

## Executive Summary

Having wealth, or a family's assets minus their debts, is important not just for the rich—everyone needs wealth to thrive. Yet building the amount of wealth needed to thrive is a major challenge. Nearly 13 million U.S. households have negative net worth. Millions more are low wealth; they do not have the assets or liquidity needed to maintain financial stability and invest in themselves in the present, nor are they on track to accumulate the amount of wealth they will need to have financial security in retirement. Together, these groups represent at least half of all U.S. households.

Not having wealth leaves people less able to invest in economic mobility; support family, community, and future generations; care for their health and well-being; and feel a sense of control and dignity in life. For a large share of people and families in America, wealth is out of reach—and without it, financial security is nearly impossible.

This report examines what it will take to create truly shared prosperity in the United States. It is focused on solutions that would grow the wealth of households in the bottom half of the wealth distribution, and it explores reparative approaches to building the wealth of Black, Indigenous, and other people of color (BIPOC). It is a companion to, and builds upon, the Aspen Institute Financial Security Program's years of work on household financial stability and security. It is designed to provide stakeholders across sectors with a set of actionable ideas to support the goal of a more financially secure and prosperous future for everyone. Policymakers, financial industry leaders, and employers, in particular, can use this report to better understand the wide range

of evidence-based solutions and innovative proposals that they can act on to be leaders in this work.

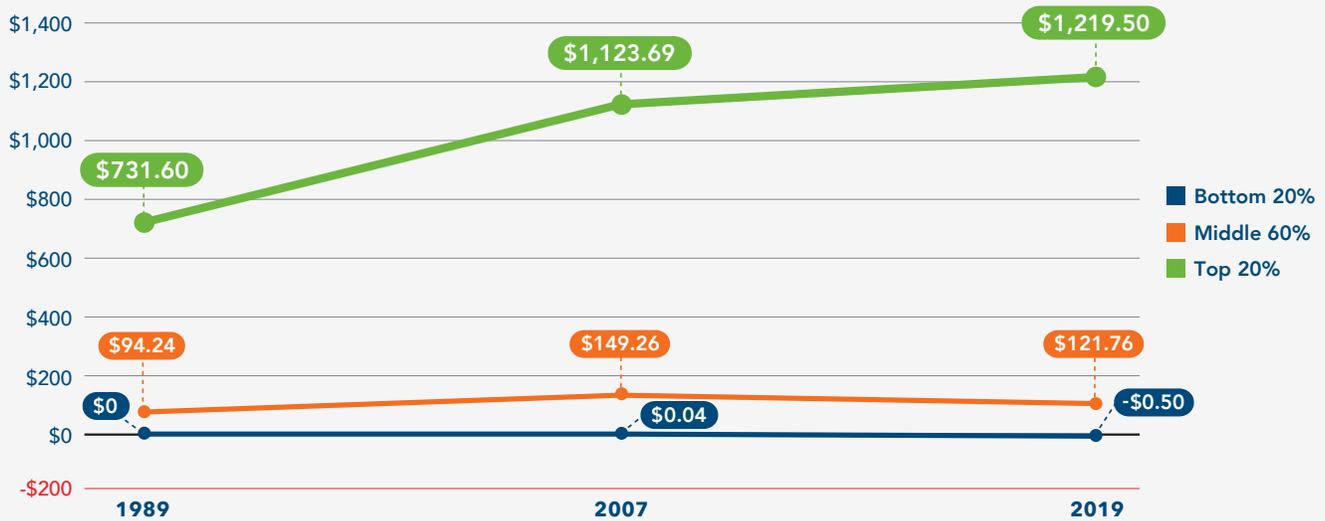
### **Multiple factors contribute to the typical family in America having little wealth today**

Everybody deserves financial security, but most people do not have the wealth required to pursue it. This has become a more common experience in recent decades. During the Great Recession, households in the bottom half of the wealth distribution lost more than 40% of their wealth. Median household wealth declined from \$149,360 in 2007 to \$121,760 in 2019. The top fifth of households by net worth are the exception. They were 8.5% wealthier in 2019 than they were in 2007.

