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# Tipping the Scale: How Assets Shape Economic Wellbeing for Women and Families

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Elizabeth Barry is a white mother of three who went through a divorce five years ago. Since the divorce, Elizabeth has remained economically secure as a result of a rich array of resources at the personal, institutional, and neighborhood levels. Her personal network is particularly strong, as her parents have provided regular and generous financial assistance, including clothing, camps, and substantial college savings accounts for her children. This support has freed up money for Elizabeth to invest in her business. The business has thrived under her care, providing regular income and allowing her to save for retirement. Elizabeth's children attend the high-quality public schools in their middle class, majority-white Midwestern suburb. This is particularly valuable for her youngest son, who has autism and receives special services from the school. Due to the recent downturn in the economy, Elizabeth's home lost about 25% of its value, but she has been able to weather this loss of home equity, as well as unexpected medical expenses and tax bills, largely due to her parents' support. Elizabeth also expects to receive about a quarter of a million dollars in inheritance eventually, which she plans to use for her retirement and to support her autistic son.

Danielle Meehan is an African American mother of two. Like Elizabeth Barry, Danielle's family stepped in to lend support when she got divorced. Her grandfather helped cover some immediate bills and gave Danielle a few hundred dollars to help her get by. Going back to school to earn her MBA while working full time, Danielle has amassed more than \$70,000 in student loan debt. In addition to this education debt, the home Danielle purchased in 2003 has dropped in value by nearly \$20,000. Following the divorce she bought a home in the best area she could afford. Yet, concerned with the safety and quality of the local public schools, she sent her daughter outside the district, first to a private and then to a charter school. With no home equity, the little savings Danielle has built go directly towards supporting her children and extended family. In fact, instead of receiving financial assistance from her family in recent years, Danielle says, "*I am the family assistance.*" She has taken a loan against her 401(k) to pay for her daughter's college, helps financially support her cousin, and pays for her mother's nursing home costs.

# Introduction

As the opening stories illustrate, changes in household composition, such as divorce or separation, and caregiving responsibilities create financial challenges for families, which tend to burden women more heavily than men (Hochschild & Machung, 2003; Peterson, 1996; Sørensen & McLanahan, 1987). Financial and social resources at the personal, institutional, and neighborhood levels can counterbalance the economic insecurity many women face as a result of both caregiving and changes to household composition. National-level data show that families' access to these resources varies systematically by race and gender. Overall, white families are more likely to have higher levels of resources at all three levels, while black families tend to have less access to and lower levels of such resources (Acevedo-Garcia, Osypuk, McArdle, & Williams, 2008; Thomas, Meschede, Mann, Boguslaw, & Shapiro, 2014). Families headed by single parents, particularly mothers, also tend to have significantly lower levels of each type of resource than do those with two adult contributors (Chang & Lui, 2010; Chang & Mason, 2010). The present analysis draws on interviews with black and white families of diverse means to illustrate how these resource differences play out in the lives of American families. We contrast the options and experiences of higher-resource families like the Barrys, who have access to two or more resources at the personal, institutional, or neighborhood levels, with those who have fewer resources, like the Meehans. This brief focuses on women's experiences specifically and considers how women of different racial backgrounds with various income and asset profiles manage these economic challenges.

Resources at the institutional, neighborhood, and personal network levels enable families to exercise greater flexibility with work and caregiving without sacrificing their economic security. Yet the availability and magnitude of these resources differ dramatically by race, ethnicity, and gender, reflecting the wide gaps in wealth ownership between women and men and between people of color and whites. In the U.S., single black and Latina women own one cent for every dollar owned by men of their own racial/ethnic groups and less than 0.3 cents for every dollar owned by white women or men (Chang & Lui, 2010). Among women with sole economic responsibility for their families, black and Latina mothers have a median wealth of zero, whereas white mothers own \$6,000 at the median (Chang & Mason, 2010). Regardless of parental status, married and cohabitating couples have more assets than singles, but the racial gaps persist; black couples have median wealth of \$31,500, while whites have more than five times as much: \$167,500 (Chang & Lui, 2010). Latinas face similarly large gaps. Although many studies have quantified the size of these gender-racial wealth gaps (Chang, 2010; Chang & Lui, 2010; Schmidt & Sevak, 2006), this brief adds to the discussion by considering the question *“How do these gaps affect families' everyday experiences around childcare options —or lack thereof—and staying afloat after changes in household composition?”*

## About the Leveraging Mobility Study

This study uses the Leveraging Mobility Data, a unique, longitudinal dataset of in-depth interviews with 137 families, focusing on their financial decision-making processes and the trade-offs between current needs and long-term financial security. Each family was interviewed at two points in time. In 1998, the original sample of 180 families was selected to include half white and half black families with an equal share of both working class and middle class families. At baseline, all of the families in the sample had children between 3 and 10 years old. The second wave of 137 interviews was conducted between 2010 and 2012. At the time of the follow-up interviews, the parents in the study were primarily in their 40s and 50s, while their children were at the end of their high school careers or beyond. As parents, all participants had caregiving responsibilities at some point. Many also experienced changes in household composition during the study period.

