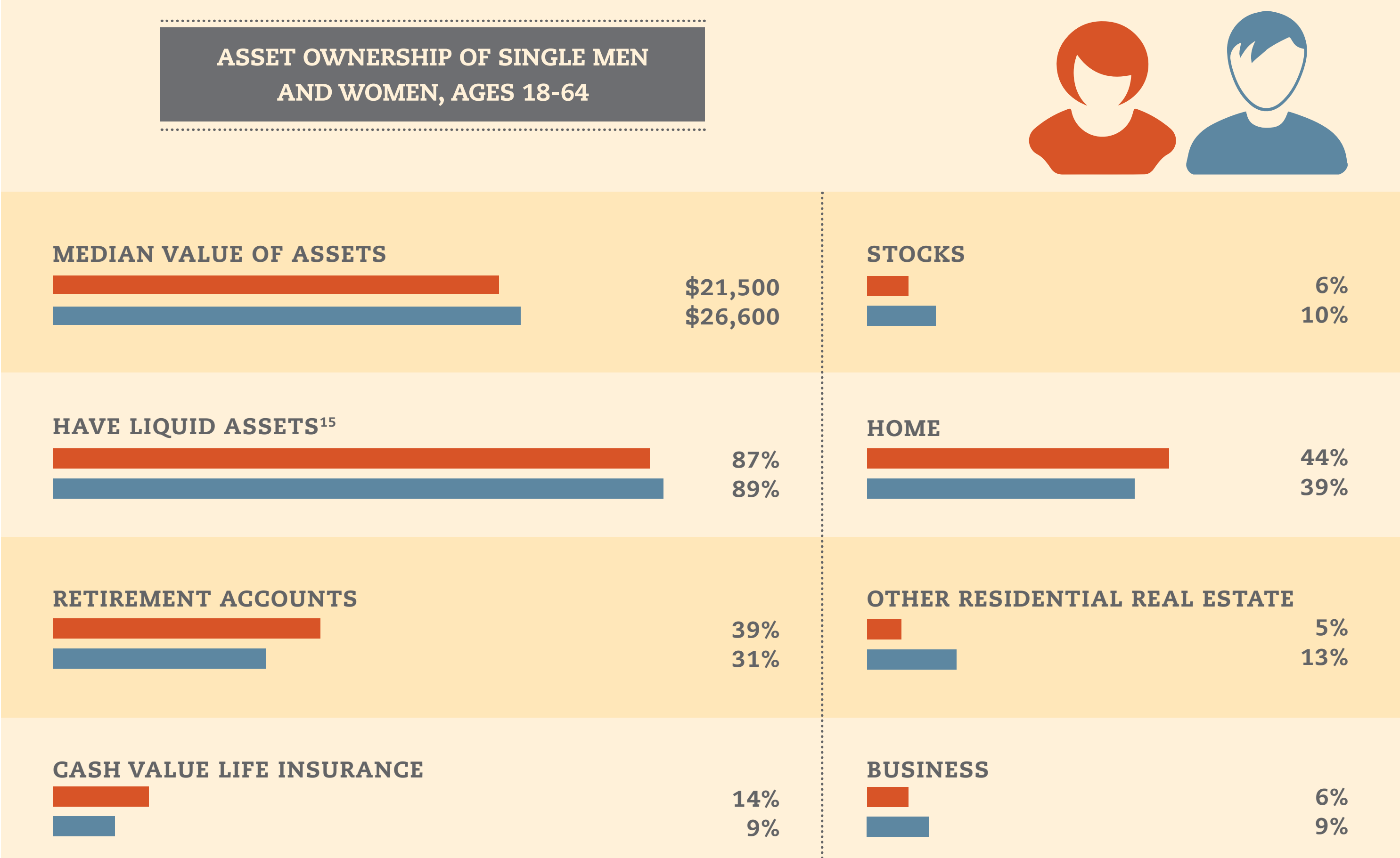
	MEDIAN INCOME (Women)	MEDIAN INCOME (Men)	RATIO	MEDIAN WEALTH (Women)	MEDIAN WEALTH (Men)	RATIO
NEVER MARRIED	$34,518	$35,429	97%	$6,750	$18,500	36%
DIVORCED	$41,891	$48,009	87%	$21,000	$29,000	72%
WIDOWED	$38,253	$45,260	85%	$27,000	$212,500	13%
MARRIED	$41,827	$57,536	73%			

WOMEN are more likely to find they have higher debt because they have lower incomes and because of the financial burden of parenthood.

