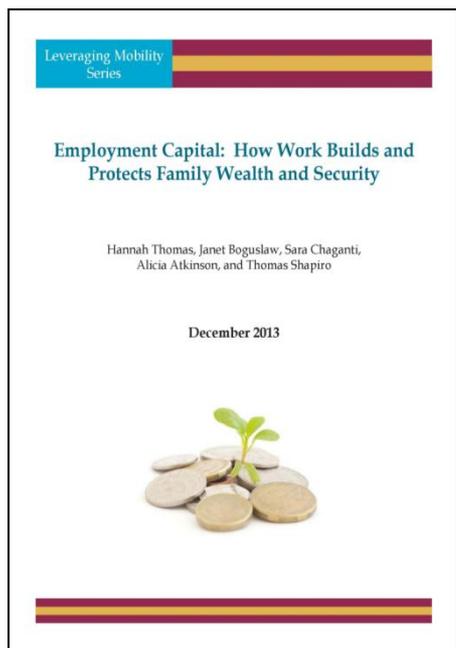


EMPLOYMENT CAPITAL: How Work Builds Wealth and Economic Security



Wealth Building and Protection in the Workplace

Asset Learning Conference
September 17, 2014

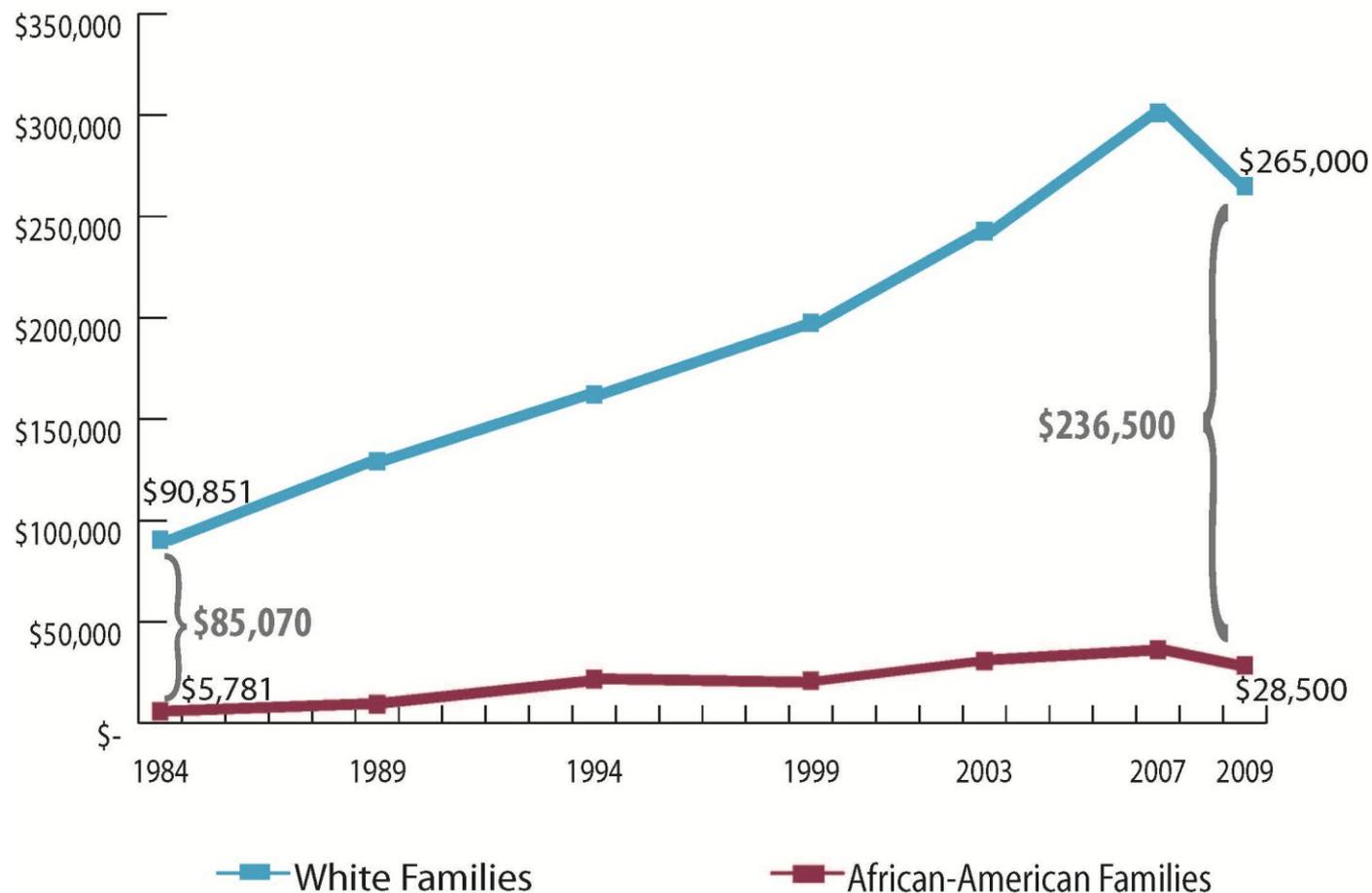
Janet Boguslaw
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Wealth

