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Color of Wealth in Chicago: Assets, Debts, and Net Worth in the Chicago Metro Area

Non-white families struggle to build wealth and financial security

JUNE 2024

A family's financial security and peace of mind begin with building wealth — that cushion of money remaining after debts and obligations are paid. Wealth allows families to plan for the future and deal with emergencies and reduces the stress that comes from living paycheck to paycheck. Wealth opens access to capital to start a business or buy a house. It allows families to choose a neighborhood that's best for them, pursue educational opportunities, and plan for the future. And wealth, more than income, compounds and grows with time.

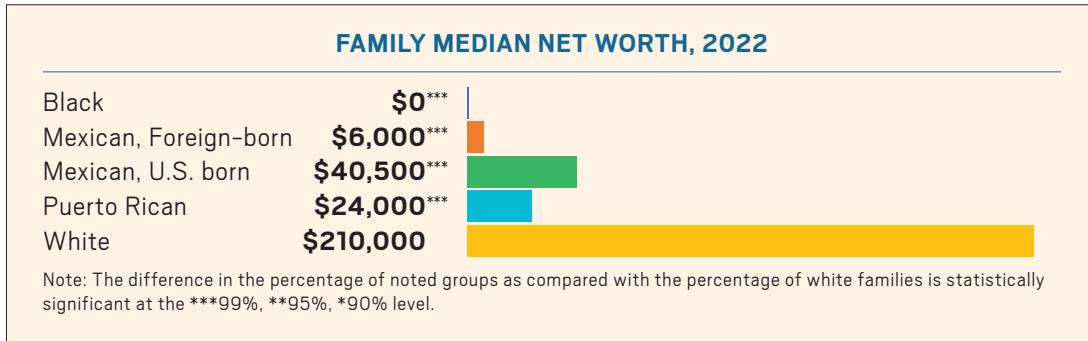
Yet, in the Chicago region, as the *Color of Wealth in Chicago*¹ shows, wealth is a lopsided affair. The net worth of white Chicagoans far outstrips Black, Mexican (both U.S. and foreign-born), and Puerto Rican households. Their diverging fortunes, including lower homeownership rates, less home equity, more student and medical debt, and less retirement savings, affect the whole region's economic viability and vitality.

¹ *Color of Wealth In Chicago*, by Suparna Bhaskaran et al. (New York, Institute on Race, Power and Political Economy at The New School, July 2024). The researchers surveyed 1,723 Black, Mexican (U.S. and foreign-born), Puerto Rican, and white families the 10-county metro area between July and December 2022. All results are the median (typical) amount. For more on methodology, see the full report.

