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The Harder They Fall: Diverging Black–White Wealth in Older Age Using the Health and Retirement Study[†]

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Abstract

Using the Health and Retirement Study (HRS), we document that wealthier Black households experience slower wealth *accumulation* compared to White households with similar, higher initial wealth. The estimated wealth accumulation gaps help explain widening racial disparities in wealth levels late in the life cycle, and contribute to the intergenerational transmission of racial wealth inequality. These conditional racial accumulation gaps are robust to portfolio composition controls and pertain to a population facing little or no earnings risk. Our findings challenge standard portfolio-based or earnings-based theories of racial wealth inequality. We argue that racial differences in wealth downside risks can help understand these patterns.

KEYWORDS: racial wealth inequality, HRS, wealth accumulation, bequests

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1 Introduction

Despite significant changes in American economic development since Emancipation, racial wealth disparities remain stubbornly large (Derenoncourt et al., 2023). In this paper, we focus on Black–White wealth differences among older, typically retired, households. Older households are not only key for understanding the intergenerational transmission of wealth, but also more suitable for isolating non labor market factors that shape racial wealth gaps, since they are less dependent on active labor income.

First, we establish that racial wealth differences continue to rise late in the life cycle, after age 50 and even after age 80, using the longitudinal Health and Retirement Study (HRS) from 1992 to 2022. Second, we show that Black–White wealth accumulation differences are larger, the higher their initial wealth levels. These racial wealth accumulation gaps are estimated with controls for lagged portfolio composition e.g. stocks, bonds, and housing values.[1] Specifically, compared with White households holding similar initial wealth, Black households above the bottom wealth quartile accumulate wealth at a slower rate – especially at higher initial wealth strata.

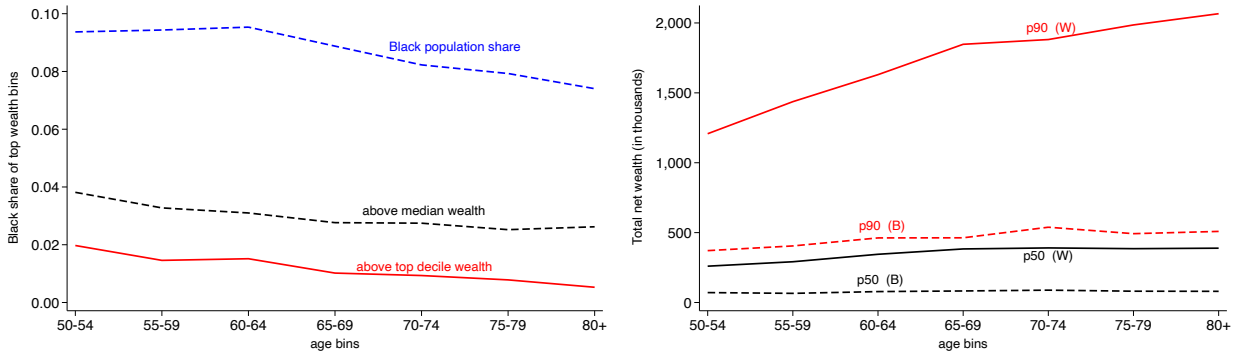
These racial wealth accumulation gaps mechanically widen racial wealth inequality within a cohort, and – through bequests – contribute to the intergenerational persistence of racial wealth inequality. In fact, we link actual *changes* in household wealth to systematic *changes* in the household's self-reported intent to bequeath wealth. Moreover, we found that Black households typically tend, at the margin, to desire to leave more bequests when their wealth grows, compared with White households' response. Therefore, in the absence of accumulation gaps, the counterfactual intergenerational transmission of the racial wealth gap would be weaker: Bequests magnify the impact of racial wealth accumulation gaps on the intergenerational transmission of racial inequality.

[1] Thomas et al. (2020) find that median Black–White wealth disparities do not attenuate with age or time using the 1989–2009 Panel Study of Income Dynamics (PSID). De Nardi, French and Jones (2010) provide insights on the role of medical expenditures and spousal longevity risk on wealth dynamics among HRS households ages 71 and above.

