DRAFT PLEASE DO NOT QUOTE W?O AUTHOR's permission
How Do Unions Affect Workers' Wealth

By Teresa Ghilarducci, Jessica Forden, and Drystan Phillips
(Economics, The New School)

Checking in at Caesars Palace hotel in Las Vegas, Ghilarducci aske the desk clerk wearing a Teamsters badge, "I see you are in a union how do you like it?" Slavko says, "I like it, I want to retire someday."

Abstract: Union membership is linked to improved wages, benefits, and working conditions for covered employees. We theorize one of the positive impacts of unions to help individuals accumulate wealth, particularly retirement wealth is through improved economic circumstances throughout the life course, access to informal financial education, and encouraged future thinking. Constructing a novel measure of union coverage from 2016 Health and Retirement Study data, we examine descriptive statistics and conduct linear regressions to test the relationship between union coverage and wealth. Results highlight that the association of union coverage with wealth is most salient for retirement wealth, as well as individuals in bottom 50% of wealth holders and workers of color. Being in a union at some point in one's career is associated with a 646% increase in retirement wealth mainly because union coverage corresponds to a 956% increase in defined benefit wealth.

Introduction and Literature Review: How Unions Might Get More Wealth for Their Members

Unions and collective bargaining create and expand pathways for wealth accumulation than would otherwise be expected for an individual worker. But the role of unions in wealth accumulation and debt management had been underappreciated in the economic literature on savings behavior and wealth accumulation until Weller and Madland (2017, 2022). Our research builds on their work, using data for individuals from the Health and Retirement Study (HRS) rather than from households in the Survey of Consumer Finances (SCF). We also create a measure of union exposure that identifies union membership while a worker is in their thirties separately from membership after age 50. This measure allows us to study union intensity throughout the life course. We also contribute by focusing on people when they are nearly finished with their wealth-accumulation phase of life. Our sample is late baby boomers (born 1956–1965), a cohort nearing retirement. Unlike Weller and Madland (2022), who analyzed broader populations using the SCF, we concentrate on class dynamics and retirement wealth within this critical group.

Unions and collective bargaining impact wealth by boosting wages, lengthening job tenure, acquiring employee benefits, increasing training, extending personal time

horizons, reducing financial predation through advocacy and financial education, and by boosting health.

Unions secure higher wages for members compared to non-union counterparts and improved wages are an obvious pathway to saving more. However, the union wage premium is shrinking because unions are weakening and because collective bargaining steers compensation towards insurance benefits like workers' rights (Arold et. al. 2024), health insurance and pensions (Bennett & Kauffman, 2007, Ghilarducci and Saad-Lessler 2015). Increases in health insurance premiums further squeeze wages.

Unions also help lengthen job tenure. Besides the union pay premium, unions provide workers with "voice" so that they do not have to rely on "exit" to increase wages (Freeman 1980, Bennett and Kaufman 2007). Unions foster longer job tenure, which incentives employers to invest in training. Employer training encourages seniority and job ladders, and job tenure is a key factor in determining savings.

Union contracts often include comprehensive insurance provisions, such as health, disability, life insurance, and paid leave for vacations and sick time. (Frandsen 2021; Knepper 2020, These benefits reduce out-of-pocket expenses, improve financial stability, and provide a safety net against health and income shocks. Unions also negotiate severance pay and supplemental unemployment benefits, which help members avoid depleting retirement savings during job transitions. Since insurance cushions income and expense shocks, union members may have fewer motives to accumulate wealth for precautionary reasons. So, unions could discourage wealth accumulation (Bond and Clark 2013).

Job stability and insurance mitigate the need for early withdrawals from retirement accounts and boost confidence in future financial security, increasing the marginal propensity to save. Weller and Madland (2022) found this pathway particularly impactful for nonwhite workers.

Unions play a crucial role in helping workers manage debt. They offer advice on avoiding predatory lending practices and negotiating access to emergency savings funds through credit unions, providing financial safety nets (Union Plus ND). The major league baseball players have a college scholarship plan in their CBA. Additionally, legal benefits secured in union contracts empower workers to navigate financial challenges, protecting their wealth. (Financial education has long been part of their political education (Friedline, Wood, Morrow, 2022).

Better health outcomes are another potential pathway to wealth. Unionized workers benefit from improved health and safety standards enforced in workplaces(Eisenberg et.al, 2021), reducing medical costs and enhancing retirement security. However, these benefits also necessitate greater retirement savings due to increased longevity. Leigh and Chakalov's (2021) extensive meta-analysis show there are twenty-eight possible pathways through which labor unions might affect worker health, with the most significant effect being reduced workplace injuries.

Finally, union membership overall, despite the insurance provisions, increases savings motivations. J.M. Keynes (1936, and Browning and Lusardi 1996) proposed three primary motivations for saving: precautionary (covered buy insurance), speculative,

and consumption smoothing over a lifetime. Lifetime savings depend on workers' internal discount rates, such that differences in wealth accumulation are driven by idiosyncratic differences in these rates. Unions, however, foster environments in which members adopt and internalize lower personal discount rates, encouraging a long-term perspective on savings. The collective bargaining process itself serves as financial education. Union leaders engage members in understanding total compensation, helping them adopt a long-term perspective on savings. This role resembles that of financial advisors, guiding workers to prioritize stability and growth. Weller and Madland (2022) suggest unions positively influence financial planning horizons for nonwhite workers, fostering long-term wealth building.