## Structural Drivers of Gender-Racial Wealth Gaps

Two key drivers of differences in wealth ownership by gender and race are occupational segregation and wage gaps.

- **Occupational segregation:** About 40% of women workers are employed in female-dominated jobs (jobs in which at least 75% of workers are women), and this is mirrored for male workers. Male-dominated occupations overwhelmingly pay more than female-dominated ones (Hegewisch & Hudiburg, 2014). On top of this, black and Latina women are concentrated in low-wage, low-prestige jobs that lack benefits (Kalleberg, Reskin, & Hudson, 2000), while white men are overrepresented in jobs with the highest levels of authority, earnings, and job training (Mintz & Krymkowski, 2010). Those in higher-status occupations generally have access to

wealth-building tools like pensions and retirement plans. Occupational segregation also contributes to wage gaps between women and men.

- **Wage gaps:** In almost all occupations, women's median earnings are lower than men's (Hegewisch & Hudiburg, 2014; Mintz & Krymkowski, 2010). Among full-time workers, white women earn 18% less than white men, while Latina and black women earn 39% and 31% less, respectively (Hegewisch & Hudiburg, 2014). Those who earn less have reduced capacity to save in general. For retirement savings specifically, even though women who are eligible for retirement accounts make contributions as often as men do, women accumulate less wealth due to their lower earnings (Bajtelsmit & Jianakoplos, 2000), (Copeland, 2014).

## Caregiving and Household Changes Create Real Costs for Women and Their Families

Against a backdrop of wage inequality and occupational segregation, the gendered wealth gap is further driven by the financial burdens of caregiving responsibilities and changes in household composition falling disproportionately on women.

### Caregiving

Hillary Wooldbridge is a single mother whose son has autism. She has worked hard to give her son every advantage possible, advocating for and enrolling him in a local magnet school that has a special needs program and making sure she is there to put him on the bus and meet him when he gets home from school. As the sole caretaker, Hillary has been unable to maintain steady employment due to her son's need for constant supervision. Putting the needs of her child first, Hillary is making ends meet using the Supplemental Security Income (SSI) program and has secured stable housing through the federal housing choice voucher program. While uncomfortable with her dependence on these programs, Hillary has no family support, and her inability to find flexible employment that would allow her to work and care for her son has limited her ability to maintain a steady income or build any personal savings. Hillary explains the struggles she has had balancing work and care giving:

*"I actually got a job in a nursing home and that was in [a nearby neighborhood] and I couldn't stay there because of him, because of his needs.. I only did six months there... They wanted me weekends, and weekends was the hardest problems 'cause I couldn't leave him home by himself....and I wasn't allowed to take him with me."*

Hillary’s story illustrates some of the ways in which caregiving triggers financial tradeoffs for women and their families, affecting their ability to build wealth and secure long-term financial security. As a single parent with substantial caregiving duties, Hillary faces a difficult decision between caring for her child and earning money to support her family. Her time out of the labor force costs her both income in the present and opportunities for economic security in the future. Hillary’s story is not unique to single parents; even among married and cohabitating couples, women still do a majority of caregiving for children and other family members, which takes time away from paid employment and makes them more likely to work part time (AARP Public Policy Institute & National Alliance for Caregiving, 2015; Craig, 2006).

This reduction in paid work hours not only reduces women’s earnings, it also diminishes their opportunities to build wealth (Denton & Boos, 2007). Because of their overrepresentation in part-time positions, women workers are less likely to receive employer-sponsored pensions or retirement accounts (Kalleberg, et al., 2000). Twenty-six percent of women workers are employed part time, twice the rate of male workers (United States Department of Labor, 2015), and only 37% of part-time workers are eligible for their employers’ retirement plans, compared to 74% of full-time workers (Topoleski, 2014). For those who do have access to retirement benefits, women’s lower wages and time out of the work force also affect the amount of savings they accumulate (Bajtelsmit & Jianakoplos, 2000). In 2012, male workers on average had accumulated 70% more in their retirement accounts than women (\$139,500 compared \$81,700), despite women’s equal contribution rate (Copeland, 2014). Women’s lower earnings also mean that they accrue less in Social Security benefits (Social Security Administration, 2015). Women’s lesser access to pensions and their lower contributions to public and private retirement funds have a measurable impact later in life. In older age, women who have worked part time have lower income—including Social Security, private pension, and earnings—than those who worked full time continuously (Sefton, Evandrou, Falkingham, & Vlachantoni, 2011).

