

CHAPTER 4 APPENDIX
Literature Review Table

Table 4.A.1. Empirical Studies of Determinants of Asset Building

Author	Data source	Sample/study population	Method	Outcomes analyzed	Key explanatory variables	Findings	Author's principal conclusions
Aizcorbe, Kennickell, and Moore 2003	1998, 2001 Survey of Consumer Finances (SCF)	Full sample (About 4,000 households in each year)	Descriptive	Motives for saving, ownership, value of various assets	Income, education, race	(1) Most common saving motives are retirement, "liquidity" (i.e., precautionary), education, and purchases. (2) Ownership and value of assets increase with income. (3) Most common reasons for not having a checking account were "don't write enough checks to make it worthwhile," "don't like dealing with banks," and "don't have enough money."	Not applicable
Ameriks et al. 2004	2003 data from new survey, combined with data from 2000 Survey of Participant Finances, 2001 Survey of Financial Attitudes and Behaviors	1,444 TIAA-CREF participants (sample very highly educated)	Multivariate	Net worth, liquid assets, nonliquid assets	Self-control (survey had hypothetical questions about ideal and expected actual use of free "dream dinners" over two years; overconsumption = using too many in year 1; underconsumption = using too few in year 1)	Many had problem of underconsumption, not overconsumption. Overconsumption is associated with lower net worth, underconsumption with higher net worth. Effect of self-control is greater for liquid assets than for nonliquid. "Conscientious" people have smaller self-control problems in either direction.	At least one broad personality characteristic—"conscientiousness"—seems to affect asset accumulation.
Anderson, Zhan, and Scott 2004	Financial Links for Low-Income People (FLLIP) in Illinois	Low-income people	Descriptive	Financial knowledge of low-income individuals	Not applicable	(1) Financial knowledge levels of low-income people are low, especially on savings and investments, and public and work-related benefits. (2) Choices of financial-training models can impact characteristics of participants.	Not applicable
Ashraf, Karlan, and Yin 2006	Survey, administrative data, including account data	About 900 current customers of bank in Philippines	Descriptive	Take-up of restricted savings account, saving	Not applicable	28% of those eligible opened a restricted account, even without a financial incentive. Those who were eligible increased savings more than those who were not.	Not applicable
Banov 2005	American Dream Demonstration (ADD)	1855 ADD participants with data on health insurance	Multivariate	6 indicators of individual development account (IDA) "success"	Health insurance; medical debt	Health insurance is significantly and positively related to average monthly net deposits and to cumulative gross deposits. Medical debt is significant related to all outcomes.	Health insurance facilitates saving. Medical debt is a barrier to saving.
Barrow and McGranahan 2000	1982 Merrill Lynch, 1996 Current Employment Statistics (CES)	Nationally representative consumer units	Multivariate	Expenditures on durable goods (household furnishings and equipment, electronics, vehicles)	Calendar month	Among earned income tax credit (EITC) recipients, there was an increase in expenditures on durable goods in February, the modal month of refund receipt.	EITC is often used to purchase durable goods.
Bayer, Berheim, and Scholz 1996	1993, 1994 KPMG Peat Marwick Retirement Benefits Survey	Private and public employers with at least 200 employees	OLS	Participant rates and contribution rates of retirement savings	Retirement seminars by employers	(1) Both participation in and contributions to voluntary savings plans are significantly higher when employers offer retirement seminars. (2) Effect is typically much stronger for employees not highly compensated. (3) Frequency of seminars is important.	Not applicable