Today, the bottom 50% of U.S. households by net worth own just 2% of all household wealth. In dramatic contrast, the wealthiest 1% of households own one third of all household wealth. Long-term drivers of declining wealth for the typical household include income stagnation and decades of rising costs for health care, higher education, and housing; the concentration of jobs and economic activity in a small number of large corporations; the decline of unionization; and the rise of gig work. Other drivers include the erosion of social safety nets; a rise in consumer debt—especially student loan debt; and the massive loss of home equity experienced by households as a result of the foreclosure crisis of 2008 to 2012. The majority of households had less wealth in 2019, right before the COVID-19 pandemic, than they

### Median Household Wealth by Percentile of Net Worth (1989-2019)

The wealth of the top 20% has skyrocketed above everyone else's.



Data is displayed in thousands of 2019 U.S. dollars.

Source: Aspen FSP analysis of Federal Reserve Board, 2019 Survey of Consumer Finances.

owned in 2007, despite having experienced the longest economic expansion in U.S. history.

Alongside these macro trends, many people face particular barriers preventing them from accumulating even modest amounts of wealth. Some people lack wealth because they are affected by discrimination and systemic exclusion from economic, political, and social systems. This includes people of color—especially Black and Native people—cisgender and transgender women, LGBTQ people, and disabled people, among others. Members of these groups require focused efforts by leaders in all sectors to help them build wealth.



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### There are plentiful opportunities to help low-wealth households build their net worth

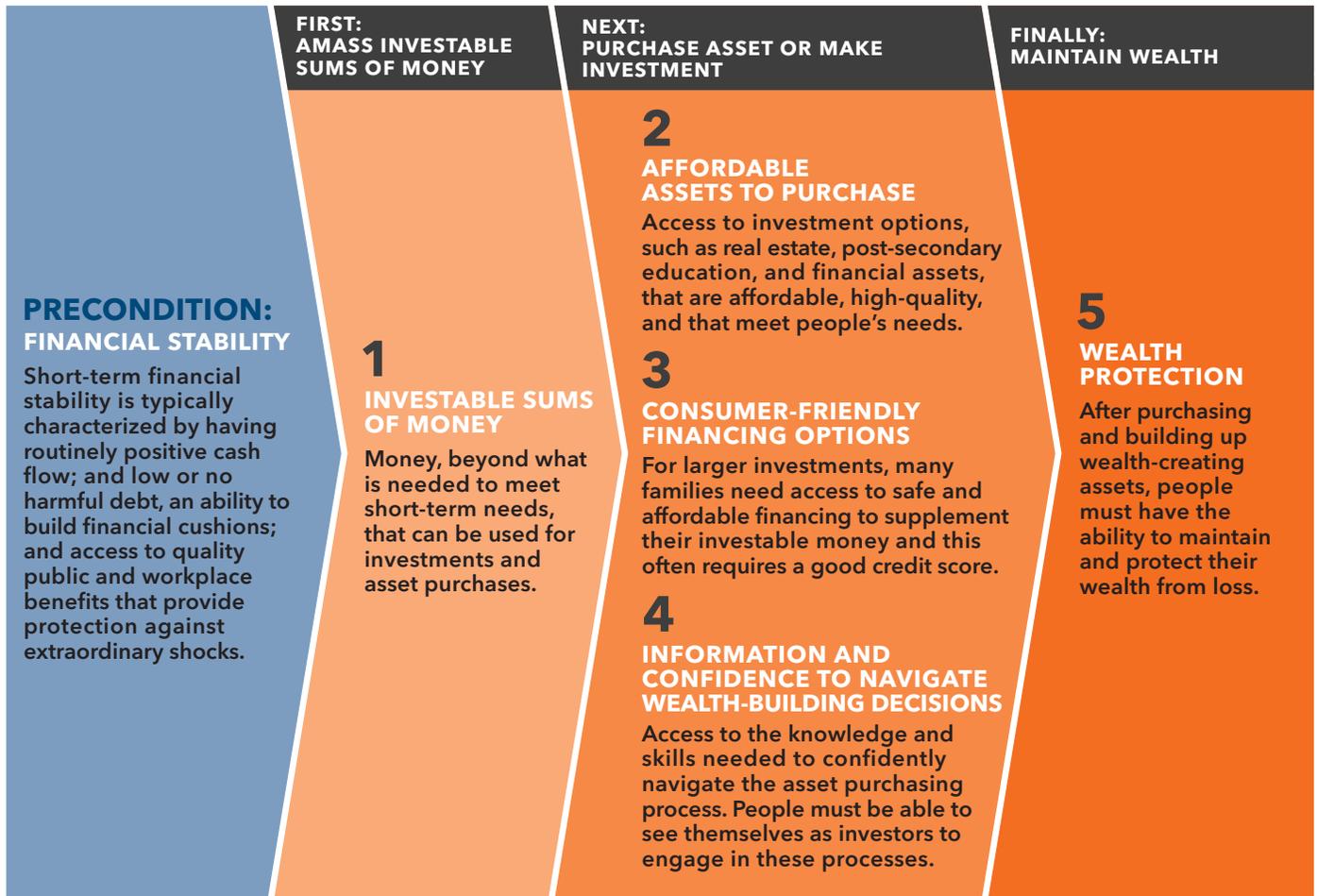
While the challenges are numerous and will take effort and resources to solve, there is reason for optimism. In fact, there are at least 101 reasons.