A less tangible impact of women’s disproportionate responsibility for caregiving is its effect on their economic power within relationships. Caregivers who take time out of the workforce or work part time bring less income and wealth into the family, which may lead them or their partners to feel that the lower earner deserves less “say” in financial decisions (Sørensen & McLanahan, 1987). Additionally, women who take time out of the labor force or who do not work for pay are often economically reliant upon their partners, which diminishes their economic power both within and outside of the relationship and leaves them vulnerable in the case of relationship dissolution (Badgett & Folbre, 1999; Sørensen & McLanahan, 1987).

## Resources Discussed in this Brief

### Personal network

**resources:** Resources derived from individuals’ social relationships, including inheritance, sources of social support, and financial assistance from family or friends

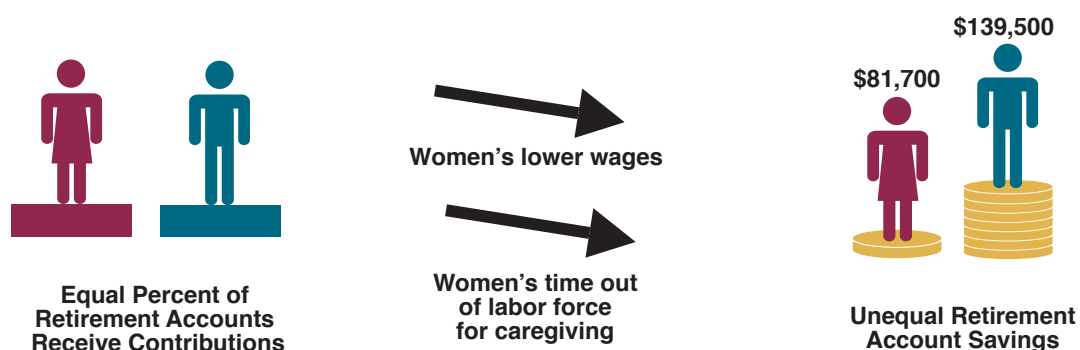
### Institutional resources:

Benefits derived from employment or union membership, such as steady income, retirement accounts, pensions, and health insurance

### Neighborhood

**resources:** Assets derived from one’s area of residence, including property values, services available in the community, and safe streets

**Figure 1: Equal Participation Rates Don’t Mean Equal Savings in Work-Based Retirement Accounts**



Source: Bajtelsmit & Jianakoplos, 2000; Copeland, 2014

## Household Change

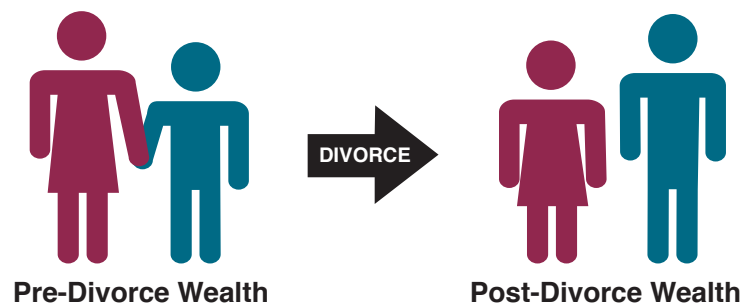
Alicia Devine's financial stability has been undermined by her divorce. Throughout her marriage, Alicia worked part time so she could take care of her son. Now facing divorce, Alicia must sell the home she loves and split the equity with her ex-husband, Henry. She has also lost access to Henry's salary (\$90,000) and is struggling to support herself and her son on her income of \$32,000 from her two part-time jobs as a dance instructor and artistic director. In order to stay afloat, Alicia is supplementing her income by renting rooms in her home. She is concerned about how she will afford health insurance for herself and how to pay for her son's college education. She reflects,

*"I've always made much less money than Henry, or at least since Henry started making money. And so you know the decision about separating and getting divorced, it's all tied into finances. And I mean there's certainly been moments where I thought this was the stupidest thing I ever thought I could get away with. Because I'm going to live the rest of my life in poverty and he's going to have a really nice life. And I still think I made the right decision, but it's a tough one. And I think that's almost always more true for women than men. Because I was always a part-time worker."*

The way in which divorce undermined Alicia's financial stability is all too common. On average, divorce harms women financially, particularly mothers, but actually benefits men (McKeever & Wolfinger, 2001; Peterson, 1996). Among couples with children who separated in the late 1980s and early '90s, divorce led to a 36% decline in mothers' economic wellbeing and a 28% boost in non-custodial fathers' (as measured by income-to-needs ratios) (Bianchi, Subaiya, & Kahn, 1999). Cohabiting mothers experience similar losses when their relationships end (Tach & Eads, 2015). Divorce and separation are also associated with greater declines in wealth for women than for men; men emerge from divorce with 2.5 times the wealth of women (Wilmoth & Koso, 2002; Zagorsky, 2005). One reason divorce affects women and men so differently is that women are much more likely to have full parental responsibility for their children than are men (Kelly, 2007; Livingston, 2013), and raising children is costly (Lino, 2014). This shift in responsibility for caregiving after divorce, along with the lower earnings of mothers compared to men or childless women (Gornick & Meyers, 2003), sets the stage for differences in economic stability between women and men following separation or divorce.