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Author	Data source	Sample/study population	Method	Outcomes analyzed	Key explanatory variables	Findings	Author's principal conclusions
Belsky and Duda 2002	Case-Schiller weighted repeat sales indexes (information on purchase and sale of matched pairs of single-family homes)	Matched pairs of housing transactions in Boston, Chicago, Denver, and Philadelphia (homes both purchased and resold between 1982 and 1999)	Descriptive	Gain/loss on resale of home	Purchase price of home and years held	Owners of low-cost homes more likely than owners of mid-cost and high-cost homes to sell at profit during market upswings and less likely to suffer losses when selling during market downturns.	Homeownership is risky, but it is less risky for low-income homebuyers. Market conditions have a large impact on rate of return.
Bernheim 1998	1993, 1994 household surveys by Merrill Lynch	Individuals age 29–47 (baby boom cohort)	(1) Probit (2) OLS	Economic knowledge, financial knowledge, retirement savings	(1) For knowledge: demographic factors; (2) for retirement savings: financial knowledge and employer-based financial education	(1) Higher earnings and education are positively related to economic and financial knowledge. (2) Financial knowledge and financial education by employers are positively related to retirement savings.	Not applicable
Bernheim and Garrett 2003	1993, 1994 household surveys by Merrill Lynch	Individuals age of 29–47 (baby boom cohort)	(1) Probit (2) median regression analyses	Household and retirement savings	Employer-based retirement education	Employer-based retirement education positively influences household financial behavior. Effects are particularly pronounced among those least inclined to save.	Not applicable
Bernheim and Scholz 1993	SCF	1,300 married couples with working-age and employed husband	Multivariate	Wealth-to-wage ratio	Education (proxy for permanent income) and pension coverage	Pension eligibility does not affect asset trajectories for households without a college education.	"Private pensions displace personal wealth accumulation only when the head of the household is college educated."
Bernheim, Garrett, and Maki 2001	1995 household surveys by Merrill Lynch	National representative sample of respondents ages 30–49	OLS	Rates of savings, net worth	Whether exposed to high school financial-curriculum mandates and years since mandates	Mandates have raised subsequent asset accumulation when students reached adulthood; these effects appear to be gradual rather than immediate.	Not applicable
Bird and Hagstrom 1999	1984–1986 Survey of Income and Program Participation (SIPP)	Working-age (18–60) couples who were continuously married during the entire 24-month panel period and who had no imputed asset data. Households with self-employment income excluded.	OLS	Ln (total net worth), Ln (nonhousing net worth), Ln (liquid wealth)	Expected transfer income [probability of becoming poor * the maximum possible welfare benefits (food stamps and AFDC) in the state of residence], expected unemployment insurance benefit [probability of becoming unemployed * the maximum weekly state unemployment insurance benefit]	Expected transfer income has significantly negative coefficients on log nonhousing wealth and log liquid wealth but not on log net wealth. Expected Unemployment Insurance benefit has significantly negative coefficients on all three types of wealth measures.	Not applicable
Burman et al. 2004	1999 tax returns and supplementary records	About 130,000 tax returns	(1) Microsimulation (2) descriptive	Distribution of tax benefits for retirement savings	Income	In 2004, the top 20% of tax filing units received 70% of the tax benefits for defined contribution plans and 60% of benefits for individual retirement accounts (IRAs).	Tax benefits for retirement savings disproportionately benefit higher-income groups.
Carroll and Samwick 1997	1981–1987 Panel Study of Income Dynamics (PSID)	Full sample	(1) Cross-tabs between forms of wealth and estimates of income uncertainty (2) comparison of simulation results with cross-tabs	Simulated distributions of age-wealth profiles	Occupation, education, industry, and age	Consumers who face greater income uncertainty hold greater wealth. Both transitory and permanent shocks predict levels of household wealth. The degree of precautionary savings depends on the assumed rate of time preference.	Until about age 50, households mostly do precautionary saving. After age 50, they mostly save for retirement.

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Author	Data source	Sample/study population	Method	Outcomes analyzed	Key explanatory variables	Findings	Author's principal conclusions
Case and Maryanchenko 2002	Case-Schiller weighted repeat sales indexes, American Housing Survey	Matched pairs of single-family homes in Boston, Chicago, Los Angeles (time period varies by MSA)	Descriptive	Change in home value over time, home equity accumulation	Income	Change in equity varied substantially depending on location and time period examined.	Homeownership can be a good or bad investment depending on timing of purchase, local housing market, and conditions in the regional economy. Cannot make blanket statement that homeownership is a good or bad strategy for helping low-income households accumulate wealth.
Caskey 1997	In-depth interviews	30 low- to moderate-income black and Hispanic households in Mississippi and San Jose, CA	Inductive	Financial attitudes and behaviors	Not applicable	Some did not save because social network members would insist they share their savings.	Not applicable
Caskey 2001	SCF, survey conducted by author	Unbanked individuals	Descriptive	Characteristics of the unbanked, reasons for the unbanking, an outreach strategy to bring the unbanked to the banking system	Not applicable	Special branch offices or "outlets" can help bring the unbanked to the banking system.	Not applicable
Charles and Hurst 2002	1991–1996 PSID	Households ages 20–60 who were renters in 1991 and present every year between 1991 and 1996	(1) Descriptive (2) multivariate	Differences in the likelihood that black and white families become homeowners	Race, income, marginal tax rate, neighborhood location, parental assistance, and parental wealth	Beginning with a sample of 1991 renters, whites were much more likely than blacks to become homeowners by 1996 (32% vs. 13%). Two reasons are (1) blacks' mortgage applications were more than 73% more likely to be rejected than whites', and (2) blacks were also less likely to apply for mortgages in the first place.	Two possible sources of discouragement for black renters in the mortgage application process are (1) anticipated differential treatment and (2) less assistance from parents and family members.
Chiteji and Hamilton 2005	1994 PSID	1,700–3,000 middle-class families	(1) Descriptive (2) multivariate	Bank account ownership, stock ownership, net worth	Parental poverty, sibling poverty	(1) Parental poverty reduces the probability of account and stock ownership. (2) Sibling poverty reduces wealth and the probability of account ownership. (3) Controlling for family poverty consistently reduces the effect of race on outcomes.	Poverty in the extended family may be a constraint on asset accumulation, and this may partly explain why blacks tend to have less wealth than whites.
Choi et al. 2002	Survey, administrative data on 401(k) participation	Unspecified number of employees at one U.S. firm who attended a one-hour financial education seminar	Descriptive	Planned and actual financial behavior	Not applicable	14% of those who said they planned to enroll in the 401(k) plan actually did so. 30% of those who said they planned to increase their contribution rates actually did so.	Financial education does not substantially increase 401(k) savings.
Clancy, Grinstein-Weiss, and Schreiner 2001	Data from ADD	Low-income people	Heckman two-step regression	Frequency and average amount of deposits into IDAs	Financial education, other program factors, participant characteristics	Financial education was positively related to savings outcomes up to 12 hours.	Not applicable

