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Billions at Risk

What Drives Wealth Loss for Black Families

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About the Aspen Institute Financial Security Program

The Aspen Institute Financial Security Program's (Aspen FSP) mission is to illuminate and solve the most critical financial challenges facing American households and to make financial security for all a top national priority. We aim for nothing less than a more inclusive economy with reduced wealth inequality and shared prosperity. We believe that transformational change requires innovation, trust, leadership, and entrepreneurial thinking. Aspen FSP galvanizes a diverse set of leaders across the public, private, and nonprofit sectors to solve the most critical financial challenges. We do this through deep, deliberate private and public dialogues and by elevating evidence-based research and solutions that will strengthen the financial health and security of financially vulnerable Americans. To learn more, visit AspenFSP.org, join our mailing list at as.pn/subscribe, and follow The Aspen Institute Financial Security Program on LinkedIn.

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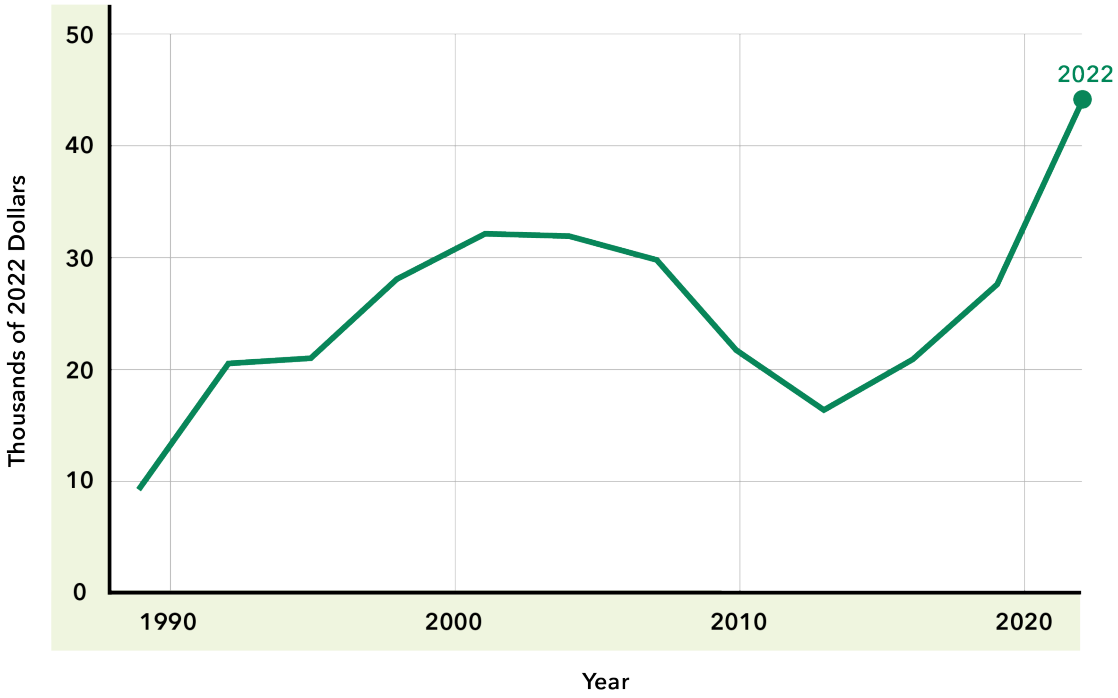
Introduction

As of 2022, Black households' wealth in the United States was at the highest level ever recorded, and in particular reflected Black households' strong wealth gains between 2019-2022, when median Black household wealth reached $44,100.[1]

These figures represent generations of progress achieved by Black families and communities, especially since the fall of Jim Crow and the passage of federal civil rights laws. As legal and social barriers to better paid jobs, high-quality education, mainstream banking and credit, and housing opportunities have been lowered, Black families have experienced greater levels of economic opportunity and achievement.

FIGURE 1

Black households' median wealth reached a record high in 2022



Source: Survey of Consumer Finances, 2022.

Yet, median Black wealth continues to lag far behind that of all households ($192,700 in 2022), for reasons that have been deeply researched and extensively documented.[2] Black Americans were, for centuries, subject to legalized theft, exclusion, and discrimination that prevented them from accumulating wealth; the past several decades suggest that equality under the law and personal efforts alone cannot quickly close enormous historical gaps in political, economic, and social capital.