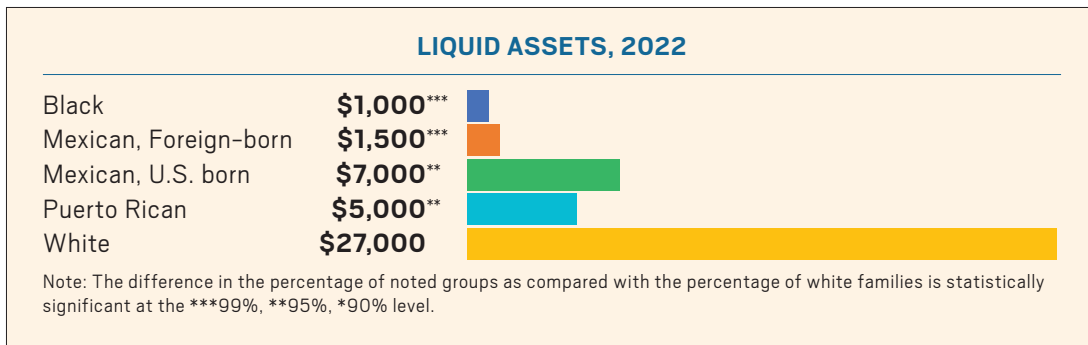


Topline Findings

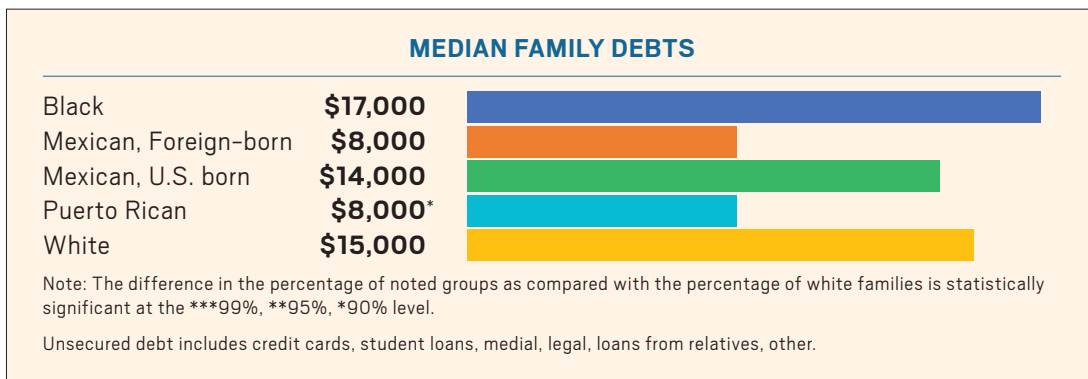
The median net worth of white families outstrips all others. A U.S.-born Mexican family has only 19 percent of the median net worth of a white family in the metro area (\$40,500 vs. \$210,000). And other groups fare even worse. In fact, Black households have zero median wealth.



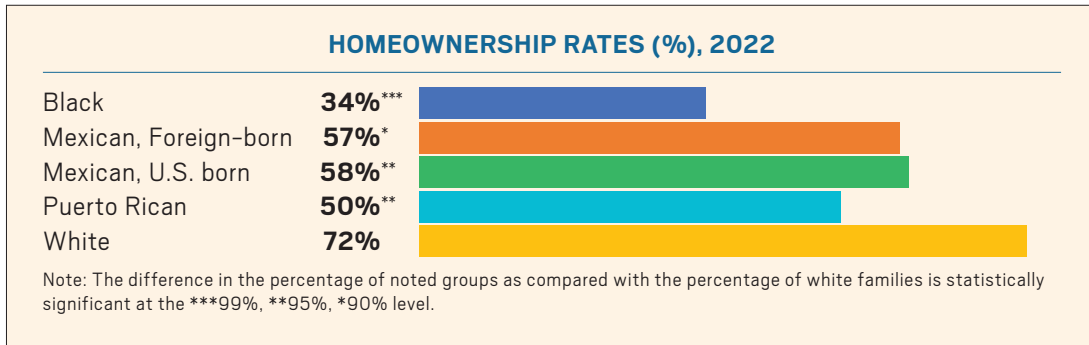
Households of color in the study have less than \$7,000 in readily available cash. Having money on hand can help in emergencies or when an opportunity presents itself. White Chicagoans have the most liquid assets, at \$27,000. Black families have the least, at \$1,000.



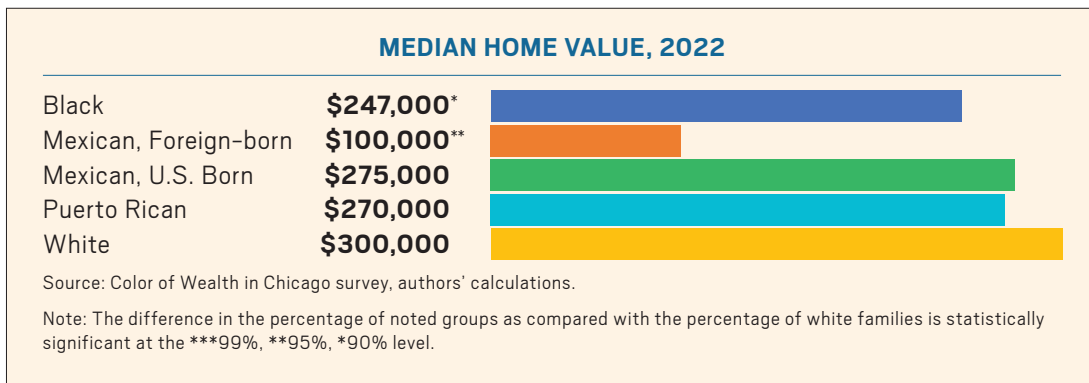
Black families carry the most debt, but all families report owing something. Black families typically carry \$17,000 in debt, though white and U.S.-born Mexican households are not far behind, with \$14,000 to \$15,000 in nontangible debt (excluding mortgage and business loans). Puerto Rican and Mexican-born households carry half that amount (\$8,000).