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Author	Data source	Sample/study population	Method	Outcomes analyzed	Key explanatory variables	Findings	Author's principal conclusions
Conley 1999	1984–1994 PSID	1984 households and their children	OLS	Adult children's education, labor market participation, wages, welfare receipt, premarital childbearing, and net worth	Parental net worth	Racial differences are no longer significant or dramatically lessen once parental wealth is added to the equation. When specifically looking at net worth among young adult respondents, only parental net worth is a statistically significant predictor (with parental income and respondent being a female head of household significant at the $p < .10$ level).	Racial inequality is not primarily caused by the labor market (income), but rather differences in property holdings (mainly assets). Thus, policy discussions should be focused on rectifying wealth differences.
Consumer Federation of America 1990	Survey	1,139 from general U.S. population	(1) Descriptive (2) bivariate	Financial knowledge	Gender, age, ethnicity, education, income	The average participant answered only 54% of the items correctly. The average score for participants with income under \$15,000 was 45%. The average score for those with income between \$15,000 and \$24,999 was 52%.	Not applicable
Danes and Haberman 2004	Survey	About 5,300 students who participated in NEFE's High School Financial Planning Program; sample for 3-month follow-up included 324 students	Retrospective pretest	Knowledge, behavior, self-efficacy	Not applicable	Students reported significant increases in financial knowledge, behavior, and confidence. Almost all improvements were maintained at the 3-month follow-up.	Not applicable
Duflo and Saez 2003	University administrative data and 403(b) enrollment records	6,200 university employees not enrolled in 403(b)	(1) Experimental design (2) OLS	Enrollment in 403(b)	Benefit-fair attendance, social interaction	(1) Decisions about savings can be affected by small incentives or peer influence. (2) In the presence of social interactions, people do not have to be offered an incentive themselves; their social interaction with those who have been offered an incentive is enough to get them to participate.	Generally, individuals do not optimally seek out and process available information. The increase in account contributions generated by this experiment of offering incentives for attending a benefit fair outweigh the costs, but the effect is trivial compared with changing default enrollment rules.
Duflo et al. 2005	Tax returns and other administrative records from H&R Block	Over 14,000 tax prep clients in St. Louis	(1) Experimental design (2) descriptive (3) multivariate	IRA take-up rates, contributions	Match rate, tax preparer	Take-up rates and contributions varied by match rate. Take-up rates varied by tax preparer.	Match rates can have large effects on IRA take-up rates and contributions.
Edin 2001	Qualitative data collected by the author	Low-income single mothers in Chicago and Charleston, SC ($N = 198$), noncustodial low-income fathers in Philadelphia ($N = 180$)	(1) Qualitative (2) in-depth interview	Types of assets held by single parents and the effects of these assets	Not applicable	(1) The accumulation of assets over the life course is largely dependent upon having an income surplus, along with the belief and faith that one's income will remain relatively stable from one month to the next. (2) Some low-income parents view refunds differently than wage income. Some choose not to receive the EITC in advance in order to accumulate a lump sum.	Not applicable

Table 4.A.1. Empirical Studies of Determinants of Asset Building (continued)

Author	Data source	Sample/study population	Method	Outcomes analyzed	Key explanatory variables	Findings	Author's principal conclusions
Engen and Gruber 2001	1984–1986, 1987, 1989 SIPP	Households whose heads were 25–64 with nonself-employment earnings in the wave prior to the wealth survey, whose heads' marital statuses did not change, and which had nonmissing (nonimputed) values for wealth data ($N = 24,904$)	Robust regression	Gross financial assets	Expected Unemployment Insurance (UI) benefit replacement rate (based on state-year variation in UI benefits)	UI benefit replacement rate has a significantly negative association with gross financial assets. Reducing the UI benefit replacement rate by 50% is estimated to increase the average household's financial asset-to-income ratio by 14%.	The precautionary motive is an important determinant of individual savings behavior.
Finn, Zorita, and Colton 1994	In-depth interviews	20 women living in extreme-poverty neighborhoods	Inductive	Perceptions of assets	Not applicable	Cars were perceived as assets but also drained resources.	Not applicable
Gale and Scholz 1994	1983, 1986 SCF	Full sample (2,822 households, including 359 in the high-income sample)	Descriptive	Net worth	Inter vivos, inheritances	Intended family transfers and bequests are estimated to account for 51% of current U.S. wealth. Of the 51%, intended family transfers account for 20% and bequests account for 31%. An additional 12% was acquired through the payment of college expenses by parents. Consequently, approximately two-thirds of the net worth that individuals acquire comes through family transfers.	Intended transfers are an important source of wealth.
Gittleman and Wolff 2004	1984, 1989, 1994 PSID	Households where head stays the same, trimming the top and bottom 1% of wealth-appreciation distribution	(1) Descriptive (2) multivariate (3) simulation	Inheritances, saving rates, rates of return (for blacks and whites)	Race	Savings and inheritances tend to raise the rate of wealth accumulation for whites relative to blacks. For this period, rate of return to capital was higher for blacks.	Blacks would have gained more ground relative to whites if they inherited similar amounts, had comparable income and similar portfolio composition and, controlling for income, no racial differences in savings behavior. However, even with extreme changes to achieve parity with whites in terms of rates of wealth accumulation, racial gaps in wealth would remain for long periods.