Weller and Madland (2022) find that union membership does not increase the likelihood of having a financial planning horizon of 10 or more years for white workers. Specifically, 14.6% of white union members report a 10+ year financial planning horizon, compared to 16.7% of white non-union members. However, for Black, Latino, and other racial groups, union membership has a positive effect: 9.5% of union members report a 10+ year financial planning horizon, compared to only 8.3% of their non-union counterparts.

The next section discusses the data and methodology, after that, the results, discussion, limitations of the study, and policy recommendations and conclusions.

Data

This paper extends the analysis by Weller and Madland (2022) using a different dataset and sample. We focus on the wealth accumulation of late baby boomers, the cohort now approaching retirement, who also provided information on unionization in their thirties as part of the Life History Mail Survey of the Health and Retirement Study (HRS). Our sample is derived from the 2016 HRS wave, which captures this cohort when they were between the ages of 50 and 58. We use the 2016 wave specifically because defined benefit contribution wealth is surveyed as part of the baseline survey for the 2016 refreshment sample of Late Baby-Boomers born between 1960 and 1965. This cohort was also given the HRS Life History Mail Survey (LHMS) in 2019, providing valuable longitudinal insights.

The LHMS in the HRS is a supplemental survey designed to collect retrospective information on individuals' work histories, health, family background, and union affiliation. It provides detailed data on job tenure, industry, and union status for the most important job the respondent holds between the ages of 30 and 40. The LHMS is highly technical and relies on respondents’ recall, cross-verified with administrative records where possible.

We construct two measures of union coverage using the HRS core survey and LHMS. As part of the core HRS survey, respondents are asked questions regarding their current employment. If they are currently employed, they are then asked whether they are covered on that job by a union or employee-association contract. Our first measure of union coverage is a simple binary dummy variable for whether the respondent indicated union coverage either in the core HRS survey wave and/or in the LHMS. If respondents did not indicate union coverage in either period, we treat them as never having had union

coverage. We then additionally construct a disaggregated union coverage variable that approximates union exposure where respondents are assigned to one of four categories: never covered, covered in their 30s only, covered in 51+ only, or covered in their 30s and 51+.

Table 1: Unweighted Sample Descriptives

	Late Boomers who returned to a LHMS	All Late Boomers in the 2016 HRS wave
Union Coverage		
Never covered	80.5%	83.0%
Covered at some point	19.5%	17.0%
Gender		
Male	44.7%	48.2%
Female	55.3%	51.8%
Race/ethnicity		
White	47.8%	41.0%
Black	24.0%	27.3%
Hispanic	17.7%	21.0%
Other	10.5%	10.7%
Education		
HS dip or less	38.4%	44.4%
Some college	29.5%	30.0%
Bachelor's +	32.1%	25.7%
Wealth Group		
Bottom 50%	69.4%	72.3%
Next 40%	26.9%	24.3%
Top 10%	3.8%	3.3%
Age		
Mean	54.0	53.9
N	*1,528*	*3,726*

Our sample consists of late boomers (LB) who were added to the HRS during the 2016 wave that also returned a LHMS in 2017 or 2019. In total, we have 1,528 unweighted observations, approximately 41% of the total sample of LBB who were added to the HRS in 2016 (3,726). Compared to the full sample of LBBs added to the HRS in 2016, our sample is more likely to have union coverage (19.5% versus 17.0%), to be female (55.3% versus 51.8%), and more likely to be white (47.8% versus 41.0%).

Respondents in our sample also skew higher in educational attainment and are more likely to be in the middle class (the next 40% wealth group) compared to the full LB sample. These differences are expected given propensities of some groups (higher education and wealthy individuals) to return a LHMS.

Union coverage also varies by demographic factors. Men are significantly more likely to have had union coverage compared to women -- men comprise 51.9% of the weighted sample but make up 57.2% of those who have been covered by a union. Second, Black workers are overrepresented in the union-covered group compared to their overall share in the population as are individuals with a high school diploma or less-- they represent 34.3% of the overall population, their share is 37.0% among those covered by unions. And union coverage is disproportionately concentrated among individuals in the middle of the wealth distribution – the next 40% wealth group, which makes sense since given our hypothesis that unions help workers accumulate wealth. See Table 2.

Table 2. Demographics of union coverage (weighted) among late boomer

	% covered at some point
All	19%
Gender (%)	
Male	21%
Female	17%
Race/ethnicity (%)	
White	17%
Black	26%
Hispanic	28%
Other	20%
Education (%)	
HS dip or less	21%
Some college	19%
Bachelor's +	18%
Wealth Group	
Bottom 50%	19%
Next 40%	22%
Top 10%	13%

Note: Authors' calculations using Health and Retirement Study data. Estimates weighted using person-level weights.