2 Racial Wealth Inequality by Age in the HRS

We use the RAND HRS Longitudinal File (see RAND HRS Longitudinal File 2022 V1) which includes 16 waves of core interview data survey years (annually from 1992 to 1995, and biennially from 1996 through 2022). It encompasses seven entry cohorts: the initial 1992 Health and Retirement Study (HRS) cohort; the 1993 Study of Assets and Health Dynamics (AHEAD) cohort; the Children of Depression and War Baby cohorts entering in 1998; the Early Baby Boomer cohort entering in 2004; the Mid Baby Boomer cohort entering in 2010; and the Late Baby Boomer cohort entering in 2016. We use the survey respondent's characteristics to construct the household characteristics, and we restrict the sample to White and Black households. Wealth refers to the net value of total wealth: the sum of all wealth components in the HRS, and does not include retirement accounts.[2]

Figure 1: Growing Black–White Wealth Differences in Older Age



(a) Black Share of Top Wealth Households

(b) Selected Black–White Wealth Percentiles

Note: The horizontal axis represents five-year age bins. In Panel (a), the vertical axis shows the Black share of the Black–White population above selected wealth percentiles of the joint Black–White wealth distribution for a given age bin. Each value represents the average share across survey years for the corresponding age bin. The red solid line indicates the share of the Black population above the 90th wealth percentile of the Black–White wealth distribution. The black dotted line shows the Black share above the 50th percentile of Black–White wealth, while the blue dashed line represents the Black share above the median Black–White wealth. In Panel (b), the vertical axis shows the value of selected percentiles of group-specific wealth distribution for a given age bin. Each value is the average share across survey years of the corresponding age bin's percentile value in 2022 dollars. The dashed lines and the solid lines show percentiles of the Black wealth distribution and the While wealth distribution respectively. The red lines represent the average across years of the 90th percentiles and the black lines represent the average across years of median wealth values. Source: RAND HRS Longitudinal Sample (1992–2022).

Figure 1 shows that Black–White wealth disparities among HRS households are sizable and widen with age. Panel (a) in Figure 1 shows that while Black households account for a little less than 10 percent of our overall sample of Black–White households ages 50 to 54, they account

[2] Thompson and Volz (2021) provide more comprehensive racial wealth inequality estimates by including retirement accounts. See Choukhmane et al. (2023) on racial differences in retirement accounts' use and access.

for around 4 percent of the households with wealth above the age-specific median Black–White wealth, and only 2 percent of the households in the top decile.

Black shares among top wealth households are not only lower at higher wealth levels, but also decline with age and fall faster with age at the top of the wealth distribution. For instance, among households ages 75 to 79, the Black share falls to around 3 percent of the households above median wealth. In contrast, the Black share of the top wealth decile of households ages 75 to 79 decreases relatively more, and is only around 1 percent.

These lower and declining Black shares among top wealth bins reflect the overall lower wealth among Black households compared with White households. Panel (b) in Figure 1 traces the age profiles for both Black household wealth and White household wealth at selected percentiles (50th and 90th) of the wealth distribution within each *age-race* group. Consistent with Panel (a), we see in Panel (b) that White household wealth percentiles (median and 90th) are larger and have steeper age profiles than their corresponding Black wealth percentiles.[3]

3 Racial Differences in Wealth Accumulation

To better understand these cross-sectional regularities, we ask whether Black wealth accumulates more slowly at higher levels of wealth, relative to the wealth accumulation experienced by White households. We estimate a simple econometric model of household wealth accumulation across HRS waves. The estimation sample includes only Black and White households with positive wealth and total debt not exceeding 300 percent of their wealth.

3.1 Descriptive Statistics

In Table 1, we provide an overview of the heterogeneity across groups and ages in our data. We report sample means by race, above or below age 65. While on average the house value for White households is almost twice that of their Blacks counterparts, the difference is much

[3]The patterns and magnitude across groups when we redo the analysis with the initial cohort only. We also found similar patterns when we compare non-Hispanic Black households and non-Hispanic White households.

Table 1: Summary Statistics (Mean) by Race and Age

	50-64		65+	
Variables	Black	White	Black	White
house value ($)	156,745	262,590	177,452	300,001
debt ($)	49,311	58,567	36,964	36,073
total wealth ($)	231,781	681,738	246,061	804,751
total non-housing wealth ($)	118,667	472,317	101,217	537,862
house value share of total wealth	1.19	1.25	1.03	0.80
net house val. share of total wealth	0.73	0.69	0.80	0.68
debt share of total wealth	0.54	0.77	0.31	0.28
log change in total wealth (per annum)	0.02	0.03	0.00	0.00
log change in non-housing wealth (per annum)	–0.02	0.03	–0.05	–0.03
self-reported probability of leaving bequest	76.17	91.65	69.75	91.74

Notes: Dollar amounts are computed in 2022 dollars and rounded to the nearest whole dollar. Source: RAND HRS Longitudinal File (1992–2022)

larger, three to five times, when comparing total wealth and non-housing wealth. These racial gaps in the levels of wealth and non-housing wealth are striking. Hints of large racial wealth accumulation gaps are reflected in average non-housing wealth growth rates. Among households ages 65 and above, annualized changes in log non-housing wealth are negative for both groups but more pronounced for Black households who have an average change of –5 percent compared with –3 percent for White households. On the debt side, Black households have more leveraged balance sheets compared with White households. Finally, the bottom row shows that 9 in 10 White households above 65 years old intend to leave a bequest, compared to only 7 in 10 Black households above 65 years old.