This report examines what it will take to allow all U.S. households to succeed at wealth building at every opportunity—from amassing investable sums of money, to purchasing assets, to protecting households' wealth over time—and explores how it can be done.

For each of the necessary conditions for wealth building, we set a series of objectives that, if achieved, would enable low-wealth households and households of color to successfully and sustainably build wealth. We then follow this with a series of solutions that directly address barriers to building wealth and are either backed by evidence or represent highly promising innovations. Among these many public policy solutions, and a wide variety of options for leaders in the financial industry, both profit-driven and mission-driven organizations, major employers, philanthropic institutions, and nonprofit service providers.

## Five Conditions - and One Precondition - Support Successful Wealth Building

People need each of the conditions below to be available to them—and at the right time—to build wealth.



### PRECONDITION: FINANCIAL STABILITY

To build wealth, households need to achieve **the precondition of financial stability** so they can cover their short-term needs and still set aside savings. The key elements of financial stability include having routinely positive cash flow and low or no harmful debt, the ability to build financial cushions, and access to quality public and workplace benefits that protect against shocks.

### FIRST: AMASS INVESTABLE SUMS OF MONEY

People and families who have a baseline of financial stability are able to build wealth when an additional five conditions are in place:

- 1. Investable sums of money.** Households can only accumulate wealth if they have the funds available to invest in it. These funds can be acquired through wages, non-labor

income and transfers (such as benefits, capital income, or the transfer of investable sums from institutions to people), and easily accessible liquid savings. Once households have more than enough income and savings to cover their typical expenses and be prepared for emergencies, then they can invest in key assets that secure their long-term financial well-being and provide the resources to live as they wish. These assets include but are not limited to homeownership, vehicles, higher education, securities, and retirement accounts.

Solutions that help people amass investable sums begin with ensuring that they have financial stability. The solutions included in this report include proposals to increase low- and moderate-income households' labor and non-labor income, reduce the cost of living, reduce or eliminate harmful debts, and create robust, inclusive systems to transfer money from institutions to individuals or households. This report also includes strategies that would help people amass investable sums through savings matches.