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Author	Data source	Sample/study population	Method	Outcomes analyzed	Key explanatory variables	Findings	Author's principal conclusions
Glaeser and Shapiro 2002	1998 SCF	Not described	Descriptive	Share of itemizers by income, share of itemized income by income	Income group	Low-income Americans rarely itemize. Only 13% percent of homeowners in the bottom 40% of the income distribution itemize. Almost 50% of people in the top decile itemize, whether they are homeowners or not.	Home mortgage interest deduction is poor instrument for encouraging homeownership because it benefits the wealthy, who are almost always homeowners.
Gruber and Yelowitz 1999	1984–1993 SIPP, 1984–1993 Consumer Expenditure Survey (CEX)	Households headed by those ages 18–64 and without members over 65	Instrumental variables regressions	SIPP: Ln (Net worth) having positive net worth, CEX: Ln (total nondurable, nonmedical consumption)	Expected Medicaid-eligible dollars (probability of becoming Medicaid eligible * area/age/sex-specific mean medical spending), Medicaid-eligible dollar * existence of asset test	(1) Significantly negative coefficients of expected Medicaid dollars on probability of having positive net worth and amount of net worth; significantly positive coefficient of expected Medicaid dollars on consumption. (2) Interaction term has a significant coefficients in all three regressions. (3) Coefficient size of interaction term is twice expected Medicaid dollars in net worth regression, suggesting that an asset test "more than doubles the wealth reduction attributable to expanding Medicaid eligibility".	Not applicable
Hao 1996	National Survey of Families and Households (NSFH)	White, black, Hispanic families with children 18 or younger	OLS	Net worth	Family structure, private transfers, interactions of family structure and private transfers	(1) Marriage is a wealth-enhancing institution. (2) Private transfers promote family net worth. (3) Marriage reinforces the promoting effect of private transfer on family wealth.	Not applicable
Heflin and Patillo 2002	National Longitudinal Survey of Youth (NLSY)	7,573 white or African American individuals age 14–21 in 1978	(1) Descriptive (2) logistic regression	Account ownership and homeownership in 1994	Race, sibling poverty, parental poverty	Families were less likely to have bank accounts when they had poor siblings and parents. White families were less likely to own homes when they had poor siblings and parents.	Demands from disadvantaged network members may decrease resources (even to the point that households do not have enough to justify owning an account).
Heflin and Patillo 2006	1998 NLSY 1979 Cohort	7,573 white or African American individuals age 14–21 in 1978	(1) Descriptive (2) logistic regression	Likelihood of having siblings across socioeconomic lines	Race, sibling poverty	Middle-class African Americans are more likely than middle-class whites to have poor siblings (40% vs. 16%). African Americans are less likely than whites to have siblings that cross class lines in beneficial ways.	When examining social stratification from a perspective that looks beyond individual achievement to include social networks, African Americans face greater disadvantage.
Hilgert, Hogarth, and Beverly 2003	Supplement to Nov. and Dec. 2001 Survey of Consumers	1,004 households, representative of contiguous U.S.	Descriptive	4 indices of financial behavior (cash-flow management, credit management, saving, and investment)	Financial knowledge	There was a positive association between overall financial knowledge and following recommended financial practices. There were also positive associations between specific types of financial behavior and specific types of financial knowledge.	Financial education (combination of information, skill-building, motivation) may improve financial behavior.
Hirad and Zorn 2002	Freddie Mac's Affordable Gold Program	Low-income (100% or less of area median income) borrowers for homeownership	Comparisons of means between treatment and control groups	Borrower's delinquency rates for low-income individuals	Prepurchase homeownership counseling, administrative and delivery mechanisms	(1) Homeownership counseling can reduce the delinquency rates of borrowers. (2) In particular, counseling conducted in a classroom or individual setting is effective, while home study or telephone counseling is not effective.	Not applicable

Table 4.A.1. Empirical Studies of Determinants of Asset Building (continued)