3.2 Black–White Wealth Accumulation Differences by Wealth Strata

Since wealth and wealth inequality rise with age, we conjecture that racial wealth inequality widens at higher wealth levels. We leverage the panel dimension of the HRS to estimate the change in log

wealth for Black households relative to White households in the same initial wealth bin:

$$
\begin{aligned}
\Delta \log \text{wealth}_t^i = & \sum_{\text{wealth bin } j} \beta^{\text{Black–White}}_{\text{wealth rank } j} \mathbb{1}_{\{\text{wealth rank}_{t-1}^i = j\}} \times \mathbb{1}_{\{\text{Black}(i)\}} && \text{(bin specific racial accumulation gap)} \\
& + \sum_{\text{wealth bin } j} \delta_j^{\text{wealth}} \mathbb{1}_{\{\text{wealth rank}_{t-1}^i = j\}} \times \log \text{ wealth}_{t-1}^i && \text{(bin specific wealth gradient)} \\
& + \sum_{\text{fin. item b}} \sum_{\text{wealth bin } j} \theta_j^{\text{b}} \mathbb{1}_{\{\text{wealth rank}_{t-1}^i = j\}} \times \log \text{ value of b}_{t-1}^i && \text{(bin specific wealth portfolio effects)} \\
& + \text{wealth bin FE + age bin FE + year FE} && (1)
\end{aligned}
$$

where $(\text{wealth rank}_{t-1}^i)$ is household i's wealth bin in the wealth distribution across all Black and White households in the five-year age bin during the previous wave $(t-1)$, and the household financial items that are interacted with its wealth rank as portfolio controls include: (i) lagged debt share of total wealth, (ii) lagged house value share of total wealth, (iii) lagged net value of stock positions, (iv) lagged value of checking, savings, or money market accounts, (v) lagged value of CD, government savings bonds, and T-bills.[4] These interactions allow for rich bin-specific portfolio effects on the overall accumulation of wealth. Additional controls include year fixed effects, age-bin fixed effects, and wealth bin fixed effects.

The portfolio controls are important as balance sheets vary greatly in composition between Black and White households with similar wealth. Moreover, holding portfolios equal, Black households may experience different rates of accumulation. For instance, Kermani and Wong (2024) show that Black and Hispanic homeowners are more exposed to and suffer larger losses from distressed sales compared with otherwise similar White homeowners of comparable properties. Kondo et al. (2025) also show homeowners insurance companies pass greater losses from natural hazard events to homeowners in areas with a larger Black population.

[4] See Myers et al. (2023) for more detailed age-profiles of wealth accumulation and composition by race.

Table 2: Wealth Dynamics, Wealth Strata, and Race

	Black–White Wealth Accumulation Differential			
	All HRS waves (65+)		HRS survivors of 10+ waves (65+)	
	$\beta^{\text{Black–White}}_{\text{total wealth bin } j}$	$\beta^{\text{Black–White}}_{\text{non-housing wealth bin } j}$	$\beta^{\text{Black–White}}_{\text{total wealth bin } j}$	$\beta^{\text{Black–White}}_{\text{non-housing wealth bin } j}$
	(a1)	(b1)	(a2)	(b2)
Percentile 00–25	0.371	–	0.151	0.056
	(.0033)	–	(.0025)	(.0078)
Percentile 25–50	-0.031	-0.068	0.023	-.0593
	(.0010)	(.0017)	(.0010)	(.0019)
Percentile 50–75	-0.067	-0.077	-0.106	-0.088
	(.0006)	(.0009)	(.0006)	(.0009)
Percentile 75+	-0.127	-0.305	-0.170	-0.407
	(.0008)	(.0011)	(.0009)	(.0013)

Notes: Standard errors are in parentheses. Regression include wealth bin indicators interacted with portfolio composition variables such as the lagged shares of housing value and debt in total wealth; the lagged log values of stocks, checking accounts, or government bonds. Source: RAND HRS Longitudinal File (1992–2022).