- Wealth – “pond” of financial resources
- Wealth is unevenly distributed

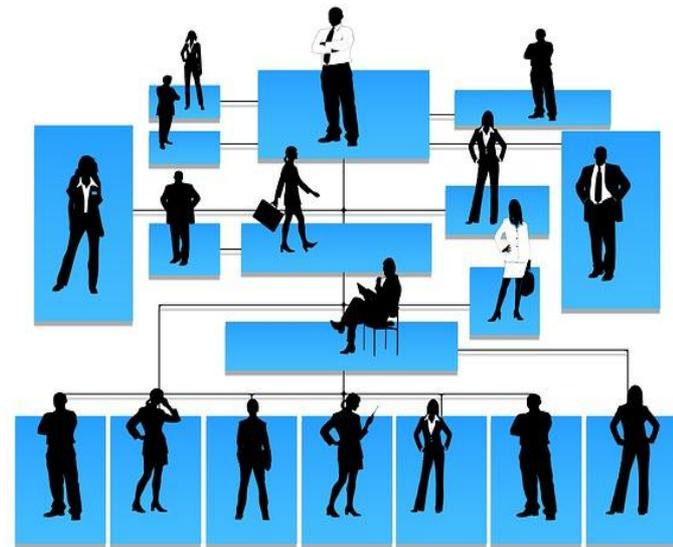


Figure 1 Median Net Worth by Race, 1984 - 2009

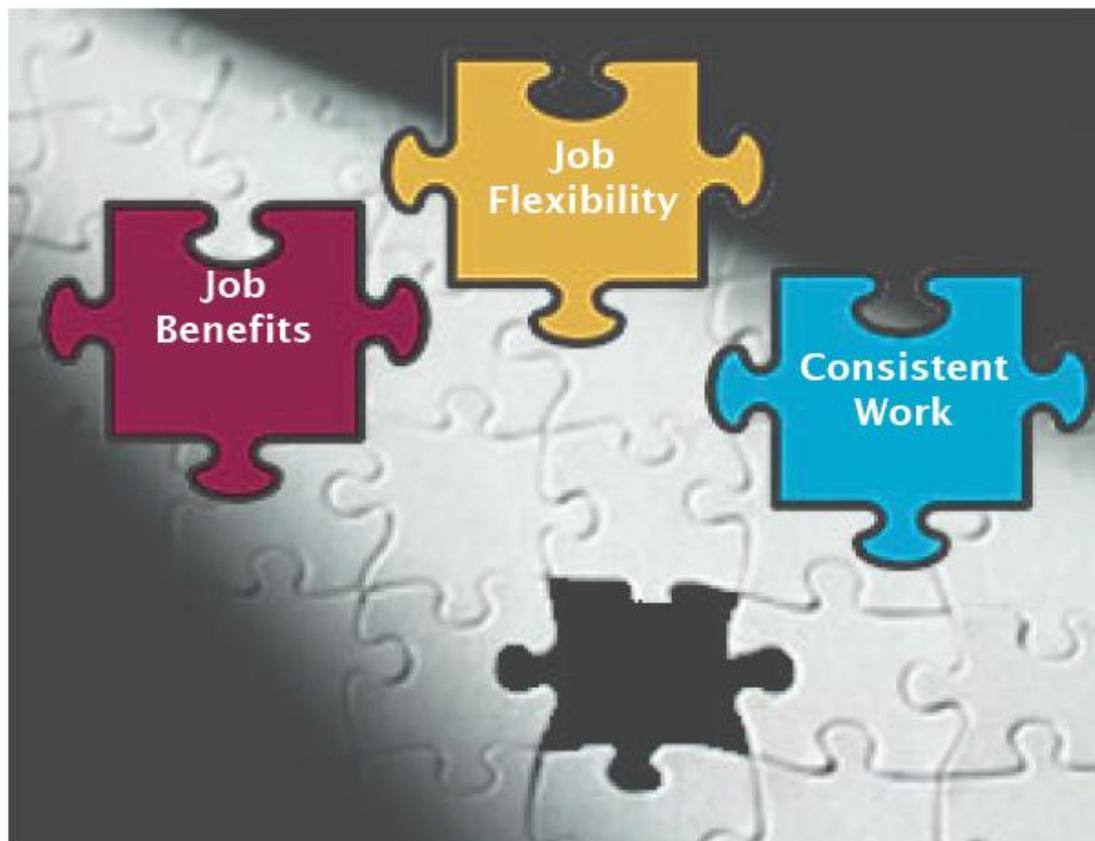


The Role of Work in Building and Protecting Wealth

- Characteristics of employment facilitated a pathway to accumulating wealth.
- Not everyone has access to the same kinds of jobs.
 - Women
 - People of color
- Helps understand why wealth gaps occur



Employment Capital: What is it?