> **For all Black families to be able to build sustainable, enduring wealth, institutions and public policies must change so that they prioritize and proactively support Black people's well-being in all realms of life.**

An additional challenge has come into sharper focus for the Black households that have been able to build up meaningful amounts of wealth: wealth loss. While all families face some challenges in preserving their wealth, Black households face greater risks because they are dealing with systems that are not racially inclusive or equitable. For example, during the foreclosure crisis of 2008-2012, Black homeowners lost 53 percent of their home equity, compared to the 41 percent loss that white homeowners experienced.[3]

This brief focuses on risks to Black wealth that result from past and present racial discrimination and exclusion, as well as ongoing systemic failures of policies and markets. Some sources of risk reflect historic policies that prevented Black people from accumulating wealth for generations. At the same time, Black families can experience wealth loss due to present-day systemic failures and injustices such as overtaxation, predatory lending, wage inequality, and labor market discrimination.

At the most basic level, wealth imbues people with agency, choices, and the resources to thrive.[4] Building wealth to sustain a family in retirement and to pass on to the next generation are important long-term goals, but people also draw on their wealth throughout their lifetimes for a variety of reasons. Overall, wealth allows people to experience resilience, mobility, well-being, control, and ownership.[5] Those aspects of wealth are just as important to protect as the dollars themselves. Failing to address the underlying drivers of wealth losses puts Black households at risk of losing much of their net worth, undermining their agency, and harming not just individuals' but whole communities' well-being.

New efforts to understand these dynamics are necessary to ensure that Black people can live out their own dreams and build intergenerational wealth. The Aspen Institute Financial Security Program (Aspen FSP) centers this report on assets that people generally intend to preserve throughout their working lives or lifetimes: home equity, retirement savings, and wealth held in businesses they own. To that end, Aspen FSP examined historical events and current trends to develop broad estimates of the amount of Black-owned assets at risk in each of these areas:

- $127 billion in home equity,
- $1 billion in retirement assets, and
- $76 billion in annual business revenues.

These are rough estimates rather than precise calculations due to data limitations, uncertainty about future events, and the potential for scalable solutions to reduce risks. Throughout this report, we explain how we developed various estimates of asset values at risk.

Aspen FSP has published this brief not only to deepen stakeholders' understanding of the drivers of Black wealth losses but also to lay the groundwork for new action to solve these challenges. A forthcoming publication from Aspen FSP will address opportunities to tear down barriers that prevent Black families from holding onto their wealth; identify interventions that protect Black wealth at moments of risk, such as recovery from natural disasters, property inheritance, job transitions, business owner retirements, and family member deaths; and lift up solutions that are ready for investment to bring them to the next level of scale. By outlining these opportunities, we intend to inspire leaders and offer them actionable ideas about how they can invest capital in policy, market, and community solutions.

For now, while this brief focuses on challenges that are particularly relevant to Black families, assets such as home equity, retirement savings, and business values account for most of all households' net worth, and our insights are applicable to families of any race or ethnicity that face challenges in preserving their wealth.

OF NOTE

Financial support for family is an important function of wealth for Black families

The agency that wealth provides enables people to support their family, friends, and community members. This kind of community care is common among Black households; six in ten reported providing financial assistance to a family member in 2024.[6] People make that choice in the context of their own financial lives and resources, making reasonable decisions that reflect their cultural norms and values, and with the understanding that such generosity may constrain them in the future. In fact, for many, the ability to sustain a loved one is the purpose of wealth.[7]

At the same time, there can be tension between the need or desire to help others financially and the financial challenges that providing help can create in one's own life. Black individuals who have more financial resources than their relatives have spoken about the privilege and pressure associated with this responsibility.[8] Addressing the primary drivers of Black wealth losses would make it easier for people to support their families and friends without taking on additional financial burdens themselves.

More than $100 billion in Black housing wealth is at risk

Home equity is the largest source of wealth for Black households and accounts for a larger share of their net worth than that of the general population. In aggregate, U.S. households have approximately $49.8 trillion in home equity, $2.4 trillion of which is owned by Black households.[9]

Our estimate that more than $100 billion in Black housing wealth is at risk today is based on the nationwide foreclosure crisis that occurred between 2008-2012, in which Black homeowners lost 53 percent of their housing wealth.[10] In 2010, the peak year of the foreclosure crisis, about 2.23 percent of all residential properties were subject to foreclosure filings,[11] and the crisis wiped out more than half of all Black housing wealth. In 2025, the rate of foreclosure filings was roughly one-tenth that level (0.26 percent).[12]

To establish a reasonable ceiling on the amount of Black housing wealth currently at risk, we assume that the rate at which total foreclosure filings impact Black housing wealth has remained constant, such that roughly one-tenth as much Black housing wealth is at risk today compared to the previous crisis. Five-point three (5.3) percent of Black homeowners' current home equity is equal to $127 billion.