Median and Mean Wealth

Our findings on median (Table 3a) and mean (Table 3b) wealth highlight significant differences between union and nonunion-covered individuals. Individuals covered by a union at some point in their careers report slightly higher net wealth ($87,000 vs. $75,000) and primary residence equity ($90,000 vs. $80,000).

Union members help create DB wealth, though the median is just $313. Nonunion workers have none. The median values of wealth for many other categories, such as business holdings, stocks, bonds, and second homes, are $0, reflecting that most late boomers have little wealth outside of Social Security. Ghilarducci, Radpour, and Forden 2024 also found that Social Security is the largest source of median wealth for both groups, with $149,250 for non-union individuals and $133,600 for union-covered individuals (see Table 2a).

As we would expect, the mean wealth table has positive categories for most sources of retirement wealth since the top brings up the average. Since most highly paid managers are not in unions (US Bureau of Labor Statistics, various dates), we are not surprised net wealth is significantly higher among those never covered by a union ($265,093 vs. $185,971). Yet it is notable that the average retirement DB wealth is far greater for union-covered individuals ($245,091 vs. $69,594). This validates the story often told. Union members value security and use their bargaining power to create retirement plans that share the risk between employer and employee (as defined benefit pensions do).

Since Social Security wealth is progressively distributed, it is not a surprise that it is about the same -- $150,000 -- for union and nonunion members. Liquid retirement accounts, business ownership, and stocks contribute to mean wealth but are notably lower for union members. The higher averages for these categories among non-union individuals suggest that wealthier households disproportionately affect the mean values. (Note: the large differences between median and mean wealth underscores the unequal distribution of wealth. Median values reflect the typical individual and show that most late boomers have very little wealth whereas mean values are skewed by wealthier individuals, particularly those never covered by unions, who report higher average net wealth and financial assets.

Table 3a: Median Wealth by Union Coverage

Wealth Category	Never covered by a union (median)	Union at some point in career (median)
Net Wealth	$75,000	$87,000
Primary Residence	$80,000	$90,000
Social Security	$149,250	$133,600
Vehicle	$6,000	$8,000
Checking	$2,000	$4,000
Retirement DB Wealth	$0	$313

Note: Categories such as net value of second homes, other real estate, business, stocks, bonds, CDs, other savings, other debts, mortgage debt, and home loans report a median value of $0. This reflects the unfortunate reality that most late boomers at the end of their

working lives have very little wealth. For many, Social Security wealth is more significant than the equity in their homes.

Table 3b: Mean Wealth by Union Coverage

Wealth Category	Never covered by a union (mean)	Covered by a union at some point (mean)
Net Wealth	$265,093	$185,971
Social Security	$150,699	$150,140
Primary Residence	$122,593	$115,852
Retirement DB Wealth	$69,594	$245,091
Liquid Retirement Accounts (DC, IRA, Keogh)	$58,565	$34,886
Business	$34,379	$9,146
Stocks	$30,289	$18,342

Descriptive Statistics by Class (measured by wealth group)

We appreciate Weller and Madland's focus on the union effect of wealth building by race and ethnicity using nine years of SCF data and a synthetic cohort produced from ASEC/CPS data.

We instead aim to capture the effect of union membership on wealth accumulation by class – measured in Piketty's classification.[i] The tables (4a,b,c) report the mean wealth for three wealth groups: Bottom 50%, Next 40%, and Top 10%, based on union coverage

Union members have more wealth than nonunion workers for the bottom 50%. This is very important. Not surprisingly, the most significant sources of wealth for the bottom 50% include Social Security ($129,897 - $136,588), DB wealth ($37,416 - $71,930), and Primary Residence ($48,887 - $54,786). Smaller sources, such as vehicles and checking accounts, surpass the $3,000 threshold.

For the middle and upper middle class, Social Security is the most important source of wealth for late baby-boomers. And we do not find that unions influence Social Security wealth.

For the top 10%: The sample is small (see sample sizes in Appendix), so we do not report the union /nonunion differences.

Overall, the impact of union coverage is most evident in DB wealth, particularly in the Next 40% and Bottom 50% groups, where the differences are substantial.

Table 4a: Mean Wealth for Bottom 50% Wealth Group by Union Coverage

Wealth Category	Never Covered	Covered at Some Point
Net Wealth	$30,105	$31,230
Primary Residence	$48,887	$54,786
Vehicle	$5,944	$8,530
Social Security	$129,897	$136,588
IRA and Keogh	$2,423	$4,790
DB wealth	$37,416	$71,930
Checking	$2,958	$4,815
Other Debts	$6,072	$7,680
Mortgage Debt (-)	$28,376	$36,076

Note: Excluded due to threshold (< $3,000): Net Value of 2nd Home, Other Real Estate, Business, Stocks, Bonds, CDs, Other Savings, Home Loans