Author	Data source	Sample/study population	Method	Outcomes analyzed	Key explanatory variables	Findings	Author's principal conclusions
Hogan et al. 2004	Qualitative data from in-depth interviews	25 working IDA holders in Minnesota; all had income between 100 and 200% of poverty level and had at least 1 child	Analytic induction	Financial vulnerability, Personal attributes, Social support, Resource management strategies	Not applicable	Financial crises make saving difficult. Support from friends, family, and organizations helped some cope with crises and so helped them save. Some families are very committed to saving, very resourceful in efforts to save.	Financial vulnerability is a barrier, but decisionmakers should not assume that very low-income households cannot save.
Hogarth and Lee 2000	SCF	Low- to moderate-income households (with incomes at 80% of the regional median or less)	Descriptive	Financial portfolios of poor households, uses of various types of financial institutions	Not applicable	Compared to all U.S. households, low- to moderate-income households are less likely to hold financial products.	Not applicable
Hogarth, Anguelov, and Lee 2005	1989, 1992, 1995, 1998, 2001 SCF	Sample sizes from about 3,000–4,500 households	(1) Descriptive (2) logic regression	Whether household had transaction account	Income group, net worth, education, and race/ethnicity	Account ownership increased between 1989 and 2001. All listed explanatory variables were significantly associated with banked status. The largest effects were found for income, net worth, and education.	Policies that support employment, income, and asset accumulation will encourage participation in the mainstream financial system.
Hubbard, Skinner, and Zeldes 1995	1984 PSID	Full sample	Model simulation with parameters derived from the PSID, comparing outcomes with PSID aggregates	Simulated distributions of age-wealth profiles	Minimum guaranteed consumption floor by government programs (\$1,000 vs. \$7,000)	The simulated wealth pattern with a \$7,000 consumption-floor assumption generally predicts wealth accumulation patterns across education groups.	Low wealth accumulation can be explained as a utility-maximizing response to asset-based, means-tested welfare programs.
Hurst and Ziliak 2006	1994–2001 PSID	Households where the head was ages 18–44 in 1994, had less than 16 years of education, remained in the sample continuously from 1994–2001, did not change marital status from 1994–2001, and did not have missing values for wealth in either 1994 or 2001	Difference-in difference (OLS, robust regressions)	Change in liquid asset between 1994 and 2001, change in net worth between 1994 and 2001, vehicle ownership, homeownership, and checking account	State asset limits on liquid asset and vehicle asset in 2001	(1) No significant effect of relaxed liquid asset limit on liquid assets. (2) No significant effect of relaxed liquid asset limit on homeownership, checking account ownership, stock ownership, and business ownership. (3) Statistically positive effect of relaxed liquid assets.	Not applicable
Jayakody 1998	PSID, its 1988 Time and Money Transfers file supplement	4,965 black and white families for which either the head or spouse has at least 1 living parent	(1) Descriptive (2) multivariate regression	Receipt of financial assistance from parents, amount of money received	Income, race, family structure	Overall, there is no race difference in the likelihood of receiving financial assistance when other variables are controlled. In subgroup analyses, whites are more likely to receive assistance only in the low-income group (less than \$15,000).	Black kin networks may be inadequate to mitigate the financial strain faced by low-income households. Not all families can step in and provide assistance to less well-off kin.

Table 4.A.1. Empirical Studies of Determinants of Asset Building (continued)

Author	Data source	Sample/study population	Method	Outcomes analyzed	Key explanatory variables	Findings	Author's principal conclusions
Keister 2003	1985–1998 NLSY 1979 cohort	4,950 respondents in nationally representative sample	(1) GLS (2) optimal matching	Household net worth	Religious affiliation and participation	Significant positive relationship between Jewish affiliation and wealth ownership. Significant negative relationship between conservative Protestant affiliation and wealth ownership. No significant relationship between Catholic or mainline Protestant affiliation and wealth ownership.	Not applicable
Kesiter 2004	1985–1998 NLSY 1979 cohort	3,053 respondents in nationally representative sample	GLS	Household net worth	Childhood family size and incidence of family disruption	(1) Larger families have fewer resources for educational attainment and inheritance, leading to lower net worth in adulthood. (2) Incidence of family disruption during childhood leads to lower net worth in adulthood.	Not applicable
Kempson, McKay, and Collard 2005	Surveys and in-depth interviews of participants in Saving Gateway pilot project	Low-income individuals in areas of England who chose to participate in matched-savings program—1,030 completed baseline survey, 539 completed follow-up survey, about 30 completed in-depth interviews	Descriptive	Perceptions of saving program, sources of saving	Not applicable	1:1 match was main reason many opened accounts. Participants liked that they had to keep money in account for 18 months to maximize match. They were not in favor of restrictions on use of match money. It was uncommon for participants to borrow or transfer money from other accounts to make deposits. However, the money used to make deposits may have been saved (formally or informally) even in the absence of this program.	Not applicable
Kennickell, Starr-McCluer, and Sundén 1997	Focus group	8 Chicago residents with high income and/or high wealth	Descriptive	Not applicable	Not applicable	Several participants mentioned the need to keep money "out of reach" to avoid spending it.	Saving requires self-control.
Kotlikoff and Bernheim 2001	1993 survey of nationally representative sample of individuals between 29 and 47 years old	1,209 individuals completed wave 1, with questions about intended and actual saving and financial attitudes; 806 completed wave 2, with questions about financial knowledge	(1) Multivariate (2) instrumental variable regression	Ratio of retirement savings to earnings (variables self-reported)	Financial knowledge	Financial knowledge was positively associated with retirement savings.	Increasing financial knowledge will increase retirement savings.
Lusardi 2002	Health and Retirement Study (HRS)	About 3,000 U.S. households with financial respondent age 50–61	(1) Multivariate (2) controls for several variables that may proxy for individual characteristics associated with greater saving	Financial net worth, total net worth	Attended employer-sponsored retirement seminar	Attending retirement seminars has a large positive effect on wealth for low-wealth and low-educated groups, but not for higher-wealth and higher-educated groups.	Providing information and reducing planning costs (e.g., through retirement seminars) may facilitate asset accumulation.
Lusardi and Mitchell 2007	1992 and 2004 HRS	2,635 early baby boomers (born 1948–1953) and 4,580 members of earlier cohort	(1) Descriptive (2) probit (3) multivariate	Net worth/wealth	Cohort, retirement planning	People who planned for retirement savings have more wealth than those who did not. People are more likely to achieve goals if they develop concrete plans for action rather than simply desire to accomplish something.	Not applicable
Madrian and Shea 2000	Administrative data on 401(k) participation	Several thousand employees under age 65 in one large U.S. firm	(1) Natural experiment (2) descriptive analysis	401(k) participation and allocation	Automatic enrollment in 401(k) plan	Participation in 401(k) plan was significantly higher after the firm began automatic enrollment. Participants were also likely to stay with the default contribution rate and allocation.	The "power of suggestion" can produce large changes in saving behavior.