TABLE 1

Black households in 2022 owned substantial amounts of home equity but significantly less than other households

	Homeowner-ship rate	Median home equity (among owners)	Median home equity as a proportion of homeowners' net worth	Aggregate value of home equity
All households	66%	$198,000	68%	$41.9 trillion
Black households	46%	$145,000	71%	$2.1 trillion

Sources: Survey of Consumer Finances, 2022 (homeownership rates, median home equity of homeowners, and median home equity as proportion of wealth) and **Distributional Financial Accounts,** 2022, Q4 (aggregate value of home equity).

Table 2 shows the scale of racial inequality in housing wealth. These stark disparities reflect centuries of discrimination, economic exclusion, and systematic efforts to strip wealth away from Black families. They also stem from ongoing discrimination,

including in home appraisals and lending. For example, owner-occupied homes in majority Black neighborhoods are undervalued by an average of $48,000 each, representing $156 billion in lost wealth.[13]

This section focuses on home value losses that occur in response to foreclosure, homes being classified as heirs property, property taxes and liens, deferred maintenance, deed theft, and major real estate market events.

Foreclosure: approximately $127 billion at risk

The worst-case scenario is not loss of home value, but full loss of home ownership. This typically occurs due to foreclosure. During the 2008-2012 foreclosure crisis, Black homeowners were much more likely to experience foreclosure filings and to actually lose their homes,[14] contributing to a 53 percent loss in housing wealth.[15] Black homeowners lost so much wealth during the foreclosure crisis—and so much more than homeowners of other races and ethnicities—because in the years leading up to the crisis, Black homeowners had been targeted by predatory lenders and taken out expensive, risky refinance loans.[16, 17] This left Black homeowners especially vulnerable when the Great Recession began.

Historically, the frequency and severity of foreclosures and short sales indicate that they have been a significant driver of the racial differences in housing wealth before, during, and after the foreclosure crisis.[18] And the risk that Black homeowners will lose housing wealth is currently growing; in 2025, foreclosure filings were up 14 percent compared to 2024.[19] In 2025, 0.26 percent of all residential properties were subject to foreclosure filings (including default notices, property auctions, and bank repossessions). That is roughly one-tenth the proportion of properties that were subject to foreclosure filings in 2010, the peak year of the crisis.[20]

That said, federal and state regulatory actions in response to the foreclosure crisis have reduced or eliminated many of the practices that stripped Black homeowners of their home equity. While Black homeowners still face higher foreclosure rates than other homeowners, it is unlikely that future housing market downturns will have such a large, disproportionate impact on Black wealth.

Heirs property and tangled titles: at least $41 billion at risk

Homes and land can be declared heirs property when the owner dies without formally designating the person who will inherit their property.[21] Heirs property can become stuck in long, expensive legal proceedings that lead to unpaid property taxes, extended vacancy, and forced sale or foreclosure.[22] Homes can be declared heirs property when there is no obvious next of kin, such as a surviving spouse, or when there are multiple potential inheritors, such as adult children. (When multiple people have a claim on the home but none have been formally designated as inheritors of the property, it is said to have a "tangled title.")

Lack of clear titling was used as a pretense to systematically seize Southern Black landowners' property throughout the 19th and 20th centuries, accounting for tens of billions of dollars of stolen land, homes, and farms.[23] Today, heirs properties are disproportionately located in communities of color.[24]

When a home becomes heirs property, it loses significant value due to restrictions on its use and sale. It also interrupts intergenerational wealth transfers, undermining what is typically the highest-value inheritable asset that people pass on to their descendants. Recent research estimates that one in ten older Black homeowners' properties are at risk of becoming heirs property, representing $41 billion in home equity. The reason: Older Black homeowners are less likely than other older homeowners to have a will or trust and to have a surviving spouse or partner, and more likely to have multiple adult children.[25]

Other significant drivers of housing wealth loss

The drivers discussed here are important but may be less common or may cause wealth losses at a smaller scale than those discussed in detail above.

