IMMIGRANT & REFUGEE WEALTH PATHWAYS

AUGUST 2018

Communities across the United States benefit when immigrants and their families have access to financial products and services that lead to economic security and opportunity. Immigrants’ wealth-building pathways vary widely based on legal status, access to an ITIN or SSN, and a constantly evolving landscape of federal, state, and institutional policies. Funders can remove key barriers to address disparate outcomes for immigrants and promote economic opportunity for all.

This infographic is a companion resource to a brief on immigrant asset building for funders produced by Grantmakers Concerned with Immigrants and Refugees (GCIR) and Asset Funders Network (AFN): Immigrants Living, American Futures. Linking Asset Building and Immigrant Integration.

---

**Children’s Savings Accounts (CSA)**

CSAs are incentivized savings accounts sponsored by several states and cities to encourage saving from early childhood to college. Access to CSAs improves children’s educational attainment and economic well-being. Some CSAs use 529 plans, which require an ITIN or SSN to open. Some CSAs are held in trust by a third party (such as a city or community group), so no immigration documents are required to participate. See: Kindergarten to College (K2C) in San Francisco, CA.

**Legal status**

See recent AFN/GCIR brief for an overview of immigration legal status categories. Lack of secure legal standing in the U.S. creates financial insecurity. Funders can help immigrants move from a less to more secure type of status by supporting the delivery of legal services by trusted providers.

**Postsecondary Education**

Access to postsecondary education has been shown to enhance economic well-being. Students without permanent immigration status (e.g., undocumented students, DACA recipients, those with Temporary Protected Status) are not eligible to receive federal aid, however there is no federal law preventing them from pursuing a postsecondary degree. Given significant financial barriers, undocumented students are less likely to attend and complete college. Some states and institutions have “tuition equity” policies, which grant in-state tuition rates to all students regardless of immigration status. See TheDream.US.

**Institutional access and discretion**

Mainstream Financial Institutions (MFIs) and lenders have the discretion to create their own policies, such as offering loans to ITIN holders. While these policies vary by local communities, not all MFIs are capable of making their products, services, and support available and accessible to immigrants.

**Banking**

Families benefit from being banked by having a safe place to hold their money, building credit over time, and accessing capital through low-interest loans. However, many immigrants use cash for transactions or turn to predatory lenders. Federal policy allows MFIs to offer savings accounts and secured credit cards to ITIN holders, but at each institution’s discretion. Immigrants with SSNs have legal access to all MFI products and services. See Latino Credit Union in Durham, NC.

**Postsecondary Education**

Many immigrants arrive in the United States lacking pre-existing credit or with a low or no credit score. As a result, they must rely on high-fee, short-term predatory loans and pay more to acquire homes, businesses, cars, and other assets.

**Credit**

Immigrants have the potential to build wealth across generations. Federal policy allows mainstream financial institutions (MFIs) to offer ITIN mortgages to non-citizens (without a SSN), although this is left up to each institution’s discretion. Immigrants with a SSN can access traditional Federal Housing Authority and private mortgages. States can choose to expand or restrict access to homeownership for immigrants through legislation. See Finantia in Philadelphia, PA.

**Homeownership**

51% of U.S. immigrant households are homeowners.

**Small Business**

Small business loans provide low-interest start-up capital to entrepreneurs with an SSN. ITIN holders can access alternative loans, but these tend to have higher interest rates. Immigrants with an ITIN or SSN have access to EIN and LLC designations, which are required to start a small business. Most immigrants rely on personal savings, high-interest private loans, home equity, and credit cards for start-up capital. See the St. Louis Mosaic Project in St. Louis, MO.

**Predatory lending**

Predatory lenders target large numbers of color (both immigrants and native born) who have limited access to traditional financial products. Higher interest rates and debt levels have a wealth stripping effect: immigrant families must use more of their income to pay off high interest loans than to meet basic needs or build assets.

1 in 5 of all U.S. businesses are owned by immigrants.

In 2010, taxes paid into social security by undocumented immigrants exceeded benefits paid out by $12 Million.

Social Security is an important source of income for retirees and is considered the largest anti-poverty program in the United States. Foreign-born Americans receive fewer benefits as compared to native-born Americans due to lower wages, fewer quarters of qualifying work, and immigraiton status. Many immigrants are owned by immigrants.

Legal services by trusted providers.

The current immigration policy environment directly and indirectly affects immigrants’ ability to access asset building resources and grow their families’ wealth for the long term. Immigrants’ decisions are affected by fear of deportation and discriminatory experiences with government and private agencies.

**Policy environment**

The current immigration policy environment directly and indirectly affects immigrants’ ability to access asset building resources and grow their families’ wealth for the long term. Immigrants’ decisions are affected by fear of deportation and discriminatory experiences with government and private agencies.

**Retirement**

In 2019, in households where only Spanish was spoken, 46% used alternative financial services.

**Children’s Savings Accounts (CSA)**

1 in 4 of the nation’s children live in immigrant families.

---

**Abbriviations**

ITIN: Individual Taxpayer Identification Numbers are issued by the Internal Revenue Service for tax purposes to individuals who are not eligible for a Social Security Number. ITINs are technically available to all immigrants, but in recent years, applications have decreased due to challenges navigating strict application rules, documentation required, fear of deportation, and more.

SSN: Social Security Numbers are assigned to all U.S. citizens and are used to pay for Social Security, Medicare, Social Security, military, state, and local taxes. Non-citizens can apply for a noncitizen SSN if they are lawfully present and authorized to work in the United States.