Table 4b: Mean Wealth for the Next 40% Wealth Group by Union Coverage

Wealth Category	Never Covered	Union Covered at Some Point
Net Wealth	$346,443	$321,785
Primary Residence	$194,090	$185,251
Net Value of 2nd Home	$4,813	$6,075
Other Real Estate	$20,679	$29,730
Vehicle	$13,337	$13,523
Social Security	$184,069	$169,593
IRA and Keogh	$81,360	$62,896
DB wealth	$72,776	$454,051
Business	$24,545	$5,394
Stocks	$28,226	$41,314
Checking	$25,902	$17,432
Other Savings	$21,221	$15,273
Other Debts	$4,812	$2,880
Mortgage Debt (-)	$62,366	$51,100
Home Loans	$4,792	$3,557

Excluded due to threshold (< $4,000): Bonds, CDs

Table 4c: Mean Wealth for Top 10% Wealth Group

Wealth Category	All
Net Wealth	$1,488,884
Primary Residence	$346,771
Net Value of 2nd Home	$74,560
Other Real Estate	$192,141
Vehicle	$21,445
Social Security	$165,264
IRA and Keogh	$333,490

DB wealth	$314,733
Business	$283,637
Stocks	$213,684
Bonds	$49,541
Checking	$47,798
CDs	$5,825
Other Savings	$45,190
Other Debts	$3,430
Mortgage Debt (-)	$120,252
Home Loans	$1,518

Future research will analyze the determinants of wealth for the bottom 50% of near retirees.

Determinants of Retirement Wealth

The OLS regression reported in Table 4 examines the determinants of retirement wealth, measured as the logged sum of IRA/Keogh accounts, defined contribution wealth, and defined benefit wealth. Key independent variables include demographic characteristics (gender, race, and educational attainment), age, sector of employment, income, geographic location, marital status, and the independent variable of interest: union membership at any point in a person's career.

As expected, union membership shows a positive and significant association with retirement wealth indicating that union members accumulate greater retirement wealth compared to non-union members. Moving from no union coverage to union coverage is associated with a 646% increase in retirement wealth and 956% increase in defined benefit wealth. This makes sense given the mean values of retirement wealth and DB wealth by union coverage. These are initial results we need to do more investigation because the significance of unions is quite large and compelling; and the result for retirement wealth is mostly driven by the strong increase in DB wealth since DB wealth is included in the total retirement wealth variable. we used (checking means and running regressions for the other two retirement wealth forms, DC wealth and IRAs/Keoghs, does not show strong or significant results).

Educational attainment also significantly influences retirement wealth: individuals with 'Some College' and 'College+' education levels have notably higher retirement wealth than those with a high school diploma or less, which makes sense since those with higher levels of education attainment have more job stability. Earnings, also as expected, are significantly and positively associated with retirement wealth, though the effect size is small after accounting for other variables. Consistent with findings from Weller and Madland (2022), Black and Hispanic individuals exhibit significantly lower retirement wealth compared to White individuals. As expected, age is positively correlated with higher levels of retirement wealth.

The financial impact on an individual's wealth for being in a union at some point in your life is substantial A percentage change in expected retirement wealth is 649% [ii]Union-covered individuals have more defined benefit coverage levels (DB wealth: $245,091 for union-covered vs. $69,594 for non-covered).

Consistent with Weller and Madland (2022) being Blacks and Hispanics have less wealth than similarly situated whites. The coefficient of the dummy for Blacks is -1.890 and for Hispanic individuals -2.311. Class – as proxied by education -- is another significant determinant of retirement wealth accumulation. Having a college degree or higher (College+) is associated with a coefficient of 2.240, indicating a large positive impact on retirement wealth compared to individuals with less education. Similarly, annual income shows a positive relationship with retirement wealth, with a small but statistically significant coefficient of 0.0000261, reflecting that higher earnings are consistently linked to greater wealth accumulation, but by a surprising small amount.

As expected sector of employment also matters, as working in the public sector (public) is associated with a significant decrease in retirement wealth, with a coefficient of -1.769. We are surprised public sector employment does not add to retirement wealth since public sector workers have higher coverage rates than the private sector. Living in an exurban area is associated with significantly lower retirement wealth, with a coefficient of -1.001. Being married or having a partner helps people accumulate wealth, with the dummy on partnered being 1.790 and significant.

In summary, union membership, education, income, and partnership status contribute positively to retirement wealth, while being Black or Hispanic, working in the public sector, and living in exurban areas are associated with lower retirement wealth. These results underscore the complex interplay of socioeconomic, demographic, and geographic factors in shaping retirement wealth outcomes.

Table 5. Regression Results for Retirement Wealth: logged sum of IRA/Keogh accounts, DC wealth, and DB wealth.

Variable	**Coefficient**	**Std. Err.**	**t-statistic**
Union Covered	2.01	0.43	4.70
female	0.45	0.39	1.15
Black	-1.89	0.51	-3.73
Hispanic	-1.31	0.49	-2.67
Other	-0.16	0.60	-0.27
Some College	0.86	0.46	3.87
College+	2.24	0.51	4.36
age	0.26	0.08	3.12
public	-1.77	0.83	-2.14
Manufacturing	-2.73	0.74	-3.68
annual income	0.00	0.00	7.38
Urban	-0.26	0.51	-0.48
suburban	-0.10	0.43	-2.18

partnered	0.49	0.44	4.49
Constant	7.22	5.34	1.35

(The regression includes 1,494 observations and has an R-squared value of 0.281, indicating that approximately 28.1% of the variation in retirement wealth is explained by the model.)