- **Property taxes and liens:** Property taxation inequitably impacts Black housing wealth in two ways. Appraisal bias leads to the systematic undervaluation of Black-owned homes and homes in majority-Black neighborhoods, artificially depressing the amount of wealth Black families can build through homeownership.[26] At the same time, bias in property tax assessments leads to overtaxation of Black-owned homes.[27] Property tax delinquencies and property liens can be devastating to any homeowner, as the penalties swiftly add up and liens can result in short sales and foreclosures.[28] Black homeowners are more likely to be delinquent on property tax payments, partly because overassessment can make their property taxes unaffordable. They are also more likely to have liens placed by governments and private creditors.[29]

- **Deferred maintenance:** Nearly 40 percent of Black-owned homes have unmet repair needs, with a higher median cost of deferred repairs ($2,386) than white-owned homes ($1,948).[30] Black homeowners are less likely to have the necessary liquidity, or to be approved for home equity loans or other forms of credit to finance maintenance and repairs.[31] Continuously deferred maintenance could lead to permanently higher utility costs and decrease the value of a home.[32]

- **Deed theft:** Homeowners who don't have a clear title or who inherited a home without full documentation are especially at risk of experiencing deed theft. Deed theft is a financial crime in which criminals create fake documentation of home sales and file fraudulent records with public agencies. This enables them to sell homes out from under their rightful owners, sometimes even when the home is owner-occupied.[33] Deed theft has notably been on the rise in New York City's Black neighborhoods.[34]

- **Major real estate market events:** During recessions and real estate downturns, homes lose value en masse, but homes in majority Black neighborhoods and ZIP codes tend to lose greater proportions of their value, reflecting historical housing discrimination[35] and modern disparities in appraisals.[36]

Black homeowners and business owners are at greater risk of losing wealth due to extreme weather

A growing number of homes and small businesses across the United States face severe risk of damage due to exposure to extreme weather or natural disasters related to climate change. Black homeowners and Black small business owners face higher levels of risk than their white counterparts of experiencing damage or the complete loss of their homes or businesses; are more reliant on federal disaster relief grants and loans despite lower rates of approval; and are less likely to carry adequate insurance.[37] One study found that, in counties where a natural disaster had caused at least $10 billion in damages, Black households lost an average of $27,000 in wealth, while white households gained an average of $126,000 in wealth.[38] More research and data are needed to understand the scale and severity of housing and business wealth at risk due to extreme weather, especially as the climate continues to change.

Current practices cost Black workers as much as $1 billion in lost retirement assets

Funds invested in defined contribution accounts (DC)[39] and Individual Retirement Accounts (IRAs)[40] are the second-most commonly owned appreciating asset for U.S. households, behind homes. For the 54 percent of households that owned any type of retirement account(s) in 2022, the median balance was $87,000. For the 35 percent of Black households that owned these retirement accounts in 2022, the median balance was just $39,000.[41]

As with home equity, Black workers are more likely than others to experience preventable losses in their retirement accounts. Factors that can cause Black workers' retirement assets to decline include pre-retirement withdrawals, cash outs when workers transition jobs, and account abandonment.

TABLE 2

Black households are less likely to own and have fewer assets in defined contribution retirement plans (2022)

	Ownership rate of DC retirement account(s)	Median value of DC retirement account(s), among owners	Aggregate value of DC pension entitlements
All households	38.0%	$53,000	$11 trillion
Black households	28.7%	$32,000	$610 billion

Sources: Myers, Elizabeth, "Ownership of Retirement Accounts in 2022: Amounts in Defined Contribution Plans and Individual Retirement Accounts," Congressional Research Service, September 24, 2026, https://www.congress.gov/crs-product/R48143 (ownership rate of DC retirement account(s), median value of DC retirement account(s) among owner); and **Distributional Financial Accounts**, 2022, Q4 (aggregate value of DC pension entitlements).

Our estimate that current policies of employers and plan sponsors cost Black workers as much as $1 billion in lost retirement assets is based on research from the Collaborative for Equitable Retirement Savings (CFERS). Drawing on a database of over 250,000 U.S. workers, CFERS found that, if Black women workers had the same early withdrawal patterns as white men, their median account balance at retirement would be $128,353 higher.[42] Given that there are 20.7 million Black workers in the labor force,[43] 41 percent of whom participate in workplace-based DC plans,[44] CFERS' findings imply that, in aggregate, they lose $1 billion over their working lives due to early withdrawals. Also of note: Black men and women make early withdrawals at roughly the same rate, but women take out higher proportions of their total funds,[45] so $1 billion is likely a slight overestimate.