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Author	Data source	Sample/study population	Method	Outcomes analyzed	Key explanatory variables	Findings	Author's principal conclusions
Mayer and Engelhardt 1996	1988, 1990, 1993 Chicago Title and Trust Company survey of recent homebuyers	A random sample of about 1,300 first-time homebuyers, collected in 18 major U.S. cities	(1) Descriptive (2) multivariate	Gift amount as percent of down payment	Income, median home price in city	Between 1985 and 1993, the average number of years that households saved for down payments increased, the average down payment as a percent of purchase price decreased, and the percent of down payment coming from personal savings decreased. For recipients, the average gift equaled 51% of total down payment.	Home ownership is becoming less affordable for first-time buyers.
Menchik and Jianakoplos 1997	1976 NLS of Mature Men, 1989 SCF	NLS: men ages 45–59 in 1966 who remained in the sample in 1976; SCF: full sample	(1) Descriptive (2) OLS	Receipt of inheritance and the relevance of this factor in explaining racial differences in household wealth	Race, income, age, inheritance, asset composition, rate of return on assets, and value of private pensions	Whites in both samples were more likely to have received an inheritance and to expect to receive an inheritance in the future. In addition, inheritances are estimated to significantly increase household wealth. Although differences in permanent income explain more variance, racial differences in inheritance can explain 10%–20% of the average racial differences in household wealth in 1989.	Racial differences in wealth among current households reflect in part the influence of prior generations.
Milligan 2003	Administrative data	Random sample of about 42,000 Canadian tax filers	(1) Natural experiment (2) multivariate analysis	Contributions to Canadian tax-preferred retirement savings account	Contribution rules	Controlling for censoring of desired saving at the match cap, a \$1 increase in the match cap is associated with a 50 cent increase in saving.	Not applicable
Moore et al. 2001	Survey	About 300 participants in 6 IDA programs	(1) Descriptive (2) bivariate (3) multivariate	Sources of savings	Not applicable	92% of IDA participants said they liked the restrictions on withdrawals. Sizeable percentages said they had increased their work efforts and reduced consumption because they had IDAs. Smaller percentages said they financed deposits with debt or were less likely to save in other forms because they had IDAs. 82% said it was difficult to save because most of their money went to necessities.	Economic resources affect saving outcomes. IDA participants were willing to alter consumption patterns to save in IDAs.
Nam and Kam 2005	1994, 2001 PSID	Household heads 18–57 years old who had 15 or fewer years of education in 1994, maintained the same marital status, lived in the same state, were not in school, and did not have work-limiting health conditions throughout the observation period (1994–2001)	Difference-in difference (median regression, robust logic regression)	Changes in liquid assets from 1994–2001, vehicle ownership in 2001	State asset limits on general, special, and vehicle assets in 2000 and years since new asset limits were introduced	The earlier a state raised its asset limit on general accounts, the more likely female-headed households with children were to accumulate liquid assets between 1994 and 2001. Among those who were able to save, the amount of saving was significantly higher for those who lived in states that allowed special accounts with high asset limits early. The longer new asset limits have been in place, the more likely female-headed households with children, relative to the nontarget population, were to own a vehicle and to own a vehicle above the previous value limit of \$1,500.	Not applicable
Neumark and Powers 1998	1983–1986 SIPP (1984 panel)	Male householders age 60–64	Difference-in difference (median regression)	Saving (change in net wealth excluding housing between waves 4 and 7)	Maximum state Supplemental Security Income (SSI) benefit in 1985	Significantly negative coefficient of SSI benefit level on saving.	Not applicable
Nyce 2005	Administrative data on 401(k) participation, survey data describing financial communication of firm	More than 306,000 employees of 48 firms that offer 401(k)s (only 26 of these firms completed a survey describing their 401(k) plan)	(1) Descriptive (2) multivariate	401(k) participation and contributions	Nature of financial communication	Financial communication is significantly and positively related to 401(k) participation, especially for low earners. Financial communication is positively associated with contribution rates.	Firms can encourage 401(k) savings by improving financial communication.

Table 4.A.1. Empirical Studies of Determinants of Asset Building (continued)

