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The full report Wealth Matters for Health Equity includes:
- Compelling data on wealth inequalities and a discussion of their causes
- More discussion of the wealth-health connection
- Examples of promising initiatives
- Key organizations and other resources
Foreword

This is the Executive Summary of a longer report, *Wealth Matters for Health Equity*. Other reports on health equity from the Robert Wood Johnson Foundation (RWJF) include *Early Childhood Is Critical for Health Equity* and *What Is Health Equity? And What Difference Does a Definition Make?* This report defines health equity (below) and takes a deeper look at what it means, as well as implications for action. These reports aim to assist those working in public health, health care, and other fields that powerfully shape health—such as education, child care, employment, housing, and community development—to build a world in which everyone can be as healthy as possible.

**Health equity** means that everyone has a fair and just opportunity to be as healthy as possible. This requires removing obstacles to health, such as poverty, discrimination, and their consequences—including powerlessness; lack of access to good jobs with fair pay; quality education and housing; safe environments; and health care. For the purposes of measurement, health equity means reducing and ultimately eliminating disparities in health and its determinants that adversely affect excluded or marginalized groups.

According to this definition, **health inequities** are produced by inequities in the resources and opportunities available to different groups of people based on their racial/ethnic group; socioeconomic, disability, or LGBTQ status; gender; and other characteristics closely tied to being marginalized or excluded.

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Wealth and Health Are Closely Linked

The United States now has the greatest economic inequality of any affluent nation, and despite being among the wealthiest nations overall, ranks at or near the bottom among affluent nations on almost all measures of health. This is an Executive Summary of a longer report that discusses the links between wealth and health equity and describes promising strategies for building wealth among groups of people for whom access to wealth-generating opportunities has historically been limited.

Wealth Versus Income

“Economic” or “financial” resources are general terms referring to both wealth and income. Wealth (or “accumulated wealth”) refers to the monetary value of all possessions or assets—such as a home; other real estate; savings; and investments—that have accumulated over a lifetime. Wealth is generally measured by net worth—the value of accumulated assets after subtracting debts. By contrast, income measures earnings during a specified time period, making it a less comprehensive reflection of a person’s economic resources. People with similar incomes can have vastly different levels of wealth; considering income alone particularly obscures racial or ethnic differences in wealth.

Substantial evidence links greater wealth with better health.

Income has repeatedly and strongly been associated with health. Recent studies also have found associations between greater wealth and many favorable health outcomes, including lower mortality; higher life expectancy; slower declines in physical functioning; better self-rated health; and decreased risks of obesity, smoking, hypertension, and asthma. While health can certainly affect the ability to generate both income and wealth, evidence from longitudinal studies confirms that health itself is strongly affected by both wealth and income.

Countries with less inequality in wealth and income are generally healthier.

A country’s overall health is linked not only with its overall level of wealth, but also with how wealth is distributed. Better overall health in a country (reflected, for example, by average life expectancy, infant mortality, and obesity) has repeatedly corresponded with less inequality in wealth or income. Despite having one of the highest levels of wealth overall, our high economic inequality may help explain why we as a nation have generally worse health outcomes than other rich countries, including many with less overall wealth.
Some researchers have concluded that health is generally worse in countries with greater economic inequality because it may make the lives of the rich and poor increasingly separate; this leads to a lack of empathy among the “haves” for the “have nots” that can translate into less spending on policies benefitting society as a whole. It also is possible, however, that the strong and pervasive links between economic inequality and health may not be directly causal; some unmeasured factor, such as lack of social solidarity, may produce both economic inequality and worse health.

How Wealth Affects Health

Wealth and income can promote health by providing material benefits, including healthier living conditions and access to health care.

Wealth and income generally provide greater access to physical conditions that promote good health. More economic resources enable families to obtain housing free of lead, mold, and pests. Wealthier families can live in neighborhoods with less air pollution and other toxic hazards; fewer fast-food outlets and liquor stores; and more parks and green spaces to exercise. Wealth can provide protection from health-damaging hardships, including homelessness or housing insecurity, food insecurity, and inability to pay for other resources that can be vital to health, such as heat, transportation, and education. Greater economic resources can improve access to medical care and higher quality and more convenient services, such as child care and transportation, which can lessen stress.

Wealth and income can promote health by providing psychosocial benefits, including protection from chronic stress.