Pre-retirement withdrawals: up to $1 billion at risk

Most people with retirement accounts open them through their employers.[46] In 2022, 50 percent of all workers participated in a DC retirement plan sponsored by their employer, compared to 41 percent of Black workers.[47] Disparities in access to workplace-based retirement accounts are responsible for much of the racial differences in households' retirement ownership rates. More than half of all Black workers lack access to a traditional pension or DC retirement plan.[48]

Pre-retirement withdrawals from DC accounts are common. One study found that nearly 14 percent of defined contribution, workplace-based plan participants withdrew money early each year, with amounts averaging 28 percent of their income from the previous year.[49] Pre-retirement withdrawals represent both an immediate loss of the amount taken from the accounts and a long-term loss of investment returns on

that amount. For a 40-year-old worker with a defined contribution retirement account who is planning to work until age 67, withdrawing $10,000 today reduces their long-term balance by $30,820.[50]

Black workers are 86 percent more likely to take an early withdrawal than white workers.[51] They also stand to lose more wealth to early withdrawals because Black account holders typically take out a higher proportion of their balances than workers of other racial and ethnic groups. Looking at workers aged 40-44, when the likelihood of making an early withdrawal peaks, Black women withdraw an average of 32 percent of their total funds, compared to 23 percent for white women who make early withdrawals.[52]

OF NOTE

High medical expenses erode Black wealth, especially for older households

As Black households age, they tend to spend a higher proportion of their income on medical expenses than people of other races and ethnicities.[53] These elevated medical expenses amount to a significant drain on liquidity, plus higher levels of medical debt.[54] Expenses are higher because Black people's health is continuously diminished over time due to systemic barriers related to housing, employment, financial services, stress, and access to quality, appropriate, and affordable health insurance and care.

One way that Black families cope with high medical costs is to spend down greater proportions of their wealth for healthcare and related expenses.[55] When people face essential expenses that they cannot cover with current cash flow, using their wealth to preserve their health is a rational choice, as one of the core functions of wealth is to support health and well-being. Relieving this source of pressure on Black wealth requires looking upstream to the drivers of higher medical expenses. Addressing the systemic barriers that limit Black people's ability to thrive would reduce the impact of later-in-life medical expenses on Black families' wealth.

Other significant drivers of retirement wealth loss

We identified two additional threats to Black workers' retirement savings—both related to job transitions—that are significant but less easily quantified.

- **Job transition cash outs:** It is common for workers to cash out their retirement accounts when they leave a job, especially among younger workers and those with low account balances. Workers who cash out retirement accounts when they leave a job risk incurring taxes and penalties if they do not swiftly deposit the funds

into a new retirement account. One study found that Black workers cash out their workplace retirement accounts in 63 percent of job transitions,[56] implying that this is a significant source of lost savings and investment returns. Black workers also face elevated risk of losing retirement account value due to job transitions because they are more likely to experience layoffs and other forms of employment instability,[57] which can lead people to draw on retirement accounts to support current needs.

- **Account abandonment:** Many workers leave their retirement accounts with previous employers, but this has serious financial consequences over time. By one estimate, 0.4 percent of all retirement age adults have an abandoned retirement savings plan they have not interacted with in at least ten years, cumulatively valued at $66 million.[58] Plan providers often raise fees on former employees' accounts, reducing portfolio gains over time.[59] Some employers stop servicing former employees' accounts after a set number of years, transitioning them to Individual Retirement Accounts with higher fees. Sometimes, workers are never reconnected to old accounts and never benefit from those savings, especially in cases where the previous employer has shut down.[60]

Fraud and scams are an under-studied threat to Black wealth

One in five U.S. adults (53 million) report having lost money to a scam or fraud, costing people more than $190 billion per year.[61] These are widespread, widely acknowledged problems, but victims of these crimes tend to underreport them and there is no single source of national data collection nor repository of representative research. That means there is limited information available about how fraud and scams impact people based on race and ethnicity.

Nevertheless, fraud and scams are a notable threat to Black wealth. Home repair scams[62] and deed theft directly impact the value of their homes.[63] Additionally, many scam victims withdraw money from their retirement accounts because that is their largest pool of money.[64] Among business owners, those with fewer than 100 employees are the most likely to experience fraud.[65] Each incidence of fraud costs these businesses a median of $150,000.[66] Black-owned firms have an average of eight employees, indicating that they are exposed to significant risk. Considering the risk to older adults, who are frequently targeted by scammers, one study found that older Black adults are especially vulnerable to financial exploitation, losing money to fraud and scams at three times the rate of older white adults.[67] Fully understanding, responding to, and preventing fraud and scams that target Black people requires additional research and learning.