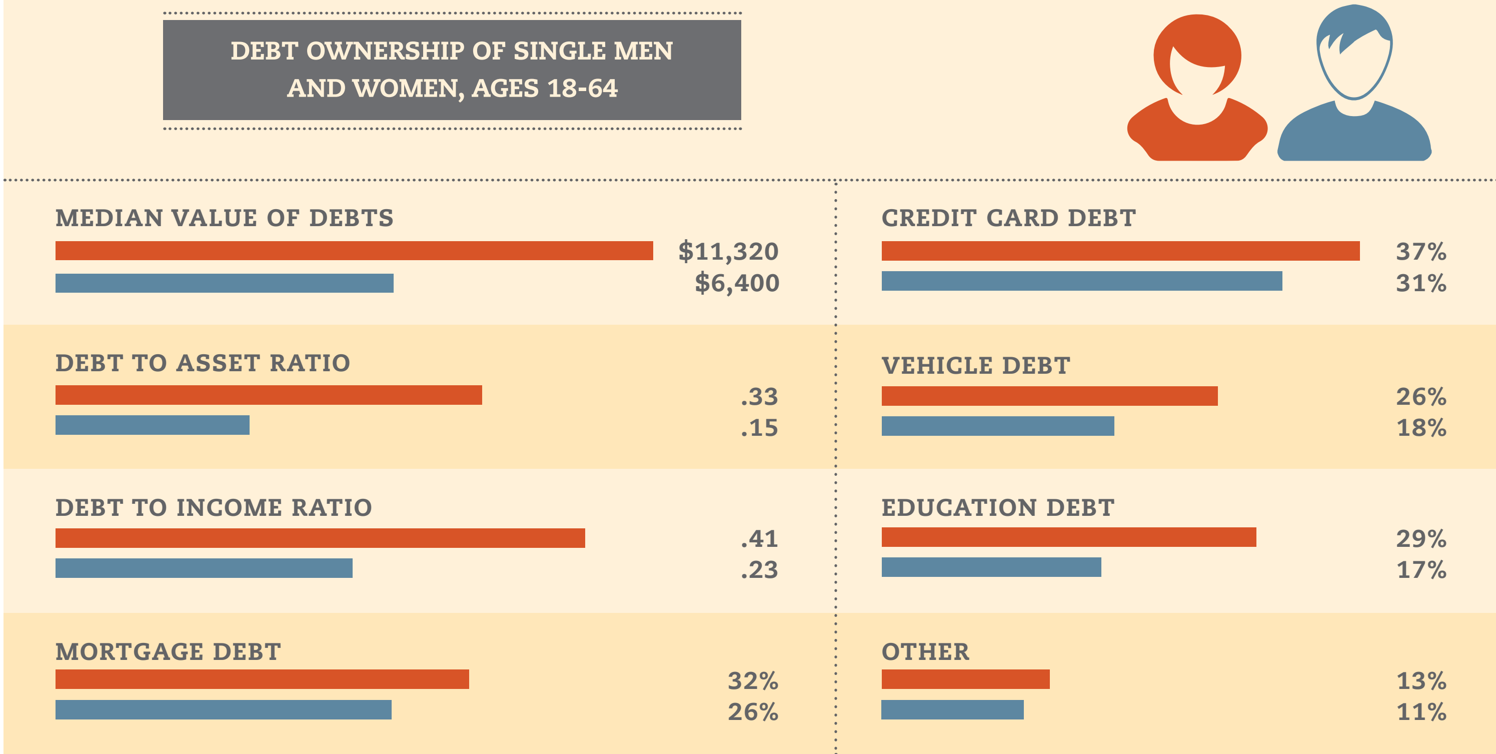
ASSETS AND DEBTS

Women and men are equally as likely to own the most common types of financial assets. Women are less likely to own business assets, stocks, and other residential real estate, but they are more likely to own their own homes, have cash-value life insurance, and retirement accounts. Women are active asset builders, although the median value of their assets is lower when they do own them.

ASSET OWNERSHIP OF SINGLE MEN AND WOMEN, AGES 18-64



Wealth is also a function of debt. Women are being weighed down by a debt anchor. Women are more likely to have every type of debt and the median debt for women is 177% higher than the median debt for men. Higher debt-to-asset ratios and higher debt-to-income ratios hit women hard and prevent them from building wealth.



