

IMMIGRANT & REFUGEE WEALTH PATHWAYS

OVER THE LIFECOURSE

AUGUST 2018

Communities across the United States benefit when immigrants¹ and their families have access to financial products and services that lead to economic security and opportunity. Immigrants' wealth-building pathways vary widely based on legal status, access to an [ITIN](#) or [SSN](#), and a constantly evolving landscape of federal, state, and institutional policies. Funders can remove key barriers to address disparate outcomes for immigrants and promote economic opportunity for all.

This infographic is a companion resource to a brief on immigrant asset building for funders produced by Grantmakers Concerned with Immigrants and Refugees ([GCIR](#)) and Asset Funders Network ([AFN](#)): [Immigrant Lives, American Futures. Linking Asset Building and Immigrant Integration](#)

Children's Savings Accounts (CSA)



Legal status

See recent [AFN/GCIR brief](#) for an overview of immigration legal status categories. Lack of secure legal standing in the U.S. creates financial insecurity. Funders can help immigrants move from a less to more secure type of status by supporting the delivery of legal services by trusted providers.

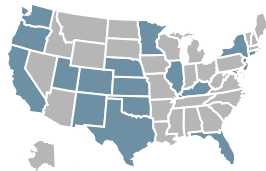
Postsecondary Education



Access to postsecondary education has been shown to enhance [economic well-being](#). Students without permanent immigration status (e.g., undocumented students, DACA recipients, those with [Temporary Protected Status](#)) are **not eligible** to receive federal aid, however there is **no federal law** preventing them from pursuing a postsecondary degree. Given significant financial barriers, undocumented students are less likely to **attend** and **complete** college. **Some states** and institutions have "tuition equity" policies, which grant **in-state tuition** rates to all students regardless of immigration status. See [TheDream.US](#).

20

states + DC have passed in-state tuition policies.



9

states + DC allow immigrants to access financial aid regardless of immigration status.

Institutional access and discretion

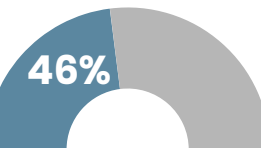
Mainstream Financial Institutions (MFIs) and lenders have the discretion to create their own policies, such as offering loans to ITIN holders. While these policies are beneficial for local communities, not all MFIs opt to make their products, services, and support available and accessible to immigrants.

Banking



Families benefit from being banked by having a safe place to hold their money, building credit over time, and accessing capital through low-interest loans. However, many immigrants use cash for transactions or turn to predatory lenders. Federal policy allows MFIs to offer [savings accounts](#) and secured credit cards to ITIN holders, but at each institution's discretion. Immigrants with SSNs have legal access to all MFI products and services. See [Latino Credit Union](#) in Durham, NC.

In 2013, in households where only Spanish was spoken,



46% used alternative financial services.

Policy environment

The current immigration policy environment directly and indirectly affects immigrants' ability to access asset-building resources and grow their families' wealth for the long term. Immigrants' decisions are affected by fear of deportation and discriminatory experiences with government and private agencies.

Retirement



Predatory lending

Predatory lenders target communities of color (both immigrants and native born) who have limited access to traditional financial products. Higher interest rates and debt levels have a wealth stripping effect: immigrant families must use more of their income to pay off high interest loans than to meet basic needs or build assets.

Small Business



[Small business loans](#) provide low-interest start-up capital to entrepreneurs with an SSN. ITIN holders can access alternative loans, but these tend to have higher interest rates. Immigrants with an ITIN or SSN have access to [EIN](#) and [LLC](#) designations, which are required to start a small business. Most immigrants rely on personal savings, high-interest private loans, home equity, and credit cards for [start-up capital](#). See the [St. Louis Mosaic Project](#) in St. Louis, MO.



1 in 5 of all U.S. businesses are owned by immigrants.

Credit

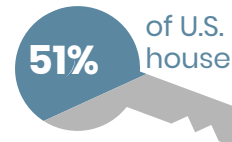
Many immigrants arrive in the United States lacking pre-existing credit or with a low or no credit score. As a result, they must rely on high-fee, short-term predatory loans and pay more to acquire homes, businesses, cars, and other assets.

Homeownership



Homeownership has the potential to build wealth across generations. Federal policy allows mainstream financial institutions (MFIs) to offer [ITIN mortgages to non-citizens](#) (without a SSN), although this is left up to each institution's discretion. Immigrants with a SSN can access traditional [Federal Housing Authority](#) and private mortgages. States can choose to expand or restrict access to homeownership for immigrants through legislation. See [Finanta](#) in Philadelphia, PA.

51% of U.S. immigrant heads of households are homeowners.



Abbreviations

ITIN: Individual Taxpayer Identification Numbers are issued by the Internal Revenue Service for tax purposes to individuals who are not eligible for a Social Security Number. ITINs are technically available to all immigrants, but in recent years, applications have **decreased** due to challenges navigating strict application rules, documentation required, fear of deportation, and more.

SSN: Social Security Numbers are assigned to all U.S. citizens and are used to get a job, collect Social Security benefits, and receive other government services. Non-citizens can apply for a restricted SSN if they are lawfully present and authorized to work in the United States.

1 in 4 of the nation's children live in immigrant families.

Social Security is an important source of income for retirees and is considered the largest anti-poverty program in the United States. Foreign-born Americans receive [fewer benefits](#) as compared to native-born Americans due to lower wages, fewer quarters of qualifying work, or ineligibility. Despite paying into Social Security, undocumented immigrants are ineligible to receive benefits (except under [rare circumstances](#)). Other noncitizens can receive benefits if they are in the country lawfully and have at least 10 years of covered work. [Lending circles](#) are one alternative approach to saving for retirement.

In 2010, taxes paid into social security by undocumented immigrants exceeded benefits paid out by



¹ Throughout this document, we refer to immigrants to describe people born outside of the United States. This includes refugees and all other immigrants regardless of legal status. See [Immigrant Lives, American Futures. Linking Asset Building and Immigrant Integration](#) for an overview of types of immigration legal status.