## NEXT: PURCHASE ASSET OR MAKE INVESTMENT

Financially stable households who have saved enough to begin investing or purchasing assets need three conditions in place simultaneously to make an asset purchase: access to affordable assets, access to consumer-friendly financing for assets too costly to purchase outright, and the information and confidence to navigate wealth-building decisions.

### 2. Access to affordable assets to purchase.

For households to grow their wealth, assets of various kinds need to be affordable and accessible. Sometimes assets are difficult to access due to scarcity, such as a lack of homes for sale, while other assets, such as stocks, may be easily available to some people but not others. When assets are difficult to purchase or invest in, the keys to wealth such as a home or a retirement account will be out of reach even for people who have amassed investable sums. Assets may also not be available to people depending on their location, workplace benefits (or lack thereof), age, race, gender, education, disability status, or citizenship status. It is imperative that markets and policies are designed to ensure that everyone has the capacity and opportunities to purchase assets.

Solutions that ensure people have access to affordable assets to purchase focus on specific assets—college degrees, homes, and retirement savings accounts. Solutions to make college degrees affordable relate primarily to public funding for public institutions of higher education and increased spending on need-based grants. Real estate-related solutions address the acute, historic mismatch between demand for housing and its supply. Finally, these solutions also address innovations in new asset classes, such as cryptocurrencies, and ownership structures that support cooperative asset ownership.

**3. Access to consumer-friendly financing.** Many assets—such as a vehicle or a home—are typically too expensive for most households to purchase outright. For these assets, households will need to finance their purchase. It is important that asset financing is safe and affordable so that households do not incur unsustainable levels of debt. Being able to secure high-quality

financing also depends on having a good credit score. Solutions that ensure more people have access to affordable, safe financing to purchase assets such as college degrees and homes begin with ensuring everyone has access to basic banking services and access to safe, affordable credit—including reforms to credit reporting and scoring practices. This section of the report also covers small business financing and financing for shared ownership and cooperatively owned assets.

**4. Information and confidence to navigate wealth-building decisions.** Households may forgo asset purchases if people are daunted by the complexity of financial information or a lack of comfort and familiarity with the institutions and processes involved. To overcome this, people need access to knowledge, skills and trusted advice, as well as familiarity with relevant institutions to make it easier to navigate financial decisions and investment processes. It is also important that individuals develop an investor identity so that they enter new financial arrangements with confidence, rather than believing that investments are only for “wealthy” people with financial know-how.

Solutions that facilitate people’s efforts to navigate wealth-building decisions with confidence range from broad to narrowly targeted. Broad solutions relate to people’s general sources of financial information and personal finance advice, while other solutions are connected to a specific asset purchase or tailored to specific populations. The solutions included here would make relevant financial knowledge easily accessible, understandable, and trusted. They are often directly connected to specific asset purchases, and include options tailored to the needs of specific populations, including youth and people of color.

## FINALLY: MAINTAIN WEALTH

Finally, people who have purchased assets, invested, and built wealth must be able to protect and preserve their wealth over time.

**5. Wealth protection.** Households must be protected against wealth-stripping policies and risks. Policies that chip away at wealth

have reduced the prospects of many families, especially those of color. Wealth is also vulnerable to a variety of risks such as increasing healthcare needs, market fluctuations and, increasingly, climate change. Solutions such as consumer protections and insurance against risk can protect households' hard-earned wealth.

Solutions to better protect household wealth include traditional strategies such as insurance for personal assets and consumer and investor protections against wealth stripping, as well as innovative new ideas. While there are existing solutions to help people save, invest, and purchase assets, wealth protection has not been as much of a priority for policymakers or financial industry leaders. So this is an area with fewer well-developed solutions. We need new ideas and innovations.