Women are more likely to find they have higher debt because they have lower incomes and because of the financial burden of parenthood. Research by the American Association of University Women, for example, finds that the gender pay gap significantly increases the student debt burden for women as early as their first year after college graduation (and that the gender pay gap remained even after taking into account college major, occupation, and hours worked).[16] As a result, women pay a higher percentage of their incomes to student loan debt every month, leaving less income to meet expenses and to save and invest. A lower income also makes it more difficult for women to finance other purchases, such as vehicles, and to make ends meet generally, resulting in higher debt overall.

REASONS FOR THE WOMEN'S WEALTH GAP

INCOME GAP. While the income gap is not the sole cause of the women's wealth gap, it no doubt contributes. Closing the income gap is an important step toward eliminating the women's wealth gap, but is insufficient for closing the wealth gap because (a) women are more likely to be single parents and have more people to support with their incomes; and (b) more women lack access to the wealth escalator (employment-related fringe benefits, favorable tax codes, and valuable government benefits, which will each be explained below) that helps translate income into wealth more effectively.

PARENTHOOD. Two or more cannot live as cheaply as one. Because women are more likely to have custody of children, their income must support more people. Even if women and men had equal incomes, women will have less money left over to save and invest if they are supporting more people with their paychecks.

The price of parenthood has also increased, making it increasingly difficult for single parents to make ends meet. For instance, while the median income declined between 2000 and 2012, the cost of medical care increased by

THE WEALTH ESCALATOR

GOVERNMENT BENEFITS
- Unemployment insurance
- Social Security
- Welfare

FAVORABLE TAX BREAKS
- Capital gains tax
- Tax credits

FRINGE BENEFITS
- Paid vacation days
- Health insurance
- Stock options

21%, child care increased by 24%, and higher education increased by 62%,[17] rendering single mothers with fewer resources to meet the basic needs of medical care, child care, and higher education for themselves and for their children.

The burden of child care for low-income parents is particularly steep. Families with incomes below the poverty level spend 36% of their income on child care expenses and low-income, working-class families living at 100-199% of the poverty level spend 20% of their income on child care.[18] The high cost of child care leaves low-income working parents, and especially single parents, with little money left over to make ends meet and likely leaves next to nothing left over to save or invest.

LACK OF ACCESS TO THE WEALTH ESCALATOR. Women are also less likely to have access to the wealth escalator, a term coined in *Shortchanged: Why Women Have Less Wealth and What Can Be Done About It*,[19] to describe the mechanism that gives some people a wealth-building advantage that others do not receive. The wealth escalator is comprised of employment-related fringe benefits, valuable government benefits, and favorable tax breaks that allow some to turn their income into wealth more quickly.

Women are more likely to work part time and in jobs where they do not have valuable wealth-enhancing fringe benefits such as employer-sponsored retirement plans and health insurance.[20] Low-income women and women of color are even less likely to work in jobs with these types of fringe benefits.

Women also receive less social security benefits during retirement because their lower wages and years out of the labor force or working part time reduces their average benefits. Ironically, because women have lower incomes, they actually need to save more for retirement to compensate for the lower social security benefits they will receive based on their lower wages.

Women are also underrepresented among the wealthiest Americans who receive the most money in tax breaks. For example, the top 1% receive $95 billion in federal tax benefits (more than the bottom 80% combined) and more than 26 times more than the bottom 20% who receive $3.6 billion total in benefits.[21] The higher the income, the higher the tax benefit. Women, who have lower incomes and less wealth, benefit less from the current tax program of tax credits, deductions, exclusions, exemptions, deferrals, and lower tax rates. Those with low incomes (disproportionately women) are also hit harder than those with high incomes, paying a higher percentage of their incomes in state and local income and sales taxes. The poorest 20% pay about 11% of their income in state and local income taxes and sales taxes whereas the top 1% pays 5%.[22]