Bethanie Barrows, another mother who experienced this directly reflects on her recent divorce: *"When you go from 15 years of just being able to do what you... pay what you need to pay, do what you need to do. Kids need something, when you're able to do that, and then all of a sudden you're like, 'Oh my God, how am I going to pay this? How am I going to feed my kids? Do I pay heat or do I feed the kids this week, you know?' That, it's like, 'Oh my God, what happened?'"*

**Figure 2: Divorce Has a Negative Impact on Women's Wealth**



Prior to divorce women's wealth is 30% greater than that of their male counterparts. After a divorce, men emerge with \$5,000 more in wealth than women.

Source: Zagorsky, 2005

# Tipping the Scales: Resources can Counterbalance the Economic Impacts of Caregiving & Household Change

As highlighted in the stories of the Devine and Wooldbrige families, both caregiving and changes in household composition can create financial hurdles for women and their families. Resources at the personal network, institutional, and neighborhood levels help families manage the financial demands of caregiving and allow families to weather changes in household composition. Access to two or more robust resources tends to open a set of options that looks very different from the choices available to lower-resource families facing similar concerns.

## Access to resources is unequal by race

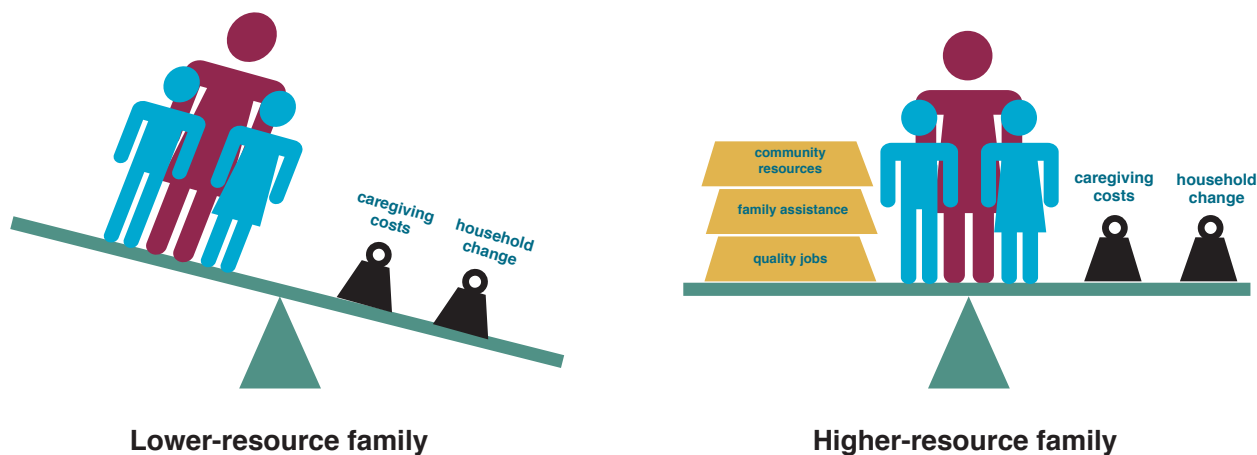
Access to resources at all three levels varies greatly by race, as described below. In the following section we examine how these three key kinds of resources overlap to buffer the economic challenges associated with caregiving and shifting household composition, examining the real life implications of how unequal access to assets and wealth shape the set of strategies and tradeoffs available to families.

**Personal network level** resources derive from individuals' social connections, including access to financial assistance from family or friends, inheritance, and sources of social support. Financial assistance from family and friends can take many forms, small and large, from a sister helping her brother pay a bill to parents covering the down payment for their child's first home. However, this help is not equally available to all families; those with more financial resources provide more generous assistance. Since white families tend to have many times the wealth of black or Latino families, white people are more likely to receive financial assistance and to receive it in larger quantities than are families of color (Sarkisian, Gerena, & Gerstel, 2007; Sarkisian & Gerstel, 2004). Indeed, white families are four and a half times more likely to receive either inheritance or transfers of wealth from living relatives than are African American families (Thomas, et al., 2014). Black and Latino families, meanwhile, are more likely than whites to give and receive practical support, such as help with household chores, transportation, childcare, or a place to stay (Sarkisian, et al., 2007; Sarkisian & Gerstel, 2004).