The final set of solutions explore applying reparative approaches to building the wealth of Black, Indigenous, and other people of color (BIPOC). Building wealth equitably across the full population of low-wealth households requires addressing discrimination and systemic exclusion that impacts people's financial lives. It also requires efforts to repair harm done or provide recompense to those who have been subject to wealth-stripping laws and policies for centuries—especially (but not exclusively) Black and Indigenous people. This is important because that history has led directly to the outcome that they have the least wealth today. Solutions include reparations—direct cash payments from governments to members of these groups—land reclamation, debt-free higher education, targeted down payment assistance programs, and investments in Native-led and Black-led financial institutions and wealth-building initiatives.

**Leaders can take bold action today to ensure that the future of wealth is one of shared prosperity and greater racial equality**

All the solutions included in this report reflect the conviction that people will succeed at building wealth if they have the right resources, supports, and incentives. Most people already save money when they can, but they must draw on their savings to manage cash flow shocks too

often to build up large amounts. The minority of people who are not saving at all are frequently struggling to survive. While there are some common human behavioral challenges to saving and accumulating wealth across all income and wealth segments, those challenges can usually be most effectively addressed through policy and product design and implementation. Everyone needs access to clear, accurate financial information and trusted advice, but those approaches alone cannot solve the large structural barriers to wealth building. Rather, leaders with the power to create change must understand and tackle structural barriers.

We encourage leaders in the public sector and financial industry, as well as major employers, philanthropic institutions, and nonprofit organizations to recognize their power to create a future of shared prosperity and help close racial wealth gaps—and to take bold action. The 101 solutions included in this report can provide inspiration, resources to learn more, and next steps for those interested in pursuing specific solutions.

# 101 Solutions for Inclusive Wealth Building

## Solutions that enable people to amass investable sums of money



### Increase workers' labor income

#### SOLUTION 1

Raise minimum wages.

#### SOLUTION 2

Expand union power and sectoral bargaining.

#### SOLUTION 3

Reduce occupational licensing requirements.

#### SOLUTION 4

Reduce corporate concentration.

#### SOLUTION 5

Create a federal jobs guarantee.



### Increase households' non-labor income

#### SOLUTION 6

Implement a publicly funded guaranteed income.

#### SOLUTION 7

Expand the Earned Income Tax Credit.

#### SOLUTION 8

Modernize and expand Unemployment Insurance.

#### SOLUTION 9

Implement a federal paid sick leave policy.

#### SOLUTION 10

Implement a federal paid family leave policy.

#### SOLUTION 11

Improve and expand public benefits for disabled adults and children.

#### SOLUTION 12

Permanently reinstate the Expanded Child Tax Credit.

#### SOLUTION 13

Establish a child allowance.



### Reduce costs of living

#### SOLUTION 14

Expand both Medicare and Medicaid.

#### SOLUTION 15

Reduce the costs of care within private health insurance plans.

#### SOLUTION 16

Increase funding for long-term services and supports for disabled, chronically ill, and elderly people and create subsidies for unpaid caregivers.

#### SOLUTION 17

Reform and expand ABLE accounts for disabled people.

#### SOLUTION 18

Increase public investment in childcare infrastructure.

#### SOLUTION 19

Implement universal public preschool.

#### SOLUTION 20

Reform federal student loan Income-Driven Repayment plans.

**SOLUTION 21**

Give federal Housing Choice Vouchers to all eligible households and end source of income discrimination.

**SOLUTION 22**

Increase subsidies for affordable housing development, maintenance, and preservation.

**SOLUTION 23**

Eliminate barriers to increasing supply of private market rental units affordable to people of all income levels.



### **Reduce or eliminate harmful debts**

**SOLUTION 24**

Increase regulation of expensive, high-risk loans including payday products and vehicle title loans.

**SOLUTION 25**

Reduce the burden of government fines and fees.

**SOLUTION 26**

Expand access to and improve application processes for hospital charity care programs.

**SOLUTION 27**

Forgive medical debt.

**SOLUTION 28**

Offer student loan repayment as a workplace benefit.

**SOLUTION 29**

Cancel at least \$30,000 of federal student loan debt per borrower.