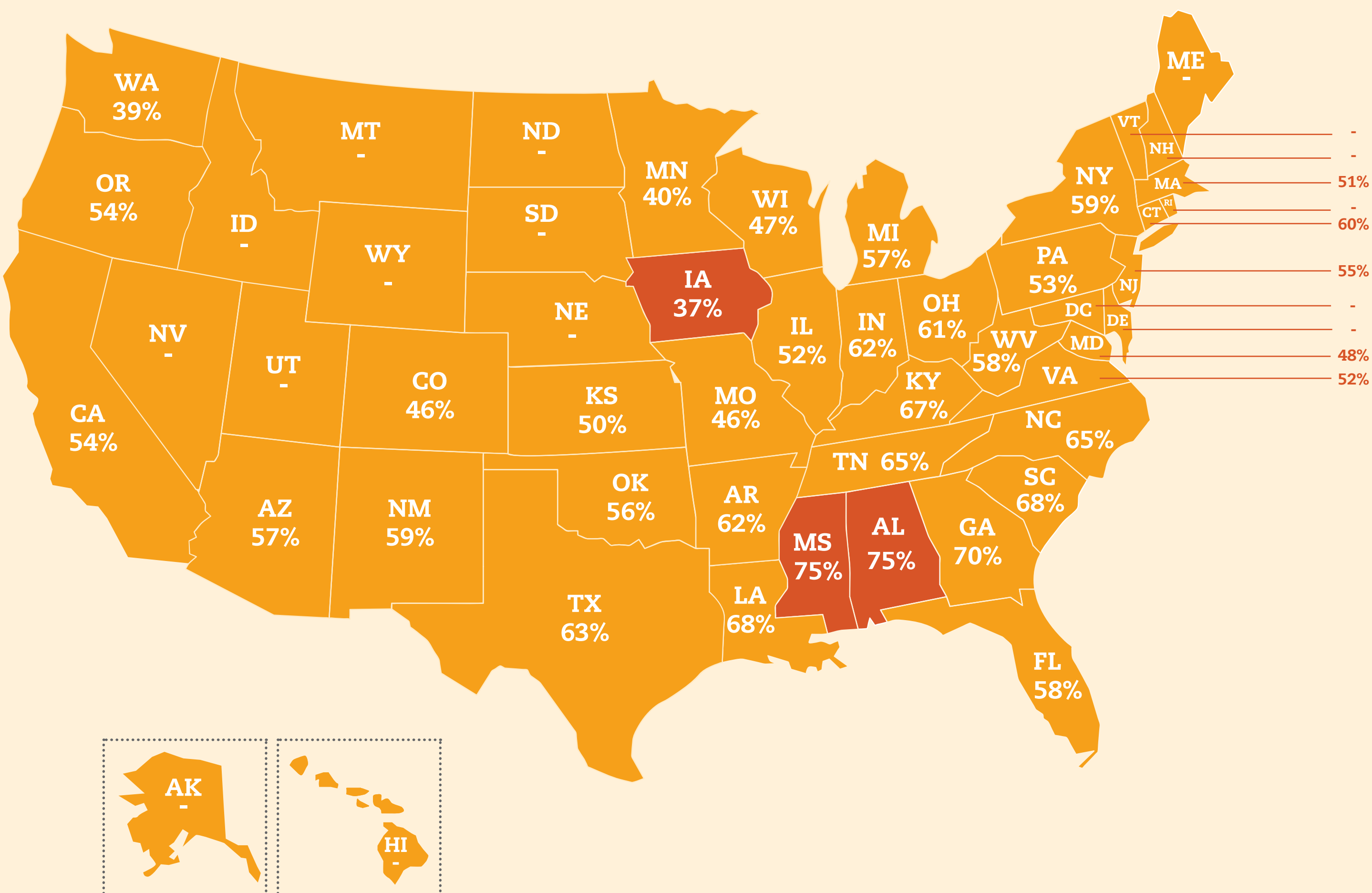
Differential access to the wealth escalator cements other inequities into place, magnifying the impact of the gender income gap and the motherhood wealth tax.

STATE-LEVEL VARIATION

Using the U.S. Census Bureau's Survey of Income and Program Participation, the Corporation for Enterprise Development has provided state-level data on the percentage of single female households experiencing liquid asset poverty. Liquid asset poverty refers to not having sufficient liquid assets to subsist at the poverty level for three months in the absence of income.

Fifty-seven percent of single female households in the United States do not have sufficient savings to live for three months at the poverty level if they lost their source of income. To put it another way, the majority of single female households are on the brink of financial disaster if they lose their jobs. There is wide variation across states in the vulnerability of single female households, ranging from a low of 37% in Iowa to a high of 75% in Mississippi and Alabama.

PERCENT OF SINGLE FEMALE HOUSEHOLDS WITH LIQUID ASSET POVERTY[23]



IMPROVING WOMEN'S WEALTH BENEFITS CHILDREN AND THE NATION

Eliminating the women's wealth gap is likely to yield significant benefits to children, families, and our nation's economic growth. For example:

- Closing the gender wage gap would cut the poverty rate in half for working women and their families *and* add nearly half a trillion dollars to the nation's gross domestic product.[24] Because wealth inequality is even greater than income inequality, closing the wealth gap is likely to yield even larger impacts on the poverty rate and the nation's gross domestic product.