**Institutional level** resources are benefits derived from employment, union membership, or other institutional affiliations. These include retirement accounts and pensions, which directly help families build wealth, and health insurance, which saves families money that can be invested elsewhere. Job flexibility and consistent work are also institutional resources that boost families' stability and capacity to save (Thomas, Boguslaw, Chaganti, Atkinson, & Shapiro, 2013). As discussed above, occupational segregation, part- vs. full-time status, and time out of the work force drive differences in access to retirement accounts and other benefits. Jobs that provide flexibility and/or part-time work are often ineligible for benefits and other institutional supports (Topoleski, 2014). This leads to women having lower wages and less access to health insurance or pensions than men. These effects are more dramatic for black and Latina women (Kalleberg, et al., 2000). Access to pensions, benefits, and living wages all facilitate families' ability to save for the future. Those with more savings have more options to take time out of the workforce to provide care. Savings of this kind also allow families to cope with decreased income from losing an adult contributor.

**Neighborhood level** resources, which include property values in the area, services available in the community, and safety, are an important part of a family's wealth portfolio. Most directly, a family's total household wealth derives in large part from home equity and the neighborhood in which their house is located. Homes that are similar in design, size, and appearance have higher prices in majority-white neighborhoods than in either majority-black or integrated areas (Oliver & Shapiro, 1995). Since racial residential segregation still affects most black and Latino families (Iceland, Weinberg, & Hughes, 2014; Logan & Stults, 2011), this means that families of color do not benefit from real estate investments to the same extent that whites do. Additionally, community-level resources like childcare, high quality schools, parks, safe streets, and after-school programs vary with the neighborhood's wealth and racial composition. White children, even those from the poorest families, are much more likely to live in high-resource neighborhoods than are either black or Latino children (Acevedo-Garcia, et al., 2008). These community-level assets are good for children's health and also financially valuable to families. For instance, those who live in high-resource neighborhoods can rely upon quality public schools rather than either paying for private school or opting for an out-of-district school.

**Figure 3: Getting Back Into Balance**



### Resources offset the costs of caregiving

As families with children, all parents in the dataset spent some years of their lives as caregivers. Still, caregiving responsibilities affected families in various ways over their lives, including having small children at home, taking in relatives' children, and caring for older relatives. Across these various kinds of caregiving, we examined the options available to families (or not) based upon their personal network, institutional, and neighborhood resources. We define families who have resources at two or more levels as higher-resource families and those who have zero or one kind of resource as lower-resource families.

#### Lower-resource families

Linda Diamond, a single African American mother of three, rents an apartment in a majority-black neighborhood. Despite years of hard work, Linda has yet to achieve financial security, largely due to her obligation to care for her son, who has sickle cell disease and a visual impairment. Linda's income peaked at \$150,000 in 2008, but she had to leave this full-time position because her son had a stroke and needed intensive care. Since then, Linda has been working two part-time jobs earning \$60,000—less than half her former salary—with no health insurance. With only \$200 in savings and little extended family support, Linda has been running on an economic treadmill over the years, working hard without making progress. Already stretched thin financially and without a set of institutional, personal, or neighborhood resources to draw from, Linda has been doing the best she can to care for her family. She has worked hard to get her children into the best schools possible, which has meant sending them outside the neighborhood school district through a busing program, and she also helps financially support her sister's family.

#### Higher-resource families

Families who have resources available at two or more levels have more options available to them for caregiving. However, as the stories below illustrate, the magnitude of resources available matters a great deal for families' sense of economic stability.



Sandy Doherty, a single white mother of one daughter, lives in a middle class East Coast neighborhood. Seven years ago, Sandy chose to leave her job with the local transit agency and launch her own business as a photographer so that she could spend more time with her 11-year-old daughter. She explains her decision:

*I just kept kind of dreaming of the day that I would just be able to be a mom and be a better mom and be more available, like all my friends who were married. It was like, 'I want to take my kid to the theater and soccer and acting.' So, it just was always so frustrating, a tough job, because it's like, either you have to make up excuses and sort it out, or just use your sick time and you're taking a risk. You're always risking lying about it or whatever you're doing to sort of accommodate your family and be a good mom, versus working hard and making money.*

Today, Sandy's income has dropped considerably due to the recession, but she stands by her choice, saying, *"I'm definitely much happier and I absolutely made the right decision in terms of my daughter, as a parent."* Sandy's mom has stepped in to help pay bills since her income declined, and her parents also plan to help with her daughter's college tuition. The wealth Sandy has managed to build offers some sense of security for the future. Her home, which she purchased with the help of her parents, has more than tripled in value, giving her \$160,000 in equity. She has also saved \$20,000 in a retirement account for herself and \$5,000 for her daughter. She expects to receive an inheritance from her parents in the future.