3.3 The Harder They Fall: Top Black Wealth Falls More Behind

Table 2 reports the estimated bin-specific racial wealth accumulation gap coefficients ($\beta^{\text{Black–White}}_{\text{wealth rank } j}$) for both total wealth and non-housing wealth using wealth quartiles within five-year age groups. To limit biases from selection among survivors or continuing respondents, we also estimated the conditional accumulation gaps using a sample limited to households that participated in 10+ HRS waves. Among households ages 65 or above, we find that Black–White wealth accumulation differentials ($\beta^{\text{Black–White}}_{\text{wealth rank } j}$) are: (i) negative above the bottom wealth quartile, (ii) larger in magnitude at higher wealth strata, and (iii) larger in magnitude for non-housing wealth compared with total wealth.[5] Altogether, the estimates in Table 2 paint a very consistent picture: The wealthier Black households are, the harder they fall: their wealth grows more slowly (or falls more) relative to White households with similar, higher initial wealth. These results are particularly striking since the estimation equation includes a battery of wealth-bin-specific portfolio composition effects.

[5] We found similar results among HRS household ages 65 and below.

Table 3: Wealth Changes, Bequest Intentions, and Race

	Among households (65+) above		
	Top decile (P90+)	Top quartile (P75+)	Median (P50+)
Black–White wealth accumulation gap			
$(\Delta \log a^B - \Delta \log a^W)$	–0.138	–0.127	–0.089
	(.0013)	(.0008)	(.0004)
Wealth-bequest dynamic correlation			
$corr(\Delta \log a^B, \Delta p^B)$	2.744	16.966	14.859
	(.3790)	(.2842)	(.2275)
$corr(\Delta \log a^W, \Delta p^W)$	6.873	6.873	6.070
	(.0347)	(.0347)	(.0340)
Unconditional self-reported probability of bequeathing \$100K+			
W average probability p^W	0.88	0.83	0.74
B average probability p^B	0.67	0.68	0.56

Notes: a denotes total net wealth, with a^B and a^W referring to Black and White wealth, respectively. The Δ operator captures the change in wealth between two consecutive waves. The probability of leaving a \$100K+ bequest is denoted by p; Δp represents the change in this probability between waves. Standard errors are in parentheses. Source: RAND HRS Longitudinal File (1992–2022).

3.4 Wealth Accumulation Gaps Transmit Inequality Across Generations

Racial wealth accumulation gaps not only induce more racial wealth inequality within cohort, but may also perpetuate it across generations.[6] In Table 3, we explicitly link realized changes in wealth to changes in self-reported probabilities of leaving a large bequest (\$100K+). The first row shows racial accumulation gaps ($\beta^{\text{Black–White}}_{\text{wealth rank } j}$) estimated using a variant of Equation 1 augmented with the top wealth decile. The last two rows show unconditional self-reported probabilities of bequeathing \$100K or more, by race and by wealth bin. White top wealth quartile households report an 83 percent probability of a large bequest, compared with 68 percent among Black households.

The middle panel then modifies Equation 1 to estimate how changes in self-reported probability of leaving a bequest co-move with realized changes in wealth. More wealth gain begets a higher likelihood of leaving a bequest for both Black and White households. Moreover, most Black households exhibit a higher "marginal propensity to (intend to) leave a bequest" out of wealth

[6] Toney and Bogan (2024) find that household portfolio decisions often depend on their multi-generational expenditures on older household members' care. Toney and Robertson (2021) also show children's household income is correlated with their grandparent's wealth.

gains, except in the top decile of wealth where Black–White accumulation gaps are also the largest. These findings are perhaps surprising, but also consistent with recent evidence. Nam et al. (2015) also find, using parent-child linkage in the PSID that "*Black parents with more limited resources display a greater inclination to provide financial support for their children's education than their white counterparts.*" In other words, slower wealth accumulation impedes generational wealth building for the very population that is more eager to transmit it and close the racial wealth gap.

4 Conclusion

Older Black households are significantly less wealthy than their White peers. We document one crucial factor behind these gaps: the racial wealth *accumulation* gap among older age households with similar initial wealth levels and at a similar age. The greater their wealth, the harder it is for older age Black households to climb the wealth ladder at the same rate as their White peers.

Overall, our findings point to new avenues for better understanding America's enduring racial wealth inequality beyond differences in portfolio composition or labor market outcomes.[7] In the context of an aging and racially stratified America, more research is needed to to understand the channels behind the racial wealth accumulation gap we document and understand its consequences. For instance, Chiteji (2021) and Humphries et al. (2025) link household exposure to incarceration to future homeownership loss. Kondo et al. (2025) quantitatively assess how such wealth downside shocks contributed to the evolution of racial wealth inequality from 1860 and 2020.

[7] See Kondo et al. (2024) on earnings differences by race, ethnicity, sex, and location. See, for example, Ashman and Neumuller (2020), McKernan et al. (2014), Derenoncourt et al. (2024), Boerma and Karabarbounis (2023), and Aliprantis, Carroll and Young (2022) on the role of incomes, bequests, risk-taking behavior, and asset returns. Tan and Zeida (2024) also explore the role of racial differences demand frictions and credit supply faced by entrepreneurs.

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