- With increased assets, health insurance and medical care will become more affordable, leading to greater employee productivity, reduced costs of long-term and preventable medical problems, and less drain on means-tested medical programs.

- Improving women's wealth will improve children's educational and health outcomes. Household wealth affects children's early educational attainment and health outcomes and parental assets are among the strongest predictors of attending and graduating from college.[25] The children of single mothers with assets are more likely to graduate from high school and have higher grade point averages, even when controlling for other important characteristics that predict educational attainment.[26] Improving women's wealth will carry forward to future generations.

- Civic engagement and political participation is positively associated with home ownership and wealth.[27] Increasing women's and families' asset ownership may therefore carry over to a more civic-minded society and enhance the political voice of groups who have been politically disenfranchised.

GRANTMAKING BEST PRACTICES

Funders play a critical role in supporting the types of activities that will be catalysts for change to reduce the women's wealth gap and support the financial well-being of our nation's families. Grantmakers can leverage their funding, authority, and convening ability to build key relationships that will help direct our nation's response to economic inequality. Investing in asset building with a gender lens will help level the playing field and will strengthen our society. Examples include:

1 ADDRESS THE "COSTS" THAT LIMIT THE ABILITY OF WOMEN TO BUILD WEALTH

MAKE CHILD CARE AFFORDABLE AND AVAILABLE

The costs of child care generally fall more heavily on women than men, thereby reducing the dollars available for investment and wealth building. Child care costs are particularly steep for lower-income parents. Programs that increase access to quality child care for lower-income parents allow for greater educational and employment opportunities and advancement, improving economic stability and the potential for building assets.

- **Child Care Subsidy Bridge.** The wait time for child care subsidies to become available differs from state to state. In Texas, for example, the average wait time to receive child care subsidies is six months. Because women may not have sufficient financial resources to pay for child care while they wait for approval, they must either turn down employment or educational opportunities, incur more debt, or choose less reliable and less desirable options for child care. The lack of affordable child care often reduces women's options for employment or education, affecting their family's long-term financial well-being.

The Dallas Women's Foundation has partnered with Educational First Steps to develop and pilot a Child Care Subsidy Bridge that would cover the portion of child care costs that a state subsidy would cover while single mothers are on the subsidy waiting list. This innovative intervention increases opportunities for advancement and employment (and improves options for reliable and safe child care) while increasing financial well-being and the opportunity to enhance savings and asset-building.

SUPPORT AFFORDABLE COLLEGE COMPLETION

The cost of higher education increased by 62% between 2000 and 2012.[28] As women are increasingly attending college, they are also acquiring education debt. Millennials in particular are struggling under the weight of student debt. Women, and especially women of color, are disproportionately attending for-profit colleges, where they accumulate higher debt and are less likely to graduate (and thus do not end up with a degree to help them repay their debt). Navigating the process of financial aid and education loans are challenging for most people, but are particularly challenging for low-income families, first-generation college students, and single parents who are trying to balance earning a degree while raising children. Innovative strategies on how to pay for college and reward completion are needed to address the needs of students who are low-income, first-generation, and parents (the majority of whom are women).

- Grants awarded to non-profits by the **College Futures Foundation** in California finance college scholarships, provide financial aid advising, help students complete the Free Application for Federal Student Aid (FAFSA) to help them qualify for public financial aid, and provide support services to increase graduation rates. The collective impact of these programs tackles the women's wealth gap on several levels: They help encourage women from low-income and underrepresented groups to attend college, help them access public financial aid, help reduce the amount of education debt, and help students graduate from college and thus earn higher incomes.

2 INCREASE ASSET OWNERSHIP

Women, and especially low-income women, need opportunities to build a range of assets, from cash accounts to homes to retirement accounts. Programs that help women create a strong financial foundation are critical for closing the women's wealth gap.

SUPPORT FINANCIALLY SOUND HOMEOWNERSHIP

Homeownership with sound financing remains one of the largest reservoirs to build and gain wealth and financial stability for American families. Unfortunately in today's economy, homeownership and its wealth-building power is inequitably distributed. Indeed, homeownership is often out of reach for low-and-middle income families and women-led households.