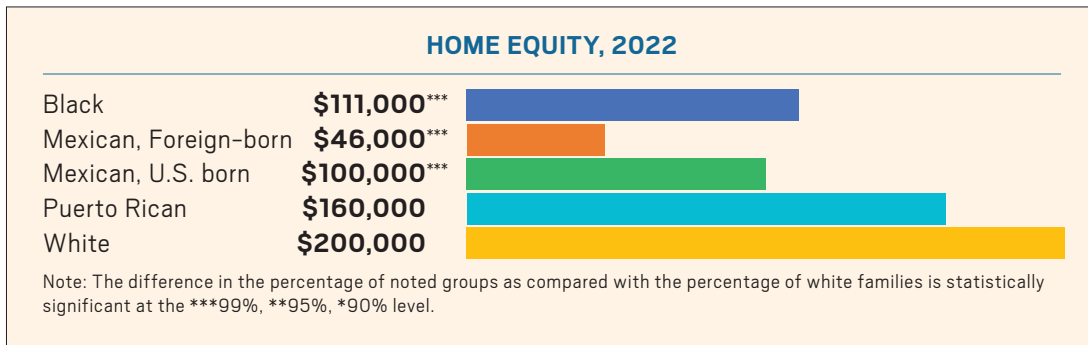
Many Chicagoans own homes, though their value varies greatly. Seven in 10 white families own their homes, while approximately half of Latine families do. Only one-third of Black families are homeowners.



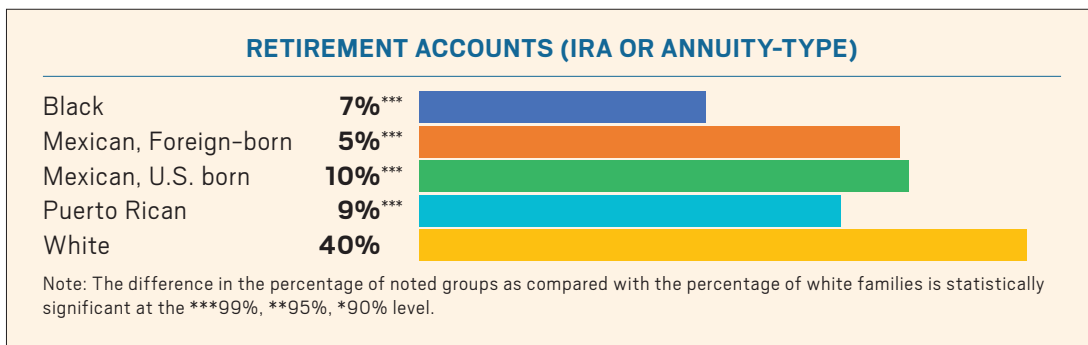
Home values for all but foreign-born Mexican families range from \$240,000 to \$300,000. For the latter, their home values are less than half that of the other groups, at \$100,000.