At least $76 billion in Black-owned businesses' annual revenues are at risk

In 2022, 15 percent of U.S. households owned equity in a business, with a median value of $90,000, while 11 percent of Black households owned equity in a business[i], with a median value of $42,000.[68] Given that the median net worth for all Black households that year was $44,100, it is clear that starting and owning a small business can be a major contributor to Black wealth.

TABLE 3

Black-owned small employer firms have lower than average annual revenues (2023)

	Number	Total employees	Aggregate annual revenues	Mean annual revenues
All small employer firms	5.9 million	59.2 million	$16.1 trillion	$2.7 million
Black-owned small employer firms	201,000	1.6 million	$220.1 billion	$1.1 million

Sources: Census Bureau, "Annual Business Survey, employer firms with fewer than 500 employees, 2023 data.

In 2023, there were approximately 5.9 million employer small businesses that collectively employed 59.2 million workers and had $16.1 trillion in revenues.[69] Among those, 200,718 (3.4 percent) were wholly or majority Black-owned. They employed 1.6 million workers, and their aggregate revenues were $220.1 billion.

i When households directly own equity in a business, they have an ownership stake in a privately held firm, the vast majority of which meet the Small Business Administration's definition of small businesses. The Small Business Administration uses a variety of industry-specific definitions, but the baseline requirement is that a business has fewer than 500 employees and average annual revenues under $7.5 million. See: https://www.sba.gov/federal-contracting/contracting-guide/basic-requirements.

This section explores risks related to business ownership transitions. How we arrived at the estimate that $76 billion in annual revenues are at risk is explained in detail below.

Ownership transitions: approximately $76 billion in annual revenues at risk

Business ownership transitions are risky for most small business owners; only 8 percent of small business owner exits occur when a new owner buys or takes over the firm.[70] By one estimate, of the six million small businesses owned by Baby Boomers that are likely to experience an ownership transition in the next decade, only one million are even suitable candidates for sale (18 percent).[71] Industry research indicates that it is difficult for owners of businesses valued at less than $2 million to successfully sell to new owners, and that available financing mechanisms work best for firms with valuations of at least $25 million.[72]

The average Black-owned small employer firm has annual revenue of $1.1 million.[73] It is not simple to translate annual revenues into a company valuation (and there are industry-specific methods for doing so), but that figure implies that available financing mechanisms will not work well for the majority of Black business owners. This means that many successful Black business owners who intend to fund their retirements by selling their firms may end up unable to close a sale. No matter how much revenue it generated or capital was invested, a business that can't find a new owner experiences major loss of value.

Given the lack of available data about privately held firms' characteristics, it is difficult to estimate both the potential number of businesses at risk of closing because owners cannot find buyers, as well as the amount of annual revenues at risk. However, survey data indicates that 42 percent of Black small business owners are age 55 or older.[74] If we assume that 42 percent of Black-owned small employer businesses have owners likely to retire in the next decade, and only 18 percent of them are potential candidates for a sale, more than 69,000 firms could be forced to close and lose some or all of their revenue or equity value. That equates to approximately $76 billion in annual revenues at risk.

Existing solutions could protect and preserve billions of dollars in Black wealth

Black families are more likely than families of other races and ethnicities to experience a loss in the value of their home equity, retirement accounts, and businesses—the assets that comprise the majority of households' wealth. Many of these losses are preventable and stem from systemic barriers that disadvantage Black people in

housing, employment, income, and financial products and services. Many are also rooted in centuries of legalized theft of Black resources and suppression of Black people's economic, social, and political activities. Black wealth loss reaches far beyond balance sheets, however, impacting people's social connections, retirement readiness, ability to care for their health as they age, and their ability to make choices and exercise agency in their lives.

Though the risks of potential losses are great, amounting to hundreds of billions of dollars, risk is not destiny. These challenges are solvable.

Public policy reforms, nonprofit interventions, and financial product and service innovations all have potential to address systemic and inequitable sources of risk that Black households face in preserving their wealth. Policymakers, business leaders, community organizations, and innovators across the country are putting solutions into action—and their work can be replicated and expanded. In the coming months, Aspen FSP will publish an additional brief that highlights solutions that not only can preserve Black wealth but also can maximize people's agency and ability to experience the functions of wealth—resilience, mobility, and well-being—throughout their lives.

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