Determinants of Defined Benefits

The results of regressing defined benefit (DB) wealth on various factors confirm Weller and Madland's (2022) findings that unions play a key role in enhancing DB wealth for individuals. They found unions played a significant role particularly Black and Hispanic workers. (Future research will investigate this with different constructions of the regression) Therefore, it is not surprising that being Black or Hispanic does not significantly reduce DB wealth. Earnings are a strong predictor of DB wealth consistent with the DB formula, which depends on earnings and multiplier factors (see Appendix). Being partnered also significantly increases DB wealth, potentially reflecting greater job stability or income security. But it is union membership that has the largest positive effect underscoring the role of unions in securing DB benefits. Education matters, having a college degree significantly increases DB wealth variables, such as suburban and ex-urban residence, public sector employment, and manufacturing, do not exhibit significant effects.

Table 6: Determinants of Defined Benefit Wealth for Late Boomers, Linear Regression Results for DB Wealth

Variable	Coefficient	Std. Err.	t-Stat
Union Membership	2.357	0.584	4.04
Female	0.376	0.390	0.96
Black	-0.829	0.422	-1.96
Hispanic	-0.664	0.579	-1.15
Other (Race)	-0.629	0.643	-0.98
Some College	0.631	0.463	1.36
College+	1.487	0.518	2.87
Age	0.125	0.093	1.35
Public Sector	-0.114	0.745	-0.15

Manufacturing	-0.011	0.834	-0.01
Earnings	0.000	0.000	3.76
Suburban	-0.026	0.555	-0.05
Ex-Urban	-0.119	0.439	-0.27
Partnered	1.886	0.380	4.96
Constant	-6.427	5.030	-1.28

Determinants of Total Net Wealth

The OLS regression (Table 6) explores the determinants in total net wealth and finds that only race, earnings, education, and manufacturing employment are significant factors. There is no surprise to those doing work on wealth that being Black and Hispanic remains a strong predictor of reduced wealth. Union coverage does not significantly influence wealth, which aligns with the understanding that high-income professionals and managers are generally non-unionized. The significant variables include race, education, earnings, and employment in manufacturing. Higher education levels contribute positively to wealth accumulation, and so do earnings, but the effect is small. The coefficient in manufacturing employment is relatively large, which might indicate higher wages and a higher incidence of DBs

Table 6: Linear Regression Results for Logged Net Wealth

Variable	Coefficient	Std. Err.	t-statistic
Union Covered	0.1156	0.1840	0.63
Female	0.2162	0.1719	1.26
Black	-0.8279	0.1902	-4.35
Hispanic	-0.4979	0.2211	-2.25
Other Race	0.3685	0.2007	1.84
Some College	0.3112	0.1973	1.58
College+	0.9093	0.2088	4.36
Earnings	7.43e-06	1.35e-06	5.50
Manufacturing	0.5269	0.2366	2.23
Suburban	-0.4232	0.2223	-1.90
Ex-Urban	-0.3639	0.1971	-1.85
Partnered	0.3021	0.1783	1.69
Constant	8.5938	2.0462	4.20

Discussion of Results

The findings highlight the significant role of unions in shaping wealth accumulation among workers. Collective bargaining allows unions to secure better wages, benefits, and working conditions, leading to improved financial stability and long-term wealth planning for their members.

Limitations of the Study

While the absolute levels of wealth may vary, the relative impact of various factors on wealth accumulation is unlikely to change. Future research will address these limitations by using updated data and employing a mixed methods approach, incorporating surveys of union members to explore their planning horizons, perceptions of insurance, and retirement plans.

Mixed methods of research, which integrate quantitative and qualitative approaches, have seen substantial growth in economics. It allows for a deeper understanding of complex phenomena by combining statistical analysis with contextual insights, making it increasingly valuable in exploring socio-economic issues. (see appendix)

Policy Implications

Strengthening protections for unions could enable American workers to accumulate greater wealth by enhancing their access to better wages and benefits through collective bargaining. Historically, Democratic administrations and Congress have been more supportive of pro-labor policies, such as expanding union protections and enforcing labor standards. In contrast, Republican presidencies and Congresses have tended to prioritize deregulation and business interests, making the passage of pro-labor legislation unlikely at the federal level (Lichtenstein, 2012). Given that Republicans will control Congress and the Presidency in 2024, there is not likely to be an expansion of union protections anytime soon. Additionally, legislation has been introduced in Congress aiming to repeal the Davis-Bacon Act entirely. Republicans introduced the "Davis-Bacon Repeal Act" was proposed to eliminate these prevailing wage requirements, arguing that such a move would reduce federal construction costs. These laws are vulnerable to changes in federal regulations and shifting political priorities.