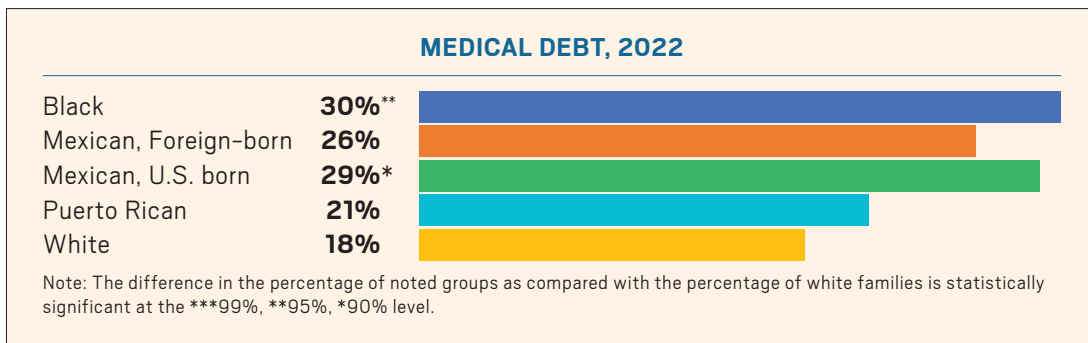
White households have nearly double the home equity than others. Typical home equity for white households is approximately \$200,000, double that of non-white families. Home equity can be tapped for loans in emergencies, home repairs, or other investments, such as starting a business.



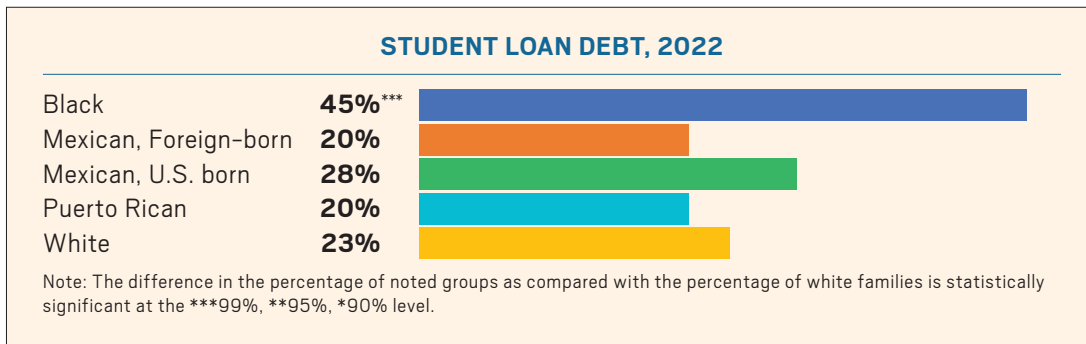
Retirement income is dangerously low. Fewer than 15 percent of Black, Mexican and Puerto Rican households own stocks, IRAs, or annuities — the most common vehicles to fund retirement after Social Security. Even with their higher net worth, only 40 percent of white Chicago-area households have retirement savings in the form of an IRA or annuity-type investment.