Author	Data source	Sample/study population	Method	Outcomes analyzed	Key explanatory variables	Findings	Author's principal conclusions
Olson and Davis 1994	In-depth interviews	30 low-income women in Chicago	Inductive	Perceptions of EITC	Not applicable	Some women thought about refunds differently than wage income. Some were not interested in the advance-payment option. They wanted to accumulate a lump sum for special purposes.	Not applicable
Powers 1998	1978–1983 NLS of Young Women	229 female heads of household whose marital status did not change between 1978 and 1983	Robust regression	Change in total net wealth (excluding vehicle value) between 1978 and 1983	Change in state asset limits from 1978–1983	Significantly positive coefficient of asset limit (about 0.25) on assets.	Not applicable
Purcell 2006	SIPP 2001 panel, wave 7	29,000 U.S. households	Descriptive	Participation in and contributions to retirement savings plans	Income, race, gender	People earning less than \$2,000 a month were less likely to be offered and to participate in retirement savings plans than were people earning \$5,000 or more a month. Whites and males have higher take-up rates for retirement savings plans than do African Americans and women.	Not applicable
Reid 2004	PSID	5,300 renters who had not owned a home in past 5 years	(1) Descriptive (2) multivariate	Home ownership status, value of home, home equity	Income, race	(1) Among low-income renters, whites, married couples, professionals, and those with at least a high school degree were more likely to buy homes. (2) Many homeowners, especially low-income and minority, return to renting. (3) Financial returns to homeownership were very small for low-income minorities, low-income whites, and middle-income minorities. Still, housing wealth is essentially the only asset for many low-income minority homeowners and some do experience appreciation. (4) Experiencing a divorce is one of the most important factors in the transition from owning to renting, regardless of race or income.	(1) Homeownership disproportionately benefits white and middle- and upper-income households. (2) Increasing homeownership among blacks will not substantially reduce the racial wealth gap. (3) Homeownership is an incredibly fluid category, with many families moving in and out of homeownership several times over the course of their lives.
Romich and Weisner 2000	In-depth interviews	42 families randomly selected from families who volunteered for an antipoverty program in Wisconsin	Inductive	Perceptions and use of EITC	Not applicable	Some view and use refunds differently than wage income. Some prefer a lump sum over the advance-payment option.	The preference for a lump sum is consistent with behavioral economic theory.
Sarkisian and Gerstel 2004	1992–1994 NSFH	9,200 black and white households	(1) Descriptive (2) multinomial logistic regression	Gender and class differences in kin support among blacks and whites	Race, income, wealth, education, employment status, employment hours, occupation, public assistance (structural variables)	Whites report greater financial and emotional kin support while blacks are involved in more practical help (transportation, household work, and child care). Black men and white men are very similar while significant differences exist between women.	Many racial differences in kin support can be explained by structural and class differences.
Schmidt and Sevak 2004	PSID	A nationally representative sample of households	(1) OLS (2) quantile regression	Net worth	Family structure, gender, other demographic and socioeconomic variables	After controlling for other demographic and socioeconomic factors, the net worth of married couples is higher than other family types, and single females have the least wealth holdings. However, the wealth gaps by gender and family types may emerge later in life.	Not applicable
Schoeni 1997	1988 PSID with supplement on private interhousehold transfers	About 6,000 individuals age 20–80	(1) Descriptive (2) multivariate	Interhousehold transfers of money and time in 1987	Age, income, home purchase	Home purchase in the past year was positively associated with the receipt of money and time help.	Not applicable

Table 4.A.1. Empirical Studies of Determinants of Asset Building (continued)

Author	Data source	Sample/study population	Method	Outcomes analyzed	Key explanatory variables	Findings	Author's principal conclusions
Schoeni and Ross 2005	PSID (1988 with Special Time and Money Transfers Supplement)	6,661 young adults 18–34, including 4,848 who were heads of household or	(1) Descriptive (2) synthetic cohort approach	Total amount of material assistance (housing, food, educational expenses, or IDA saving)	Parents' economic status when they were 10–15 years old	(1) Young adults receive about \$38,000 in material assistance (housing, food, support for educational expenses, or cash) throughout transition to adulthood (from 10 to 24 years old).	More research is needed to determine if material assistance, or some other family mechanism, leads to more successful
Schreiner and Sherraden (2007).	Administrative data from ADD	Over 2,000 participants in 14 IDA programs	(1) Descriptive (2) multivariate		Match rate, match cap	Participants who were eligible for higher match rates were more likely to be "savers" but had lower monthly net savings. When both of these effects are considered, higher match rates increased average saving. Higher match caps were associated with greater saving. Net IDA deposits increased substantially during tax season.	Higher match rates increase inclusion. Many IDA participants were saving for fixed goals.
Schreiner et al. 2001	Administrative data from ADD	Over 2,000 participants in 14 IDA programs	(1) Descriptive (2) multivariate	Sources of IDA deposits	Not applicable	Many participants had no or very low liquid assets at enrollment. Most had too few liquid assets to fund all of their IDA deposits.	IDA deposit comes from both new savings and shifted assets.
Shapiro 2004	Qualitative data from in-depth interviews, SIPP, PSID	In-depth interview sample of 200 poor to middle-class families with school-age children in Boston, Los Angeles, and St. Louis	Descriptive	Receipt of transfer or financial assistance, effects of transfer/financial assistance	Race	(1) Sizable inheritances and inter vivos gifts can give young families a "head start" (e.g., home purchase in neighborhood with good schools). (2) Whites are more likely than blacks to receive sizable transfers. (3) Families with assets are able to acquire high-quality education for their children, and their education can transfer their economic advantages to their children.	Transfer of "transformative assets" perpetuates inequality.
Sherraden et al. 2005	In-depth interviews	59 IDA participants in Oklahoma, plus 25 non-IDA participants	Inductive	Perceptions of saving and IDA program, sources of saving	Not applicable	The match was a primary reason for opening IDAs. Some participants like restrictions on withdrawals, and restrictions may be translated into goals. Direct deposit and encouragement from IDA staff helped some participants save. Medical expenses and vehicle breakdowns made saving difficult.	Not applicable
Smeding, Phillips, and O'Connor 2000	Survey	650 tax units with children, living in Chicago and expecting to receive a federal refund and EITC benefits	(1) Descriptive (2) bivariate	Planned use of tax refund	Not applicable	Paying bills was the most common planned refund use. One-half said they planned to save some or all; 22% planned to purchase or repair a car.	Families plan to use EITC refunds for immediate consumption and for investments in longer-term well-being.
Stack 1974	Observation, in-depth interviews	Individuals and families in one midwestern, urban, low income, black community in the 1970s	(1) Descriptive (2) inductive	"Survival strategies"	Not applicable	Frequent demands from social-network members made it difficult for blacks to accumulate assets.	Not applicable
Sullivan 2006	1992–1999 SIPP (1992, 1993, 1996 panels)	Single mothers with a high school degree or less, single mothers and single women without children (comparison group) with a high school degree or less	(1) Probit (2) OLS (3) difference-in-difference	Vehicle ownership, vehicle equity, liquid assets	Vehicle asset limit, liquid asset limit	The relaxed vehicle limit significantly increases vehicle ownership among single mothers. The increased asset limit has a negligible effect on vehicle ownership and liquid assets.	Not applicable
Tennyson and Nguyen 2001	1997 survey of high school students by Jumpstart Coalition for Personal Financial Literacy	High school students and teachers	OLS	Personal financial literacy	Curriculum mandates and required specific financial education course work	(1) Curriculum mandates, broadly defined, are not generally associated with financial literacy. (2) Students in states that required specific financial-education course work scored higher.	Not applicable