In fact, women and people of color who do try to achieve the American dream of homeownership find that they are targeted for subprime loans and that the higher interest rates make it more difficult to build home equity while leaving them much more vulnerable to foreclosure.[29]

- **Choose to Own.** The Choose to Own Homeownership Program is offered through the U.S. Department on Housing and Urban Development, the Chicago Housing Authority, and is enhanced through philanthropic partners like the MacArthur Foundation and the United Way of Metropolitan Chicago. The program provides counseling to residents in subsidized rental units on home ownership and the home purchasing process, referrals to reputable lenders, and access to pro bono attorneys to help with legal issues. The opportunity of homeownership for employed public housing residents—women and their familiesprovides access to a critical wealth-building asset when done in financially sound ways that do not leave homeowners over-leveraged or with subprime loans.

INCREASE RETIREMENT ASSETS

Because of their lower earnings, lack of access to the wealth escalator, and caregiving responsibilities, women often reach their retirement years with insufficient retirement savings. Innovative programs are needed to help women build the retirement nest egg they need so that they can retire securely.

- The **Appalachian Savings Project,** through the Women's Institute for a Secure Retirement (WISER), has been working to provide access to retirement savings programs to low-income female workers who do not have access to employer-sponsored retirement programs. The Appalachian Savings Project has helped self-employed child care workers in Appalachia, Ohio, and West Virginia build retirement savings through matched contributions, simplifying and strengthening access to the electronic U.S. Savings Bonds and the Savers' Credit, and financial workshops tailored to those in the child care business.

SUPPORT OF BUSINESS STARTUPS

Opening up opportunities for women to learn business skills and engage in entrepreneurship will not only provide women and their families with income and assets, but will also fuel economic growth.[30]

◆ Grameen America, with support from a diverse group of philanthropic organizations such as Capitol One, Citi Foundation, and Women's Fund of Central Indiana, works with women to build small businesses by providing training, microfinance, and group mentorship. The program works with a group of five women at a time who have established trust and provides a week of training to learn about loans, savings and credit building, and culminates with each woman opening a savings account. Each woman then receives a micro-loan of $1,500 to support the creation of their business. A Grameen America staff member meets with the group weekly to make loan and savings payments, provide continuing education, and build peer networks.[31] The program has been implemented in 11 U.S. cities, serving over 43,000 women and creating nearly 52,000 jobs.[32]

3 EDUCATE AND BUILD COALITIONS ON EFFECTIVE WEALTH-BUILDING POLICY

Public policy often shapes who has access to the wealth escalator.[33] Issues such as employer-sponsored retirement accounts, tax structures/credits,[34] payday and auto title lending, and pay inequity require shifts in state or federal policy in order to effectively address the systemic inequalities that negatively impact women's wealth building. Funders can play a key role in supporting both non-profit advocates and coalition groups to educate policymakers on the gendered impact of current policies. They can also help shape potential solutions through programming support and participation in thought leadership opportunities such as the Tax Alliance for Economic Mobility (initially convened and hosted by Asset Funders Network).[35] As an example, the Silicon Valley Community Foundation supports work that draws attention to the problem of payday lending, but also advocates for "changes in municipal laws to inhibit new payday lending establishments in local jurisdictions."[36]

◆ **Illinois Secure Choice Savings Program.** The Illinois Asset Building Group, utilizing the leadership of its nonprofit members such as the Sargent Shriver National Poverty Law Center and the Woodstock Institute, worked with a broad coalition of nonprofit organizations, employers, and researchers in support of the Illinois Secure Choice Savings Program. This innovative program provides the opportunity for Illinoisans to save for retirement through automatic payroll deduction (3% minimum will be paid through the employer unless the employee opts out) into a Roth IRA or investment choices selected by the state, and the account will follow them through job changes. These accounts help people access the wealth escalating effects of tax-preferred contributions and encourage retirement savings.

The funded activities were not lobbying, but provided education to businesses, communities and policymakers on the need for a new retirement option, the impact on retirement savings for middle- and low-income workers, and the impact on business. Through this educational effort, stakeholders understood the positive impact for workers, the state, and business, and in turn informed their elected officials of the need for these accounts.

> "IT IS NOT ENOUGH TO TALK about income inequality without a gender and racial lens. To improve the lives of children, philanthropy must invest in programs that build the wealth of women."
>
> LUIS ARTEAGA
> SR. PROGRAM MANAGER, LEVI STRAUSS FOUNDATION

TO REDUCE THE WOMEN'S WEALTH GAP, investment strategies require support and replication in new regions.

INVESTMENT RECOMMENDATIONS

Women's financial security is critical for families and for economic growth. Reducing the women's wealth gap will not only improve the financial well-being of women, but also of the children and families they support. Greater investment in women's financial futures will yield far-reaching impact.