**SOLUTION 30**

Reform debt collection litigation laws and regulations to ensure debts entering the legal system are legitimate and defendants are able to fully participate in their cases.

**SOLUTION 31**

Reform bankruptcy laws to help filers successfully complete the process.



### **Create robust, inclusive systems to transfer investable sums from institutions to individuals or households**

**SOLUTION 32**

Create universal savings accounts for all children at birth.

**SOLUTION 33**

Transfer revenues generated by our national natural resources to households.

**SOLUTION 34**

Create a citizens' wealth fund.

**SOLUTION 35**

Provide matches on short-term savings through employers and governments.

**SOLUTION 36**

Increase federal and state funding for need-based grants to college students.

**SOLUTION 37**

Scale up down payment assistance programs.

**SOLUTION 38**

Remove asset limits and benefit cliffs from public benefits programs.

## Solutions that provide access to affordable assets to purchase



### College degrees

#### SOLUTION 39

Guarantee all students 2-4 years of low-cost or tuition-free public higher education through federal or state policies.

#### SOLUTION 40

Increase federal and state funding of public colleges and universities.

#### SOLUTION 41

Expand employer tuition assistance to more workers.

#### SOLUTION 42

Guarantee that federal student aid, including grants and work study funding, covers all of LMI students' demonstrated financial need.

#### SOLUTION 43

Supplement federal financial aid grants for LMI students.



### Residential real estate

#### SOLUTION 44

Reform zoning requirements at the state or local level to diversify and expand the supply of housing.

#### SOLUTION 45

Increase the allocation of capital by institutional investors for the development of starter homes.

#### SOLUTION 46

Adopt universal design requirements for all new residential development.

#### SOLUTION 47

Reduce barriers to factory-built housing.



### Retirement accounts

#### SOLUTION 48

Require all employers to offer retirement savings accounts to workers with automatic enrollment, and provide employers with a no-cost plan option to minimize their cost and administrative burden.

#### SOLUTION 49

Offer emergency savings tools in combination with retirement savings accounts.

#### SOLUTION 50

Make retirement savings accounts portable.



### Innovation in asset classes and ownership structures

#### SOLUTION 51

Increase consumer access to assets built on blockchain technology, such as cryptocurrencies.

#### SOLUTION 52

Develop ways for consumers to leverage their digital data as an asset.

#### SOLUTION 53

Expand fractional shares investing opportunities.

## Solutions that expand access to consumer-friendly financing for asset purchases



### Basic banking services and consumer reporting practices

#### SOLUTION 54

Increase public and private support for CDFIs, credit unions, and Minority-owned depository institutions.

**SOLUTION 55**

Modernize the Community Reinvestment Act.

**SOLUTION 56**

Remove medical debt from credit reports.

**SOLUTION 57**

Improve credit reporting dispute processes to ensure inaccurate derogatory information is not included in reports.

**SOLUTION 58**

Incorporate more inclusive data into the most frequently used credit scoring algorithms.

**SOLUTION 59**

Limit the data that consumer reporting agencies can collect and how third parties can use both credit reports and scores.

**College degrees****SOLUTION 60**

Reform the structure and features of federal student loans.

**SOLUTION 61**

Reform the federal student loan servicing system to improve borrowers' outcomes and ensure that loan forgiveness programs work.

**Residential real estate****SOLUTION 62**

Scale up small-balance mortgage lending programs from mission-based lenders.

**SOLUTION 63**

Make FHA loans more effective wealth-building products for low-income homebuyers.

**SOLUTION 64**

Reform home appraisal practices and policies to reduce racial disparities in home values and appreciation.

**SOLUTION 65**

Improve and expand housing finance investments within Native reservations and tribal lands.

**SOLUTION 66**

Scale up the community land trust model for homeownership.

**SOLUTION 67**

Scale up financing for other housing models with joint ownership of land and personal ownership of home structures.