Persistent stress—even at low levels—can lead to heart disease and diabetes by triggering biological mechanisms, including inflammation and immune system malfunction. Greater wealth can protect people from the stress associated with constant worry about financial hardships, neighborhood violence, and residential crowding. Cumulative economic stress can lead to adverse health outcomes later in life, including poorer self-rated health; chronic disease; reduced functional status; and depressive symptoms. Chronic financial stress can reduce parents’ ability to provide their children optimal care and attention.

Providing educational and other opportunities may play a larger role in transmitting wealth across generations.

Parents’ wealth shapes their children’s educational, economic and social opportunities, which in turn shapes their children’s health throughout life.

Wealth can be passed to subsequent generations through inheritance and gifts during the older generation’s lifetime. Providing educational and other opportunities may, however, play a larger role in transmitting wealth across generations. Parental wealth shapes the quality of children’s neighborhoods
and schools and can affect the resources, support, and cognitive stimulation available at home.\textsuperscript{34-37} Children in more economically disadvantaged families typically have more limited educational and social opportunities, which can limit their chances for economic success—and consequently for optimal health—as adults.\textsuperscript{38-41} Both economic and health disadvantage tend to compound over a person’s lifetime, creating increasing obstacles to good health that can be transmitted across generations as disadvantaged children become adults, who in turn are less able to provide health-promoting environments for their own children.

The United States historically prided itself on being the land of opportunity, with greater economic mobility than other countries. Among affluent nations, however, the United States now has the least intergenerational mobility in earnings; most children are likely to end up with incomes similar to their parents.\textsuperscript{42} This may not hold for black men, however; among children raised in affluent households, black boys are less likely than white boys to be as well-off in adulthood as their parents, reflecting formidable race- and gender-based disadvantages faced by black boys and men.\textsuperscript{43}
Who Has Wealth?

Wealth inequality is increasing.
The distribution of wealth in the United States has become increasingly unequal. While the median wealth of the wealthiest 10 percent of households nearly doubled between 1989 and 2016, from about $1.3 to $2.4 million, the median wealth of the least wealthy 25 percent dropped from $200 to $100.44

In all racial or ethnic groups, a growing number of U.S. families have no cushion of wealth to fall back on if faced with job loss or unexpected expenses. The percentage of U.S. households with zero or negative wealth increased from 15.5 percent in 1983 to 21.2 percent in 2016.45 Almost half (46%) of respondents to a 2015 Federal Reserve Board survey46 reported that “they would have trouble coming up with $400 in an emergency; living paycheck to paycheck is now a commonplace middle-class experience.”47

Wealth varies dramatically by racial or ethnic group.
Racial and ethnic disparities in wealth are striking. The median wealth of white households in 2016 was 10 times that of black households, 8.3 times that of Latino households, and 2.6 times that of “other” households—those identifying as Asian, American Indian, Alaska Native, Native Hawaiian, or Pacific Islander and those reporting more than one race.44 This pattern of disparity is seen at every income level.48-50 A recent report found that lower- and middle-income white households had four times and three times as much wealth in 2016 as their black and Latino counterparts, respectively.51

Wealth also varies by gender, disability, and age—and many people face multiple disadvantages. These disparities are discussed in the full report.

A Long History of Racial Discrimination Explains the Huge Wealth Gap Between People of Color and White People

The striking racial or ethnic wealth inequality in this country reflects a long history of discriminatory practices that once were intentionally built into policies and laws. The end of outright slavery was followed by 100 years of “Jim Crow” laws explicitly supporting racial segregation and discrimination against black, Asian, and Latino people across all domains.52

Homeownership is the principal form of wealth for most white people of modest means. While the G.I. Bill of 1944 allowed many white people to become homeowners, flagrant discrimination denied most people of color that same opportunity: fewer than 100 of the first 67,000 mortgages insured
by the G.I. Bill in New York and northern New Jersey were issued to non-white people. Similarly, while low-interest Federal Housing Authority loans enabled many white people to accumulate wealth in the form of homeownership, racial discrimination often denied that opportunity to people of color. Although 1960s legislation made race-based discrimination illegal, the road from enactment to enforcement of these laws has been long with many obstacles remaining.