To actually reduce the women's wealth gap, several promising, intersecting strategies require support and replication in new regions:

CLOSE THE WAGE GAP

Closing the wage gap is an important precondition, even if it is not sufficient for closing the wealth gap. Increasing women's access to higher-paying fields (such as traditionally male jobs in science, technology, engineering, and math, also called STEM fields), passing legislation such as the Paycheck Fairness Act, Restaurant Opportunities Centers United (ROC United) efforts to increase the minimum wage for tipped workers, and educating employers about how to combat the unconscious and/or embedded biases that impact how women are compensated will be necessary for closing the wage gap.

REDUCE THE "COSTS" THAT LIMIT WOMEN'S ABILITY TO BUILD WEALTH

Women often bear additional financial "costs," or responsibilities, that limit their ability to build wealth. The financial burden of single parenthood that falls disproportionately on women, for example, detracts from their ability to save. Expenses like child care and medical bills hit single mothers very hard and may not only prevent them from saving, but also often leaves them with a debt anchor.

The cost of higher education is also of growing concern as women are now surpassing men in rates of college enrollment and completion. However, education debt takes a huge bite out of the higher wages they earn with a college degree (as long as the jobs continue to reflect the wage gap) and inhibits their ability to save and invest.

Even though women have equal (or better) credit scores than men,[37] women are more likely to receive high-cost loans such as subprime home loans.[38] The additional costs of these subprime loans prevent women from building home equity and wealth. The Consumer Federation of America estimates that over the term of the loan, those with subprime loans pay at least $85,000 more in interest payments,[39] which does not build home equity and which reduces disposable income that can be saved or invested to build wealth.

INCREASE OPPORTUNITIES FOR ASSET OWNERSHIP

Opportunities to build assets are gendered, meaning that women are less able to take advantage of opportunities to build assets because they do not have access to the wealth escalator. Programs that help low-income people increase asset ownership are especially impactful for women, who are more likely to be low-income workers. Opening up sound and accessible avenues for those with low incomes to build savings, to buy a home, or to finance a business will help women improve their financial well-being.

PROVIDE WOMEN WITH ACCESS TO THE WEALTH ESCALATOR

Because of the types of jobs they have, because of the wage gap, and because women are more likely to be single parents, they lack equal access to the wealth escalator comprised of employment-related fringe benefits, tax advantages, and access to valuable government benefits. Grantmakers can help level the playing field by supporting targeted services working to narrow the wage and wealth gaps while mobilizing efforts to help change the structures that disadvantage women.

Access to good jobs with fringe benefits, good pay, and opportunities for advancement is critical for providing access to the wealth escalator. Women, and particularly women of color, are more likely to be trapped in dead-end, low-wage employment that perpetuates financial insecurity. Funder-supported workplace initiatives and workforce development that provide skills and create career pathways for women will help close the wealth gap.

INVEST IN TIMELY AND RELEVANT FINANCIAL EDUCATION COUPLED WITH COACHING

Women have longer life expectancies and must therefore support themselves longer in retirement. To make sure women are prepared, financial education and coaching are imperative given that on average, women must save more with lower incomes. Moreover, financial guidance and coaching is especially important for women when making critical financial decisions, such as attending college, purchasing a home, getting married or divorced, or leaving abusive relationships. An example of this work can be found through The Financial Clinic, a non-profit organization that provides training and technical assistance to domestic violence shelters, equipping them with tools and resources to improve the financial development of domestic violence survivors. Originally developed in partnership with the Human Resources Administration of the City of New York and the United Way of New York City, the project has provided services to 149 survivors of violence, resulting in debt alleviation of $87,360; $3,050 in savings bonds purchased and $48,000 in tax refunds claimed.[40]

SUPPORT INNOVATIVE PROGRAMMING, RESEARCH, AND EVALUATION OF OUTCOMES

New approaches to reducing the women's wealth gap are necessary and grantmakers play a critical role in cultivating and advancing innovative programming. Additional research and rigorous evaluation of program effectiveness is also critical. In particular, research is needed to understand the nuances of wealth inequality and asset development for women with different backgrounds and circumstances. Investments in programming based in research and accompanied by sound proven design and metrics will help move the field forward and allow grantmakers to have the greatest impact.

BUILD COALITIONS FOR EFFECTIVE PUBLIC POLICIES

Because many of the disadvantages women experience in their attempts to build wealth are rooted in public policies, solutions for addressing the women's wealth gap would be incomplete without considering ways to change policies that disadvantage women or to develop new policies that provide women with the same opportunities as men. Grantmakers can engage stakeholders, support research that educates and informs policymakers, and mobilize coalitions. They can communicate the needs and voices of women and their families to a national audience through media and research, and help shape the messaging so that policies become buoys rather than barriers to economic success. Policies that support women also support families and economic growth. With women-friendly policies, everyone wins.

