WHERE’S THE MONEY GOING?
THE IMPACT OF SALA HOUSEHOLDS ON INTERGENERATIONAL WEALTH TRANSFERS WITHIN THE BLACK MIDDLE CLASS

CHRIS-DE-VAUN R. PARKER | STATE UNIVERSITY OF NEW YORK: THE COLLEGE AT BROCKPORT
DR. KRIS MARSH | UNIVERSITY OF MARYLAND: COLLEGE PARK

SALAs & THE BLACK MIDDLE CLASS

- Single and Living Alone Adults (SALA) households are seen as both a hindrance to and an evolution of the Black Middle Class (Marsh, 2007).
- In 2000, SALAs accounted for roughly a quarter of Black middle-class households (Marsh, 2007).
- African Americans are lacking the inheritance, which may be contributing to the Black wealth gap.

NEOCONSERVATIVE PERSPECTIVE

ASSORTIVE MATING PERSPECTIVE

MARRIAGE

MIDDLE CLASS STATUS

ALTERNATIVE

MIDDLE CLASS STATUS

CONCLUSIONS

- The growth of SALAs has not compromised the Black middle class.
- The normative way of thinking about the Black middle class is changing.
- A lack of direct dependents does not indicate a lack of potential heirs.
- Not only do SALAs consciously consider leaving wealth to their extended family, some also consider bequeathing their assets to Black Organizations.
- Among SALAs, a lack of proper estate planning can significantly reduce their total amount of transferable wealth.
- Traditional estate planning methods, which aim to transfer wealth to a younger generation may not reflect changes in marriage and household types. With proper planning, SALAs can achieve the dual goals of providing for family members and preserving the ability to transfer wealth efficiently to the next generation.
- FUTURE RESEARCH might explore other factors that have a greater impact on the growth of the Black middle class, than do SALA wealth transfers.

THEORETICAL FRAMEWORK

SOCIAL REPRODUCTION THEORY: BOURDIEU

BLACK MIDDLE CLASS

INCREASED WEALTH

BENEFICIARIES

/HEIRS

LEGITIMIZATION

CULTURAL CAPITAL

WEALTH BY RACE & ETHNICITY, 2007-13

Median net worth of households, in 2013 dollars

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>2007</th>
<th>2010</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Households</td>
<td>$81,400</td>
<td>$99,900</td>
<td>$111,900</td>
</tr>
<tr>
<td>Whites</td>
<td>$11,000</td>
<td>$13,700</td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td>$11,000</td>
<td>$13,700</td>
<td></td>
</tr>
<tr>
<td>Hispanic</td>
<td>$11,000</td>
<td>$13,700</td>
<td></td>
</tr>
</tbody>
</table>

Pew Research Center. 2014
Survey of Consumer Finances

WEALTH & ESTATE PLANNING

- Getting married significantly increases the wealth holdings for White families by $75,635 but has no statistically significant impact on African-Americans (Shapiro, 2014).
- Wealth is defined by: homeownership, income and net assets (Shapiro, 2014).

SURVEY OF ESTATE PLANNING

<table>
<thead>
<tr>
<th>Group</th>
<th>Overall</th>
<th>Whites</th>
<th>Black</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Group That Have Wills</td>
<td>45%</td>
<td>52%</td>
<td>32%</td>
<td>26%</td>
</tr>
</tbody>
</table>

"...[Whites are five times more likely to receive an inheritance than African Americans. Among those receiving an inheritance, whites received about ten times more wealth than African-Americans. Inheritance converts to wealth more readily for whites than Black families; each inherited dollar contributed to 91 cents of wealth for white families compared with 20 cents for African-American families]" (Shapiro, 2014).

RESEARCH QUESTIONS

- Does the absence of children and spouses among SALA members of the Black middle class create issues for transferring their wealth?
- And given the already strained nature of Black wealth, will the growth of SALA households have a negative effect on the larger Black middle class?

METHODOLOGY

- Interviews were hand coded for qualitative analysis
- Listened to interview audio files
- Tallied number of positive and negative responses related to having a will or living trust.
- Tallied each time respondents mentioned a potential beneficiary for their assets.
- Demographic information drawn from coded survey data.

FINDINGS

PRESENCE OF WILLS IN SAMPLE

# OF TIMES BENEFICIARIES MENTIONED

CONCLUSIONS

- The growth of SALAs has not compromised the Black middle class.
- The normative way of thinking about the Black middle class is changing.
- A lack of direct dependents does not indicate a lack of potential heirs.
- Not only do SALAs consciously consider leaving wealth to their extended family, some also consider bequeathing their assets to Black Organizations.
- Among SALAs, a lack of proper estate planning can significantly reduce their total amount of transferable wealth.
- Traditional estate planning methods, which aim to transfer wealth to a younger generation may not reflect changes in marriage and household types. With proper planning, SALAs can achieve the dual goals of providing for family members and preserving the ability to transfer wealth efficiently to the next generation.
- FUTURE RESEARCH might explore other factors that have a greater impact on the growth of the Black middle class, than do SALA wealth transfers.

REFERENCES


ACKNOWLEDGEMENTS: Special thanks to the SALA Research Team: K. Marsh PhD; K. Barber, PhD; J. Adesina, BA; K. Johnson, K. Anbil, J. Flores

THE TOP FIVE FACTORS DRIVING WEALTH INEQUALITY BETWEEN BLACKS AND WHITES

1. Rates of Homeownership (27%)
2. Household Income (20%)
3. Unemployment (9%)
4. Higher Education (5%)
5. Financial Support/Inheritance (5%)

(Shapiro, 2014)