Ashley Dudley, a middle class black mother, has benefitted from resources at all three levels. However, unlike Sandy Doherty, Ashley has little sense of financial security. Ashley works as a police officer earning \$95,000 per year, including overtime. At the institutional level, her unionized job provides many benefits, including a pension, retirement accounts, health insurance, and tuition reimbursement. Ashley also utilized a city-sponsored program for first-time homebuyers to purchase her two-family home in a majority-black neighborhood. Ashley's mother has been an important support, providing \$7,000 toward her son's college tuition. In years past, her mother also provided her with a low-rent apartment, which allowed her to save money to eventually purchase her own home. Even with all these resources, Ashley faced some struggles as she raised her son. She describes being the parent of a child in a desegregation busing program as "hard work" because both she and her son had to spend a great deal of time in transit to and from her son's high school in a suburban community 30 minutes away. She reflects, "You try to be a part of that community but you're really not. You live far away, so everything you do is such a task." Her hard work paid off, as her son was accepted to a Historically Black College out of state. To finance her son's education, Ashley took out large student loans and is now in significant debt as a result. Of her son's educational loans, she says, *"Financially destroyed basically. No, not really, but you know, I have this debt forever...Actually I'll finish paying when I am 76, if I make it."*

When asked about her sense of economic security, she replies, *"None. Absolutely none."* Ashley's story is one of solid resources that have allowed her to achieve her dreams of educating her son and owning a home but to do so without achieving a sense of economic stability.

As these stories illustrate, clear distinctions emerged between families with few resources and those with many and varied resources on which to draw. Families with lower levels of resources have a limited set of options available to them with respect to providing care for family members and maintaining economic stability. These options often include quitting or changing jobs when care needs arise and working different shifts to accommodate care, as Linda Diamond did. Other families with limited resources sought childcare assistance from family members or were forced to leave older children unsupervised after school. For families with very low personal or family resources, public programs are essential in order to manage both caregiving and economic survival, as Hillary Wooldbridge's story in the previous section reflects. In contrast, higher-resource families are able to leverage these resources to expand their options around caregiving, including opting for self-employment as Sandy Doherty did. Other higher-resource families chose to pay for childcare at a daycare center or hired in-home help. Yet, simply having access to these resources does not guarantee security. As Ashley Dudley's story illustrates, the magnitude of the resources matters as well. The families profiled here reflect the racial differences in access to resources that are observed at the national level: White families are more likely to have access to resources at all three levels and to have substantially more of these resources than are comparable black families.

### Resources allow families to weather changes in household composition

Both access to and magnitude of personal, institutional, and neighborhood resources also help determine how families recover after household changes, such as divorce or relationship dissolution. The family stories told in the introduction illustrate the vast differences that arise between higher- and lower-resource families that have lost an adult contributor. Notably, the caregiving costs discussed above weigh particularly heavily on families who experience a change in household composition.

#### From high- to low-resource

Toni Brown, a white mother of two, was a stay-at-home mother until her divorce four years ago. Following the divorce, Toni went from sharing her husband's \$70,000 annual income to a meager \$7,200 per year in alimony. To make ends meet, Toni found work as a bus driver for a local school district, and she also began cleaning houses, earning a total of \$17,000 per year. Despite having two jobs and alimony, she still feels that she lives "paycheck-to-paycheck," and she relies on food stamps intermittently. With the divorce, Toni lost access to her husband's 401(k), valued at \$25,000, and their joint savings account. Although she received the couple's home in the divorce settlement, Toni struggled to get a mortgage loan in her own name because she had never worked. "*The divorce*" she reflects, "*It left me with nothing.*" The only way she was able to keep the house was with the help of her father, who moved in with her and pooled resources to jointly take over the loan. Since her father moved in, she has regained some financial footing. Yet her caregiving costs continue, as Toni and her father recently took in her teenage niece and nephew, whom they fully support. Toni has real fears for her own economic future. She does not know how she would support her family if her father were to die. When asked if she wished she had done anything differently, Toni replies:

*"Maybe as a female, even though I stay at home, maybe have some kind of a small bank account or something of my own where—Because when he left, he got up on a Saturday morning and he left. I mean there was no, nothing. Nobody had a clue that this was going to happen. This just happened in a day...You know and it, when you don't have any money of your own, there's, you can't really combat anything like this. So I [would] just, be prepared, maybe prepared for the future."*

As Toni's story illustrates, losing an adult contributor can take a family from comfortable and high-resource to extreme economic precarity in the space of just a few days. Toni's experience also highlights the particular vulnerability faced by women who do care work full time in lieu of paid employment: With divorce or separation, women in this position often struggle to afford their basic expenses.

Employment options for full-time caregivers with little or no work history are often limited to low-wage, low-skills jobs like the ones Toni found (Badgett & Folbre, 1999). As her story illustrates, jobs of this kind often do not pay enough to support a family. Toni's story also highlights the intersection of caregiving and household change: Women's lower earnings and greater likelihood of having custody of children means that women's standard of living often declines after divorce or dissolution (Avellar & Smock, 2005).