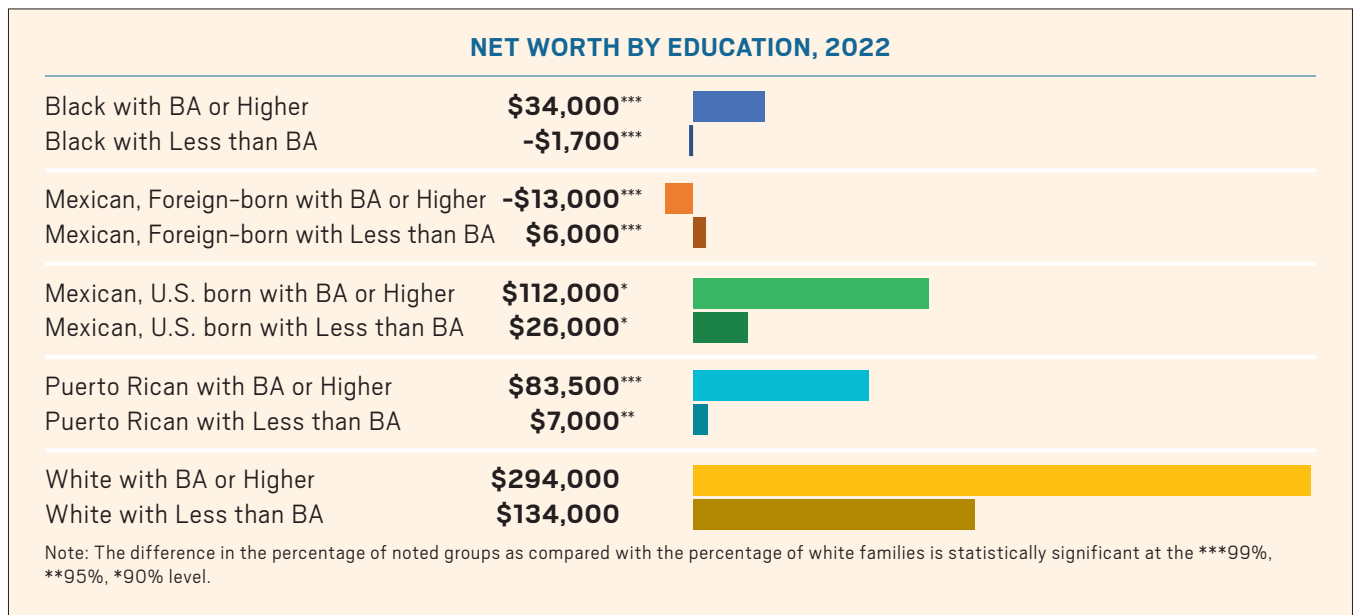
Medical debt is a growing concern. Black (30%) and U.S.-born Mexican (28%) families are most likely to have medical debt and at nearly twice the rate of white families. Medical debt is the **leading cause of bankruptcy** in the U.S. In a vicious cycle, the stress of debt also undercuts health. Cook County has taken medical debt seriously and is the first county in the U.S. to use a portion of its American Rescue Plan Act funds to **eliminate medical debt**.



Student loan debt is highest among Black families. Nearly half (45%) of Black families carry student debt, roughly double the rate for other households. While investing in higher education can be a route to higher incomes, debt that is too burdensome can block other wealth-building opportunities like homeownership, entrepreneurship, and investing in retirement accounts. The average federal student loan debt, [according to the College Board](#) and other sources, was \$29,000.



Education pays, but it doesn't eliminate the wealth gap. While the incomes of college graduates are higher than non-graduates across all groups, the gaps in net worth persist. White households with a B.A. or higher have three to four times greater net worth than Puerto Rican or U.S.-born Mexican families with college degrees.



Incarceration explains some, but not all, the difference in wealth. A history of incarceration impinges on wealth. It's harder to find a job and access credit, and fees and fines incurred during incarceration carry forward, sometimes for years. Whites with a history of incarceration, for example, have half the net worth of their white peers with no such history. (That said, median net worth for white families with a history of incarceration still far outstrips non-white formerly incarcerated groups.)

But Black Chicagoans see the biggest disparities. In Chicago, although Black residents make up 30 percent of the population, they are 75 percent of the Cook County Jail population. So, it is no surprise that formerly incarcerated Black Chicagoans have the lowest net worth of all groups. In fact, they have a net worth of (minus) -\$4,500 — or, to put it another way, \$4,500 more debt than assets.

What the Trust is Doing to Build Wealth

The racial and ethnic wealth gap prevents the Chicago region from being a place where everyone can access quality education, pursue a meaningful career, buy a home, live in a thriving neighborhood, and have a voice in the policies and decisions that impact their lives. By narrowing the wealth gap, the Chicago region will be safer and more prosperous for everyone.

Since 2019, The Chicago Community Trust has focused on closing the racial and ethnic wealth gap, the root cause of the region's greatest challenges — from food insecurity to homelessness to community safety. Today, the Trust is prioritizing its funding to advance programs and policies that increase Black and Latine income and assets, increase Black and Latine homeownership and home equity, and increase neighborhood investment.

Given the findings in the *Color of Wealth in Chicago*, there is more work to be done in the region broadly. Targeted programs help, but eliminating the wealth inequities will require multi-sector systems and policy change. Building up neighborhoods and communities in all corners of the region ensures that a family's foundational assets — their homes and businesses — return value to both the individual and the community. Without this wholesale investment, the entire region suffers. As the proverb says, if you want to walk fast, go alone. If you want to walk far, go together.



RESEARCH FUNDERS