Given these challenges, direct intervention to boost retirement wealth for the bottom 90% of earners is essential. One critical policy solution is mandating retirement savings for all workers. Currently, only about half of the workforce—including part-time and contingent workers—has access to workplace retirement plans. Expanding access to retirement savings vehicles, such as through the Retirement Savings for Americans Act (RSAA), offers a viable mechanism to ensure broader retirement wealth accumulation (Hickenlooper & Tillis, 2023).

Conclusion

Union membership is correlated with wealth for nonwhites and whites primarily through boosting participation rates in defined benefit (DB) plans. For nonwhites, union

membership is correlated with more retirement account participation, more homeownership, and holdings of other assets. For whites, unions help create wealth by increasing the probability of participating in a retirement account. However, for whites, unions have no effect on homeownership or ownership of other assets. Collective bargaining provides union members with a framework for securing higher wages, benefits, and improved working conditions, fostering financial stability, influencing members' discount rates, and encouraging long-term financial planning and wealth accumulation.

Bibliography

Arold, B. W., Ash, E., MacLeod, W. B., & Naidu, S. (2024). Do words matter? The value of collective bargaining agreements. *Center for Law & Economics Working Paper Series, 6*.

Bennett, J. T., & Kaufman, B. E. (2007). What Do Unions Do? A Twenty-Year Perspective. Routledge.

Bond, S. A., & Clark, J. R. (2013). "Health Insurance and Retirement Savings: Evidence from the Health and Retirement Study." Journal of Pension Economics & Finance.

Browning, M., & Lusardi, A. (1996). "Household Saving: Micro Theories and Micro Facts." Journal of Economic Literature, 34(4), 1797-1855.

Eisenberg-Guyot, J., Mooney, S. J., Barrington, W. E., & Hajat, A. (2021). "Does the Union Make Us Strong? Labor-Union Membership, Self-Rated Health, and Mental Illness." American Journal of Epidemiology, 190(4), 630-641.

Fine, J., & Bartley, T. (2019). Raising the floor: New directions in public and private enforcement of labor standards in the United States. Journal of Industrial Relations, 61(2), 252–276. https://doi.org/10.1177/0022185618814578

Ghilarducci and Saad-Lessler 2015

Greig, F., Madamba, A., Carranza, G., O'Dea, C., Choukhmane, T., & Schmidt, L. D. W. (2024). *Are employers optimizing their 401(k) match?* The Vanguard Group.

DiNardo, John, and David S. Lee. 2004. “Economic Impacts of New Unionization on Private Sector Employers: 1984–2001.” The Quarterly Journal of Economics 119 (4): 1383–1441.

Freeman, R. B. (1980). The Exit-Voice Tradeoff in the Labor Market: Unionism, Job Tenure, Quits, and Separations. *Quarterly Journal of Economics, 94*(4), 643–673

Friedline, T., Wood, A. K., & Morrow, S. P. (2022). Financial education as political education: a framework for targeting systems as sites of change. *Journal of Community Practice*, *30*(4), 463-481.

Frandsen, Brigham R. 2021. “The Surprising Impacts of Unionization: Evidence from Matched Employer-Employee Data.” Journal of Labor Economics 39 (4): 861–894.

Hickenlooper, J., & Tillis, T. (2023, October 19). Hickenlooper, Tillis, Smucker, Sewell, Reintroduce Bill to Help Americans Save for Retirement.

[https://www.hickenlooper.senate.gov/press_releases/hickenlooper-tillis-smucker-sewell-reintroduce-bill-to-help-americans-save-for-retirement/]

Holgate, J. (2015). Community organizing and the implications for union revitalization. British Journal of Industrial Relations, 53(4), 709–733. https://doi.org/10.1111/bjir.12120

Keynes, J. M. (1936). The General Theory of Employment, Interest, and Money. Macmillan.

Knepper, Matthew. 2020. “From the Fringe to the Fore: Labor Unions and Employee Compensation.” The Review of Economics and Statistics 102 (1): 98–112.

Leigh, J. P., & Chakalov, B. (2021). "Labor Unions and Health: A Literature Review of Pathways and Outcomes in the Workplace." Preventive Medicine Reports, 24, 101502.

Lichtenstein, N. (2012, October 24). The Alliance of U.S. Labor Unions and the Democratic Party. Scholars Strategy Network. [https://scholars.org/contribution/alliance-us-labor-unions-and-democratic-party]

New Economy Project. (2024, August). NY labor & community groups endorse CFPB rule to crack down on predatory paycheck advance loans. Retrieved from https://www.neweconomynyc.org/2024/08/press-release-ny-labor-community-groups-endorse-cfpb-rule-to-crack-down-on-predatory-paycheck-advance-loans/

Piketty, T. (2014). *Capital in the Twenty-First Century*. Harvard University Press.

Poterba, J., Rauh, J., Venti, S., & Wise, D. (2007). "Defined Contribution Plans, Defined Benefit Plans, and the Accumulation of Retirement Wealth." Journal of Public Economics, 91(10), 2062-2086.