Another lesson to draw from Toni's story is the value of familial resources, as her father's contributions have allowed her to maintain her middle class lifestyle. For her, resources at the personal network level have been highly valuable. Still, Toni worries that if she were to lose her own or her father's income, she would be unable to support her family. Three of the four women profiled in this brief who went through divorce or separation—Toni Brown, Elizabeth Barry, and Danielle Meehan—relied heavily on familial resources to weather the financial aftermath of losing their partners. Their different stories illustrate that while even modest familial assistance can make a major difference, the magnitude of help available matters a great deal to families' outcomes. With help from her grandfather, Danielle Meehan was able maintain her economic status after her divorce, but her role as a sole earner and responsibilities for supporting her extended family have left her in a precarious financial position even years later. In contrast, Elizabeth Barry's story illustrates that having access to high levels of resources can thoroughly cushion the economic blow associated with changes in household composition.

## The Intersection of Gender, Race, Resources, and Household Wellbeing

Because women still do a majority of caregiving for children and other family members, the lion's share of the financial costs associated with both care work and relationship dissolution falls on women's shoulders. Women's economic vulnerabilities in these areas can be understood by examining how race and gender intersect to limit their earning and savings opportunities. Women are not only caregivers, or only primary providers, or only lower-paid employees. They are at times all of these things concurrently, and, as noted above, women of color are disproportionately likely to fall into each of these categories. These multiple statuses continually and mutually reinforce each other and are mediated by women's access to resources embedded in their personal networks, neighborhoods, and institutions. Our data illustrate how access to resources at these three levels enables families to exercise greater flexibility with work and caregiving without sacrificing their economic security.

Yet, the availability and magnitude of these resources vary systematically with race. The families' stories told in this brief illustrate how these racial differences play out in people's everyday lives. Because white families are overrepresented among those with the highest wealth, live in higher opportunity neighborhoods, and are more likely to receive familial assistance, they are in general better equipped to manage the costs associated with caregiving: childcare bills, reduced wages, and time out of the workforce. The same is true for families managing the costs of losing an adult contributor; although national data show that women of all races and ethnicities suffer financially from relationship dissolution, white families are in general better able to bounce back after such a loss (Avellar & Smock, 2005).

This is not to say that families of color never have access to such resources, but statistically speaking, they are likely to own much less wealth than comparable white families and are much less likely to receive significant financial assistance or inheritance (Thomas, et al., 2014). Racial disparities in neighborhood quality, access to institutional benefits, and strength of personal networks have received increasing attention in recent years. Against this backdrop, differences in magnitude and access to these three resources shape the choices and trade-offs families must make and, hence, are key to understanding differences in household wellbeing. Families' access to and magnitude of resources help to explain why some families are able to thrive while others are trying merely to survive.

# Policy Implications

Public and institutional policies can play an important role in leveling the playing field for lower-resource families so that all families can provide the kinds of care that their children need to develop to their full potential and so both women and men can attain financial stability after separation. Piecemeal reform is not enough. Instead, substantial and integrated policy change is needed in three areas: support for caregivers, fair employment, and stability for couples facing relationship dissolution. The policies outlined here, while not exhaustive, illustrate the kinds of changes that are needed to address the resource gaps many mothers and families face.

## Caregiving

Caregiving is costly to families, creating expenses such as out-of-pocket childcare costs, unpaid time out of the labor force, and reduced savings opportunities. Policies that would help to address these issues include expanding existing programs like state- and federally-subsidized childcare vouchers, while also implementing new policies like paid family leave and Social Security credits for caregivers.

**Expanded childcare vouchers:** State- and federally-funded childcare voucher programs offer an affordable childcare option so parents can work to support their families. However, due to funding shortages, demand for the program exceeds the need in many states, leaving many or most eligible families without assistance (Albelda, Boushey, Chimienti, Ray, & Zipperer, 2007). Additional funds should be allocated to childcare vouchers so that more eligible families can receive assistance.

**Paid family leave:** The Family and Medical Leave Act (FMLA) gives parents and other caregivers the right to up to 12 weeks of unpaid, job-protected time off from work. Because it is unpaid, it is only available in practice to those who can afford to forego wages for the period of care. Two options for reform include amending the FMLA to encourage or require employers replace a portion of workers' wages, or providing federal funding to do so. Alternatively, new policies can be created at the federal or state level to provide paid family leave. For instance, in 2004, California implemented a family leave policy (California Work & Family Coalition, 2015), which can serve as a model for other states or for a new federal program.

**Social Security caregiver credit:** Taking time out of the labor force to care for family members reduces workers' income and diminishes the Social Security benefits they accumulate. Since women still do the majority of care work in the U.S., the current policy reduces women's opportunities for economic security in retirement and makes unmarried caregivers particularly vulnerable. One way to recognize caregivers' contributions to their families and society is to offer Social Security credits to workers who reduce their paid work hours or take time out of the labor force to care for family members. Caregiver credits are in place in many nations in the European Union, which may provide valuable lessons to crafting a policy for the U.S. (Jankowski, 2011).