Racial residential segregation continues to play a major role in wealth inequality. Segregated neighborhoods often have concentrated poverty and limited opportunity for upward mobility because they tend to lack good schools, jobs, and services. “Redlining,” now illegal, refers to banks drawing red lines on maps around neighborhoods where people of color resided to define where home or business loans would or would not be given. Disparities in homeownership, home values, and credit scores in originally redlined neighborhoods remain apparent today.

Financial services, such as payday lenders, check-cashing services, and pawnshops—which tend to charge excessive fees and usurious interest rates—disproportionately target communities of color. A study found that black and Latino people were 105 percent and 78 percent, respectively, more likely than white people to have high-cost home mortgages, regardless of credit profiles and other important risk factors.

Reflecting discriminatory policing and sentencing practices, black, Latino, and Native American youth are 4.3, 1.6, and 3.7 times, respectively, more likely than white youth to be incarcerated—mostly for nonviolent crimes. This perpetuates racial disparities in wealth by permanently closing off the employment prospects of young men of color.

Although now illegal, racial discrimination in hiring, pay, and promotions persists.

Although now illegal, racial discrimination in hiring, pay, and promotions persists. Employment discrimination affects a person’s income and ability to accumulate wealth.
A Call to Action: Advance Health Equity by Building Wealth Where Opportunities Have Been Limited

As a society, we must recognize that permitting continued exclusion of groups of Americans from opportunities to acquire wealth is not only unfair, but also comes with high risks for our nation. These risks include continued high rates of preventable illness and premature death, which in turn generate human and economic costs—including unnecessary suffering; avoidable health care costs; lost economic productivity and prosperity; and the lost potential for families and communities to thrive.

A variety of current initiatives aim to build wealth where opportunities have historically been blocked. Relevant policies, programs, and institutions span local, state, and national levels. While several strategies have demonstrated positive results for the individuals and communities they serve, others have produced inconsistent results or have been inadequately studied. Many strategies, moreover, represent model efforts in a limited number of places or underfunded national programs. A greater investment in research and evaluation is critical for determining the most effective and efficient approaches. More focused and strategic support for evidence-based national, state, and local policies is needed to bring promising models to scale.

Ensuring that everyone has equitable opportunities to accumulate wealth will require changes at the systemic and policy levels in states and nationally. Effective policies and programs that assist vulnerable individuals and families with financial stability, protection from discriminatory financial practices, and access to shelter and other necessities should be expanded. An array of

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i A section of the full report briefly describes a number of examples.
interventions in multiple sectors is needed. For example, awareness of the intergenerational pathways linking wealth and health underscores the need for increased investment in early childhood development, including early care and education and services to strengthen parents’ ability to provide health-promoting home environments for their children—both of which are essential for economic opportunity. Experience to date suggests, however, that such services alone are unlikely to overcome some of the most fundamental obstacles—such as institutional racism and entrenched, intergenerational poverty—that undermine the economic well-being of large segments of the U.S. population.

Equity requires addressing injustice while strengthening society overall. If we are committed to equity, then reducing poverty and strengthening supports and services for families will not be sufficient without sustained and intensive efforts to end systemic, institutional racism—for example, in education; housing; banking; and the justice system.

Policies and programs need to address lack of economic opportunity among people of all racial/ethnic backgrounds. The struggles of the 17.3 million poor white Americans must be addressed as an issue of economic equity, without losing sight of the many ways in which their black, Latino, and American Indian counterparts face additional, daunting obstacles created by centuries of racial injustice.

We must also recognize that no single strategy will succeed on its own. Enhancing wealth-building opportunities among individuals, families, and communities where such opportunities have been lacking will require strategic coordination across multiple programs and sectors. While such coordination is challenging, it is an imperative if we, as a nation, are to achieve a national Culture of Health where everyone has a fair and just opportunity to be as healthy as possible.

This challenge is not too big to tackle. We have many opportunities to implement policies and programs that can improve equity in health, reflected by examples of strategies noted in this report. We can build on promising U.S. policies and programs, and we can learn from the experiences of other countries with more equitable wealth distributions and better health outcomes, keeping in mind unique features of the U.S. context. Resources will be needed to go to scale with promising strategies to build wealth in communities that have historically been excluded from opportunities, and there will be resistance to covering the necessary costs. We must weigh those costs against the costs of continued inaction—the high stakes for our society of failing to act to improve health for everyone while reducing the gaping chasms in health between the haves and have-nots.

The connections between early childhood experiences and health equity are explored in another RWJF report, *Early Childhood Is Critical for Health Equity.*