**SOLUTION 68**

Increase private investments in firms that finance homes designed to be cooperatively owned, and improve consumer mortgages for these homebuyers.

**Small business equity****SOLUTION 69**

Implement credit-building programs designed to help low-wealth business owners access credit for their business.

**SOLUTION 70**

Reform public lending programs and loan guarantee programs to prioritize making small business loans the private market will not, especially low-balance installment loans.

**SOLUTION 71**

Develop forgivable loans for low-wealth entrepreneurs and business owners.

**SOLUTION 72**

Scale up strategies for shared ownership of business equity.



## Other jointly owned assets

### SOLUTION 73

Create financing for community ownership of local assets.

## Solutions that enable people to build knowledge and confidence to navigate wealth-building decisions

### SOLUTION 74

Dedicate moderated online communities for peer learning about personal finance and investing.

### SOLUTION 75

Create public websites and resources for individuals and service providers with plain language explanations of relevant topics, asset types, financing, and legal protections.

### SOLUTION 76

Move federal and state regulators to establish standards and templates based on evidence about effective consumer disclosures.



## Financial information connected to asset purchases

### SOLUTION 77

Integrate opportunities to learn about relevant issues at salient moments in the asset purchasing process.

### SOLUTION 78

Scale up financial coaching programs delivered by certified coaches to support more LMI households.



## Solutions for specific populations

### SOLUTION 79

Implement evidence-based, developmentally appropriate financial education and practical learning opportunities for youth.

### SOLUTION 80

Increase private investment in trusted, independent intermediaries that serve specific communities.

## Solutions that enable people to protect their wealth



## Insulation from market volatility

### SOLUTION 81

Scale up and insure government-sponsored accounts that are invested in private markets.

### SOLUTION 82

Create public insurance options for assets that are critical to household wealth.



## Preventing asset-stripping

### SOLUTION 83

Eliminate negative amortization of student loans.

### SOLUTION 84

Reform property taxation regimes to prevent foreclosures of low-income homeowners.

### SOLUTION 85

Support low-income homeowners' ability to maintain the quality and value of their homes over time.

### SOLUTION 86

Strengthen debtors' rights in financial transactions and debt repayment processes.

**SOLUTION 87**

Limit the role of secondary markets for defaulted debt.

**SOLUTION 88**

Provide public funding for legal aid services and attorney representation for LMI defendants in debt lawsuits.

**SOLUTION 89**

Reform court-ordered repayment plans and garnishment orders to ensure that judgments do not permanently damage people's financial security.

**SOLUTION 90**

Enable people to protect more of their assets in bankruptcy.

**Hedging against longevity risk****SOLUTION 91**

Incentivize workers nearing retirement to delay claiming Social Security benefits.

**SOLUTION 92**

Incorporate annuities or annuitization strategies into retirement savings accounts.

**SOLUTION 93**

Create long-term care insurance products and public systems that do not require older adults to liquidate their assets.

**Preventing wealth loss driven by climate change****SOLUTION 94**

Invest public and private resources in insurance innovations to safeguard household wealth against natural disasters and the impacts of climate change.

**Solutions that take a reparative approach to racial wealth gaps****SOLUTION 95**

Pay cash reparations to descendants of enslaved people.

**SOLUTION 96**

Pay cash reparations to Indigenous peoples including those native to Alaska, Hawaii, and U.S. territories.

**SOLUTION 97**

Support tribal governments' efforts to reclaim ancestral lands.

**SOLUTION 98**

Address issues regarding heirs' property and lands held in trust that individual owners cannot use as collateral or sell their interest in the asset.

**SOLUTION 99**

Increase public and private investments in Native-led and Black-led financial institutions, asset-building organizations, and wealth-building initiatives.

**SOLUTION 100**

Guarantee that Black and Native college students can attend public institutions without taking out student loans.

**SOLUTION 101**

Implement large-scale first-time buyer programs designed for people of color and offer large amounts of down payment assistance to all participants.