## Employment

The costs of caregiving extend beyond childcare bills to include lower wages, lower lifetime earnings, and reduced retirement savings for women and particularly for mothers. In addition to policies designed specifically to boost the economic security of caregivers, policy reform is needed to make sure women are paid fairly and have opportunities to save for retirement. Policies that would address these issues include wage equity legislation and expanded access to pension benefits.

**Wage equity:** Despite the Equal Pay Act of 1963 (EPA), federal legislation outlawing employment discrimination on the basis of sex, female full-time workers today earn 18% less than males (Hegewisch & Hudiburg, 2014). As long as women earn less than men, women in two-earner families will be more likely than men to take time out of the labor force to do care work, lowering their lifetime earnings and diminishing their opportunities to save for retirement. New legislation like the Paycheck Fairness Act is needed to strengthen the EPA, ensuring that any wage disparities allowed under law are due to job-relevant characteristics and are not gender-related (National Women’s Law Center, 2015).

**Portable pensions:** Part-time workers are far less likely to have access to employer-provided pensions (Topoleski, 2014). Because women are disproportionately represented among part-time workers, this leads to lower retirement savings opportunities for female workers. One solution is to implement a retirement savings program that is open to all workers and is portable, meaning it moves with the worker as she changes employers. The *myRA* program, introduced by the U.S. Department of Treasury in 2014, makes retirement accounts available to workers who lack employer-provided accounts, including lower-income and part-time workers (U.S. Department of Treasury, 2015). It is important to build upon this institutional framework to ensure that all families have the opportunity to save for retirement.

## Change in Household Composition

Losing an adult contributor through relationship dissolution or divorce creates financial costs for families due to lost income and/or increased childcare expenses. As noted above, women and their children suffer the greatest financial harm from such changes in household composition. Women are disadvantaged following divorce or relationship dissolution for many reasons, including their lower earnings, time out of the workforce for caregiving, greater likelihood of retaining full custody of their children, and lower levels of asset ownership. In addition to the reforms above, policy change is needed to both boost mothers’ income following divorce and to bolster women’s savings opportunities and financial literacy throughout their lives.

**Spousal support:** With the rise of no-fault divorces in the 1960s and ’70s, alimony has been deemphasized in many states, resulting in fewer awards in smaller amounts, for briefer periods of time (McMullen, 2011-2012). Some states have abolished permanent alimony altogether (Luscombe, 2013). Instead of alimony, states have emphasized property distribution as a strategy for meeting spouses’ needs, but the dominant property division schemes fail to provide equitably for women following divorce (Garrison, 1991-1992; Smith, 1990). Courts must place a greater emphasis on women’s and their children’s actual economic needs and capacity to earn, which may mean revisiting spousal support as a key outcome of divorce.

**Asset building opportunities for women:** One way to bolster women’s economic wellbeing in the aftermath of divorce is to ensure that women are informed on financial issues and have opportunities to save throughout their lives. Asset building opportunities targeted to women can play an important role in this practice, particularly for low- and moderate-income individuals. Financial literacy education is a valuable tool to encourage women to think through the long-term implications of how asset ownership is shared within romantic relationships. Matched savings accounts, such as Individual Development Accounts, give women the opportunity to begin accumulating savings and other assets in their own names. Programs designed for domestic violence survivors may provide a valuable model, as they emphasize financial empowerment for women and explore how power dynamics within relationships affect women economically (Sanders & Schnabel, 2006, 2011).

## Balancing the Scale

Caregiving responsibilities and changes in household composition, such as divorce or separation, create financial challenges for many women and their families. These challenges can be counterbalanced by financial and social resources at the personal, institutional, and neighborhood levels, but families' access to these resources varies dramatically by race and income level. The families' stories told in this brief illustrate how these resource differences play out in the lives of American families and shine light on the expanded options available to higher-resource families. Even modest resources can make a tremendous difference in stabilizing women and their families. However, because of women's disproportionate responsibility for caregiving and persistent gender disparities in income and wealth, many women are economically reliant on their romantic partners. When faced with divorce or separation, many women experience a sudden drop from high-resource to barely surviving in a matter of days. To truly address the complex, intersecting challenges faced by diverse women and their families, a concerted effort across several areas of public policy is needed.

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The Institute on Assets and Social Policy (IASP) is dedicated to advancing economic opportunity, security and equity for individuals and families, particularly those left out of the economic mainstream. Our work is premised on the understanding that assets provide the tangible resources that help individuals move out of and stay out of poverty, as well as inspiring effective individual, community, state and national actions through the belief that security, stability, and upward mobility are indeed possible.

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