TWO-GENERATIONAL STRATEGIES

Philanthropic and public investments in two-generational strategies have the potential to yield significant future returns for models designed to engage women and low-income families. Asset field innovators like Ascend at the Aspen Institute, supported by The Kresge Foundation, The Annie E. Casey Foundation, and W.K. Kellogg Foundation, are advancing two-generational approaches integrating asset-building opportunities for parents and children.[41]

This strategy engages children and parents together to build mutual motivation to achieve three key outcomes: 1) children enter school prepared for success; 2) families create a nurturing and secure environment for their children; and 3) families are connected to one another.[42] The model is supported by Ascend's findings that a parent's education is a strong predictor of a child's educational and economic attainment, and increased family income in the early childhood years is associated with positive health and developmental outcomes.[43]

CONCLUSION

Reducing the women's wealth gap is not only good for women, but it also is essential for improving the economic well-being of children, families, and the nation. Moreover, reducing the women's wealth gap is inextricably linked with other desirable outcomes such as improved educational attainment, access to quality child care and health care, financial independence, and improved workforce and business development to support economic growth.

The women's wealth gap is entrenched within the fabric of our economy through the tax structure, the system of employment-related benefits, and workforce inequities. Consequently, innovative and multi-faceted remedies are required for changing the status quo. The role of grantmakers is critical for making the types of investments in program development, research, and education that are necessary to create a more equitable and economically prosperous nation.

GLOSSARY

ASSET BUILDING
A set of strategies that facilitate economic security by creating and protecting opportunities for low-income individuals, families, and communities to save and invest in themselves, their futures, and their communities by expanding access to financial opportunities, social resources, and good health.

ASSETS
Resources used to promote family (upward) mobility and well-being. Examples of financial assets include interest-earning savings, stocks and mutual funds shares, and homeownership. Assets may also be non-financial, such as education, good health, and community connections.

ASSET OPPORTUNITY
This measure captures asset security (see below) plus additional resources that enable investment in opportunities for mobility, including average expenses for two years at a public university, average down payment for a median-priced home, or average start-up expenses for a business.

> "FAR TOO MANY WOMEN and their children are one illness or financial emergency away from poverty. Through philanthropic investments, we are committed to ensuring all women have equal access to comprehensive financial health and wealth to draw upon in times of crisis and provide a better future for their children."
>
> **K. SUJATA**
> PRESIDENT, CHICAGO FOUNDATION FOR WOMEN

ASSET SECURITY
Net financial assets plus three months of average unemployment insurance that together cover or exceed 75% of the cost of median essential expenses for three months.

EMPLOYMENT CAPITAL
Employment-based resources and job characteristics beyond income that enable families to build and preserve wealth, including job benefits, job flexibility, and consistent work.

LIQUID ASSET POVERTY
Households without sufficient net worth to live at the poverty level for three months without an income. Liquid assets are resources that are readily available such as cash, checking and savings accounts, stocks and property.

MICROBUSINESS
A business with five or fewer employees, requiring less than $50,000 in start-up capital, and owned by low-income or minority individuals or others who lack access to business capital and resources.

SINGLE WOMEN
Never-married, divorced, and widowed people who are not cohabitating.

WEALTH
The value of assets minus debts.

WEALTH ESCALATOR
Coined in *Shortchanged: Why Women Have Less Wealth and What Can Be Done About It*,[44] to describe the mechanism that gives some people a wealth-building advantage that others do not receive. It is comprised of employment-related fringe benefits, valuable government benefits, and favorable tax breaks that allow some to turn their income into wealth more quickly.

WEALTH GAP
The unequal distribution of wealth within a population.

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ASSET FUNDERS NETWORK (AFN)

The Asset Funders Network (AFN) is a membership organization of national, regional and community-based foundations and grantmakers strategic about using philanthropy to promote economic opportunity and financial security for low and moderate income Americans.

AFN works to increase the capacity of its members to effectively promote economic security by supporting efforts that help low to moderate income individuals and families build and protect assets.

Through knowledge sharing, AFN empowers foundations and grantmakers to leverage their resources to make more effective and strategic funding decisions, allowing each dollar invested to have greater impact.

To learn more and to become involved in advancing the field, please visit AFN at www.assetfunders.org.

Asset Funders Network

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