Table 4.A.1. Empirical Studies of Determinants of Asset Building (continued)

Author	Data source	Sample/study population	Method	Outcomes analyzed	Key explanatory variables	Findings	Author's principal conclusions
Thaler and Benartzi 2004	Administrative data	315 employees at midsize manufacturing company who were eligible for retirement savings plan	Descriptive	Contribution rates	Participation in SMarT plan (precommitment plan)	Those who precommitted to save most of their pay raises increased their average saving rate much more than those who agreed to try to increase their saving but did not arrange for automatic saving increases.	Inertia is powerful. Carefully constructed saving programs can increase saving.
Wilhelm 2001	Mid- to late-1980s PSID	Unweighted samples vary from about 4,000–6,000	Direct estimation	Inheritance, inter vivos gifts	Income, race, age, education, occupation	(1) Households in the highest permanent income quintile are much more likely to have received an inheritance than those in lowest quintile (28% vs. 13%). Average inheritance amount (conditional on receipt) varies dramatically by income (e.g., average for highest permanent income quintile is almost 5 times as high as average for lowest quintile). (2) Likelihood of receiving inter vivos gift does not vary that much by income. However, amount of gift (conditional on receipt) does increase with income.	A large share of wealth is traceable to intergenerational transfers. These transfers disproportionately go to higher-income families. However, a nonnegligible number of lower middle-income households receive sizeable transfers.
Wolff 2002	1989, 1992, 1995, 1998 SCF	Full sample (both core and high-income supplement)	Descriptive	Receipt of financial transfers, amount of transfers, present net value of all transfers in 1998 dollars	Race, income	20% of all households received a transfer in 1998. The proportion of non-Hispanic whites receiving a transfer was more than twice that of other groups (23.8% for whites, 10.8% for blacks, 4.2% for Hispanics, and 9.1% for Asian and other races).	Although poor households receive less in inheritances than nonpoor households, wealth transfers may reduce wealth inequality. This is because even a small gift to the poor may make up a huge portion of their wealth portfolio. Even though wealth inequality rose between 1983 and 1998, it might have been worse without the mitigating effects of gifts and inheritances.
Woo, Schweke, and Buchholz 2004	Microsimulation by Institute on Taxation and Economic Policy	Database of almost 750,000 tax returns and supplementary records	Simulation, using existing tax returns and government or other respected projections	Distribution of tax expenditures for mortgage interest and property tax deductions	Income group	Most benefits of mortgage interest and property tax deductions accrue to high-income taxpayers.	Federal policies disproportionately benefit those with the highest incomes and most assets.
Yamokoski and Keister 2006	1985–2000 NLSY 1979 cohort	6,111 respondents from nationally representative sample	Multivariate	Household net worth	Gender and marital status	Single men and women have less net worth than their married counterparts, especially if they have dependent children. Divorced mothers are especially disadvantaged in wealth accumulation.	Not applicable
Zhan, Anderson, and Scott 2006	Pretest and posttest survey of FLLIP participants	163 low-income (below or at 200% poverty level) people in Illinois	(1) Descriptive (2) multivariate	Pretraining financial knowledge, knowledge gains	For pretraining knowledge: participant characteristics; for knowledge gains: financial training program and participant characteristics	Single participants had better financial knowledge than married participants.	Not applicable
Ziliak 2003	1980–1991 PSID	1,210 male and female household heads ages 25–52 in 1980 who did not change marital status over the sample period (14,520 person-year)	(1) Generalized method-of-moments (GMM) (2) decomposition	Ln (liquid-wealth-to-permanent-income ratio), Ln (net-wealth-to-permanent-income ratio)	Permanent asset-tested transfer income (12-year average over observation period), permanent income not asset tested	(1) Permanent asset-tested transfer income and permanent transfer income not asset tested have significantly negative associations with liquid-asset-to-income ratio. The former has much larger effect on liquid asset accumulation. (2) Transfer income both asset-tested and not have a negative, but not statistically significant, effect on net-wealth-to-income ratio. (3) Decomposition results indicate that virtually all of the rich-poor liquid asset gap is attributable to differences in average characteristics, not differences in coefficients.	Not applicable

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