Union Plus ND, Website. https://www.unionplus.org/benefits/home/legal-help

U.S. Bureau of Labor Statistics. (2024). Union Members – 2023. Retrieved from https://www.bls.gov/news.release/archives/union2_01232024.pdf

U.S. Bureau of Labor Statistics. 2023. Table 2.: Median weekly earnings of full-time wage and salary workers by union affiliation and selected characteristics. Last modified January 19, 2023.

U.S. Department of the Treasury. (2023, August 28). Labor unions and the U.S. economy. Retrieved from https://home.treasury.gov/news/featured-stories/labor-unions-and-the-us-economy

Weller, C. E., & Madland, D. (2022). "Unions, Race, Ethnicity, and Wealth: Is There a Union Wealth Premium for People of Color?" Journal of Economics, Race, and Policy, 1-16.

Weller, C. E., Madland, D., & Rowell, A. (2017). "Building Middle-Class Wealth Through Unions." Challenge, 60(1), 40-50.

Appendix 1: Tables

Table 3 . Mean wealth of wealth groups (bottom 50%, next 40%, top 10%) by union coverage (weighted)			
Wealth Category	**Never covered**	**Covered at Some Point**	**All**
Bottom 50%			
Net Wealth	$30,105	$31,230	$30,315
Primary Residence	$48,887	$54,786	$49,990
Net Value of 2nd Home	$1,125	$1,112	$1,122
Other Real Estate	$565	$253	$506
Vehicle	$5,944	$8,530	$6,427
Social Security	$129,897	$136,588	$131,149
IRA and Keogh	$2,423	$4,790	$2,866
DB wealth	$37,416	$71,930	$43,870
Business	$519	$737	$560
Stocks	$1,305	$223	$1,103
Bonds	$28	$94	$41
Checking	$2,958	$4,815	$3,305
CDs	$142	$92	$133
Other Savings	$1,756	$2,095	$1,819
Other Debts	$6,072	$7,680	$6,373
Mortgage Debt(-)	$28,376	$36,076	$29,816
Home Loans	$1,063	$2,542	$1,340
Wealth Category	**Never covered**	**Covered at Some Point**	**All**
Next 40%			
Net Wealth	$346,443	$321,785	$340,915
Primary Residence	$194,090	$185,251	$192,108
Net Value of 2nd Home	$4,813	$6,075	$5,096
Other Real Estate	$20,679	$29,730	$22,709
Vehicle	$13,337	$13,523	$13,379

Social Security	$184,069	$169,593	$180,821
IRA and Keogh	$81,360	$62,896	$77,221
DB wealth	$72,776	$454,051	$158,259
Business	$24,545	$5,394	$20,252
Stocks	$28,226	$41,314	$31,161
Bonds	$2,385	$321	$1,922
Checking	$25,902	$17,432	$24,003
CDs	$1,854	$2,114	$1,912
Other Savings	$21,221	$15,273	$19,887
Other Debts	$4,812	$2,880	$4,379
Mortgage Debt (-)	$62,366	$51,100	$59,840
Home Loans	$4,792	$3,557	$4,515
Top 10%			
Net Wealth	$1,579,680	$856,639	$1,488,884
Primary Residence	$359,308	$259,475	$346,771

5b. Mean wealth of wealth groups by union coverage (weighted)

Wealth Category	**Never covered**	**Covered at Some Point**	**All**
Net Value of 2nd Home	$85,268	$0	$74,560
Other Real Estate	$181,333	$267,401	$192,141
Vehicle	$23,619	$6,310	$21,445
Social Security	$167,316	$150,980	$165,264
IRA and Keogh	$359,394	$153,116	$333,490
DB wealth	$279,634	$559,140	$314,733
Business	$305,577	$130,858	$283,637
Stocks	$238,237	$42,715	$213,684
Bonds	$56,655	$0	$49,541
Checking	$51,736	$20,374	$47,798
CDs	$6,500	$1,130	$5,825
Other Savings	$46,120	$38,714	$45,190
Other Debts	$3,883	$270	$3,430
Mortgage Debt (-)	$128,447	$63,185	$120,252
Home Loans	$1,736	$0	$1,518

TABLE 4 Regression Results for Retirement Wealth

The following table presents the regression results for retirement wealth, where retirement wealth is measured as the sum of IRA/Keogh accounts, DC wealth, and DB wealth.