Job Benefits

- Retirement savings
- Paid sick and vacation days
- Health insurance subsidies
- Disability insurance
- Tuition benefit

Job Flexibility

- Modified work schedules around care-giving needs
- Compressed work weeks
- Job sharing
- Paid personal days

Consistent Work

- Stable employment with no gaps between employment
- Long tenure with one employer
- Sufficient hours to qualify for benefits

Figure 2: Employment Capital: How an Individual Can Build and Protect Wealth and Security

Example: Robert and Jackie Rodriguez have two school-age children. Robert is a self-employed carpenter who experiences periods of under/unemployment. Jackie is a billing clerk employed by the same company for 6 years. Due to Jackie's employment capital, the family has been able to build and protect their wealth and security.

Wealth Building Benefits of Consistent Work:

- Employer subsidized health insurance covered family medical expenses and reduced out of pocket premiums.
- Using pre-tax flexible spending account for childcare and additional medical costs saved income for other purposes.
- Built retirement security and benefited from employer match.
- Paid sick time allowed for financial stability.

Jackie is building wealth through the benefits her employer offers.



Flexible Work Schedule:

- Continued to work during family illness.
- Retirement account continued to grow while using paid time off.
- Able to take time off to tend to family and personal needs.

Jackie is able to remain consistently employed through life's unexpected events allowing her to continue building wealth.

Additional Education:

- Used tuition benefit to pay for additional education.
- Education resulted in promotion and raise.

Additional education and income adds to Jackie's employability security and the family's financial stability.

Employment Capital is not Evenly Distributed

Percent of all Workers with Access to a Selection of Benefits

Occupation	Retirement in 2012	Medical and Retirement in 2012	Paid Sick Leave in 2013	Paid Vacation in 2013	Medical and Retirement in 2012
Management, Professional, and Related	62%	76%	85%	75%	9%
Service	33%	30%	47%	58%	49%
Sales and Office	48%	60%	67%	79%	19%
Natural Resources, Construction, and Maintenance	33%	62%	57%	82%	20%
Production, Transportation, and Material Moving	47%	61%	55%	82%	20%

Occupations and Assets

Change in Median Income, Net Financial Assets (NFA), and Net Worth (NW) of Families Interviewed by Occupation

Head of Household Occupation	n	Change in Median Income	Change in Median NFA	Change in Median NW
All	137	\$4,820	\$16,149	\$32,554
Management, Professional, and Related	74	\$13,000	\$82,070	\$162,228
Service	6	\$27,840	\$16,816	\$5,891
Sales and Office	25	\$7,160	\$10,400	\$3,300
Natural Resource Resources, Construction, and Maintenance	2	\$5,518	(\$12,270)	\$15,120
Production, Transportation, and Material Moving	1	(\$13,314)	(\$12,800)	(\$23,840)

Source: *Leveraging Mobility Study*

Working Towards Wealth



Promote Equity in Access to Employment Capital Within the Workplace

Reduce and Eliminate Occupational Segregation

**Create Data:
Broaden Measurement of Employment Capital Contributions to
Family Wealth Building**

Promote Equity in Access to Employment Capital Within the Workplace

1. Incentivize and encourage long-term saving plans and health care utilization for employees across income levels.
2. Increase ease of access to and portability of retirement accounts by reducing enrollment and vesting periods for new hires.
3. Establish minimum employment capital standards.
4. Require all employment capital opportunities be made available to all workers employed on behalf of a firm.
5. Promote job sharing and job flexibility to reduce work-family conflict.
6. Mandate a minimum number of sick and vacation days.



Reduce and Eliminate Occupational Segregation

1. Establishing minimum employment capital and racial and ethnic diversity standards in federal contracts
2. A legislative mandate committing to minimum standards for work remuneration (income and employment capital) would help ensure that work is fairly rewarded and tax expenditures fairly distributed.
3. Enforcement of existing equal opportunity laws.
4. Expanding employment and education initiatives designed to increase the racial and ethnic diversity of workers in high employment capital occupations.

Broaden Measurement of Employment Capital Contributions to Family Wealth Building

- Expanding employment capital data captured in cross sectional national business surveys.
- Collaboration between the Internal Revenue Service and Bureau of Labor Statistics to require reporting of employment capital benefits and jointly examine workforce access to employment capital.
- Establishing a new set of employment capital metrics.
- Calculate the tax expenditures related to employment capital for both employees and employers.
- Use Data to develop tax-credit system similar to EITC or other non-job based tax credit options.



Leveraging Mobility Series

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Released Reports

- **Hard Choices: Navigating the Economic Shock of Unemployment**
- **Leveraging Mobility: Building Wealth, Security, and Opportunity for Family Well-Being**
- **Working Towards Wealth: how employment helps protect and build security**
- **Keeping Dreams Alive: the Lane-Changer Costs of Financial Disruptions**

Future Reports 2014

- **The Web of Wealth: facilitating resilience and opportunity or driver of inequality?**
- **Location, location, location: the importance of neighborhood for building wealth**
- **Facing retirement insecurity: managing for tomorrow**

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