

WEALTH GAP REQUESTS

Create Economic Mobility by Reducing Wealth Inequality and the Racial Wealth Gap

Please speak directly to congressional leadership, particularly House (Speaker Paul Ryan, House Ways and Means Committee Chairman Kevin Brady and Ranking Member Sander Levin) or Senate (Finance Committee Chairman Orrin Hatch and Ranking Member Ron Wyden) leaders, urging them to **make reducing wealth inequality and the racial wealth gap a top priority, and use to tax time as key time to accelerate economic mobility.**

We Must Address Wealth Inequality through Government Policies

As the income inequality debate has gained traction over the last few years, the conversation has often ignored wealth inequality and the racial wealth gap. In 2013, the top one percent owned 40 percent of the nation's wealth and the bottom 40 percent owned almost nothing. Racial wealth disparities are particularly striking:

- In 2011, for every \$1 dollar that White Americans held in wealth, Black Americans held only 6 cents and Latino Americans held only 7 cents.
- In 2000, Native American median wealth was only 8.7 percent of *all* Americans' median wealth.
- A Black or Latino college graduate held less wealth on average than a White high school dropout in 2013.

Wealth inequality and the racial wealth gap in part was created by, and is now exacerbated by, discriminatory public policies and the federal tax system – and policies must focus on reducing the gaps.

Many Americans Close to Financial Crisis – Emergency Savings Matter

Millions of Americans are struggling, and are just one paycheck or emergency room visit away from financial crisis. According to CFED, 44 percent of American households don't have enough savings to stay out of poverty for more than three months if they lose their income – and this is even more striking when broken out by race and ethnicity (right). Building savings and assets is an integral part of poverty reduction. With savings, low-income children are more likely to go to college and move into the middle class as adults. Without savings and assets, low-income families are continually at risk of falling deeper into poverty when financial crises arise. Yet of the more than \$400 billion in tax incentives that promote asset-building, less than three percent benefit the bottom 40 percent of earners.

One strategy to remedy wealth inequality and build financial stability is to use tax time as a moment to build emergency savings. Tax policy should make it easy for all taxpayers to:

- Save at tax time, a key moment to build financial stability.
- Provide incentives for tax time savings to accumulate quickly through matched funds.
- Ensure we are protecting consumers.
- Allow workers to claim a part of their EITC early as an alternative to payday loans.

In addition, RESULTS supports efforts to create financial stability and economic mobility by working to rein in predatory lending, including payday loans. As Congress looks to enact tax reform in 2017 or beyond, **we must make reducing wealth inequality and the racial wealth gap a top priority, using tax time as a key time to accelerate economic mobility.**