Variable	**Coefficient**	**Std. Err.**	**t-statistic**	**P>|t|**	**[95% Conf. Interval]**
Union Covered	2.013121	0.428679	4.70	0.000	1.172259 - 2.853983
female	0.446607	0.388249	1.15	0.251	-0.315510 - 1.207646
Black	-1.890319	0.507107	-3.73	0.000	-2.885046 - -0.895593
Hispanic	-1.311353	0.491652	-2.67	0.008	-2.275764 - -0.346943
Other	-0.1583225	0.596908	-0.27	0.791	-1.329199 - 1.012554
Some College	0.8617524	0.4619835	3.87	0.000	-0.0444603 - 1.767965
College+	2.240258	0.5142384	4.36	0.000	1.232513 - 3.248002
age	0.2601604	0.0834962	3.12	0.002	0.096193 - 0.424128
public	-1.76889	0.8279994	-2.14	0.033	-3.393669 - -0.1441122
Manufacturing	-2.734727	0.743848	-3.68	0.000	-4.194813 - -1.274641
earnings	0.00080261	0.0005454	7.38	0.000	0.000131 - 0.000933
Urban	-0.2573715	0.5111267	-0.48	0.628	-1.299213 - 0.784703
suburban	-0.101207	0.4271099	-2.18	0.030	-1.836674 - 0.063887
partnered	0.49396	0.4429995	4.49	0.000	0.112871 - 0.370632
Constant	7.223751	5.336707	1.35	0.176	-3.244569 - 17.69207

Table :Sample sizes broken down by demographic groups for union coverage (unweighted)

	Never Covered	Covered at some point	All
Gender			
Male	545	138	683
Female	685	160	845

Race/ethnicity			
White	621	108	729
Black	270	97	367
Hispanic	208	62	270
Other	130	30	160
Education			
HS dip or less	477	110	587
Some college	368	83	451
Bachelor's +	385	105	490
Wealth Group			
Bottom 50%	828	195	1,023
Next 40%	320	95	415
Top 10%	55	4	59

Appendix 2: What are mixed methods?

Mixed methods research in labor economics integrates quantitative approaches, such as statistical modeling and econometric analysis, with qualitative techniques, including interviews, surveys, focus groups, and case studies. This combination provides a more comprehensive understanding of complex labor market dynamics. Mixed methods are especially valuable in studying unions, precarious work, and labor policies, where workers' lived experiences and perceptions significantly influence outcomes

Holgate (2015) combines survey data and interviews to examine how unions promote worker integration and mobilization, offering both macro-level trends and micro-level insights. Fine and Bartley (2019) analyze precarious employment using case studies and focus groups alongside statistical evidence to evaluate labor market inequalities.

Appendix 3: Computing the Value of Defined Benefit Plans

The present value of contracts that promise a stream of income for life, defined benefit plans and Social Security, considers the likely longevity of individuals. In Weller and Madland (2022), the average defined benefit (DB) wealth for households with union coverage is $183,740, while for households with a union member, the average DB wealth is $213,700.

This amount makes sense. The Survey of Consumer Finances (SCF) does not simply ask individuals how much they expect to receive from their DB pension. Instead, the SCF uses a detailed methodology to compute the present value of DB wealth. The survey collects data on the terms of the DB plan, such as the benefit formula, the expected retirement age, the length of service, and the individual's earnings history. Using these inputs, it estimates the future stream of payments and discounts them to present value using a specified discount rate. This method ensures a standardized and actuarially sound approach to valuing DB pensions rather than relying on subjective expectations reported by individuals. This is a similar process for the HRS. For example, the present value of a defined benefit (DB) plan for a worker aged 45 could easily be $106,250. The typical DB plan in 1995 provided an annuity benefit based on a formula that multiplies years of service by a "generosity multiplier" (the typical multiplier is 1.5%) and the worker's final salary. Say hypothetical Jess is 45 years old in 1995 and is a typical earner in a typical DB plan. This plan promises 1.5% of Jess' final salary for every year of service. Assuming Jess earns a nominal 2% annual salary increase, in twenty years the salary is $89,000. With 20 years of credit in the plan and retiring at age 65, and the benefit multiplier of 1.5%, the final benefit is 1.5% * 20 years = 30% of their final salary. Thirty percent of $89,000 is about $30,000 per year for life (assumed to be 25 years).

The present value of this income stream ($30,000 for 25 years) is about $450,000 at the time Jess retires. To have $450,000 in 20 years (assuming a 5% return), one needs $166,000 in 1995. However, to account for uncertainties such as death, job loss, or leaving the plan, we adjust the calculation conservatively. We assume Jess accumulates only 15 years of service, earning 22.5% of the final salary, or $20,000 annually for life (again assuming life expectancy to age 90). Under these adjusted assumptions, the annuity value at retirement is $282,500. To reach this amount in 20 years at a 5% return, the present value in 1995 is $106,250.

This calculation aligns with standard methods used to estimate the present value of DB plans, such as those used by Poterba et al. (2006). Their research converts future DB pension benefits into present discounted values, factoring in mortality rates and discount rates.

[i] Piketty (2014) argues that the unequal distribution of wealth in a society is best understood by analyzing the median and mean wealth of three distinct groups: the bottom 50%, the next 40%, and the top 10% because the approach highlights the concentration of wealth at the top and the relative stagnation of wealth for the majority. The bottom 50% of the population often has little to no wealth, with median values close to zero, while the top 10% controls a disproportionately large share. Reporting both median and mean wealth within these groups helps illustrate the extent of inequality, as the mean is skewed by extreme wealth at the top, whereas the median provides a clearer picture of the typical experience within each group.

[ii] $(e^{2.013} - 1) \times 100 \approx (7.49 - 1) \times 100 \approx 649\%$