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Recently the Pew Charitable Trust released a new report confirming that Blacks and Latinos fared worse in the Great Recession than whites from the perspective of median wealth, or household net worth at the median. Few who have been following shifts in wealth in the United States over the last 20 years will be surprised with these findings. The report is important, however, not because it confirms what has been a fairly consistent trend but because it raises the question of how we can slow the erosion of wealth and reestablish financial opportunities in low-income communities of all hues.

Many American families have experienced a significant and palpable deterioration of wealth since the Great Recession began in 2007. It is important to point out that this trend has occurred in all low-income communities, but for communities of color the trend on aggregate is more profound because of particular financial and economic profiles of these communities. Historically, these communities have been characterized by low savings, little inherited wealth, and shallow asset pools. Nevertheless, wealth deterioration is now an American problem and that means it requires a comprehensive approach that provides equal opportunities to build wealth for all low-income American families.

So what would such an approach look like?

First, tax reform is an important opportunity to reformulate how a variety of credits and deductions could enable low-income families to accumulate savings of all types. For instance, in President Barack Obama’s past budgets, he proposed that the existing Savers’ Tax Credit be made refundable and qualify for federal benefits those who meet certain savings and income requirements.

Second, the ongoing discussion about how to reform the government-sponsored entities such as Fannie Mae and Freddie Mac also provides an important avenue to explore how low-income families can also partake of the significant federal benefits that now accrue exclusively to homeowners. Many of these families may not own homes as early in their financial lifecycles as middle- and higher-income families. So, for example, there may be ways to enable renters to get credits and deductions for qualified savings toward a home.

Finally, for low-income families to prosper, they need to be well enmeshed in the mainstream financial system, including mobile payments and prepaid cards. But that system has to be restructured to provide a broad array of responsibly marketed and serviced products that are specifically oriented to the low-income consumer.

Current mainstream offerings of checking and savings accounts or prepaid cards such as those from Visa or MasterCard typically do not have fees that are appropriate for the low-income consumer. As we rethink what consumer financial products should look like and how they should be marketed responsibly, it is worth engaging in a dialogue with all market participants about how to offer low-income consumers financial services that allow them to make and receive payments and deposits and save money for various lengths of time conveniently and at fee levels appropriate for them.

Policies that encourage low-income families to build wealth now will ultimately cushion us all

from the negative trends that accompany future recessions. When families have more resources to draw upon, they can reengage in discretionary spending more quickly in a recessionary cycle and begin to provide the type of spending momentum necessary to float all boats.

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