



Asset Funders Network

THE HEALTH AND WEALTH CONNECTION

Opportunities for Investment Across the Life Course

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HEALTH IMPACTS WEALTH AND WEALTH IMPACTS HEALTH

Most funders are interested in improving the health and well-being of those impacted by their giving, regardless of their formal areas of focus. This is certainly true of asset funders, and it is particularly salient to funders who focus on health. Indeed, any effective effort to improve the economic well-being of an individual, family, or community will bring health benefits with it.

Health is “a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity.” Fundamental to this all-encompassing sense of well-being are the financial and other material resources that help to shape our lives even before we are born. Research shows that the socioeconomic conditions into which children are born and spend their earliest years can influence their health and well-being into adulthood.

Wealth is the value of financial assets minus debts. Wealth also reflects our ability to invest in our own future and the future of our children. Assets deliver families financial stability.



They provide a secure economic foundation of resources from which families can address day-to-day challenges and major economic shocks. Unlike income, which can be unpredictable, assets can be drawn on in times of need, provide security, and support upward mobility. In fact, wealth is a better indicator of household financial well-being and over-all socioeconomic status than measures like income because it accounts for long-term financial status rather than the relatively brief flow of resources into and out of a household represented by income and consumption.

FROM CRADLE TO OLD AGE: THE IMPORTANCE OF WEALTH AND HEALTH AT EVERY POINT ALONG THE WAY

The health wealth relationship works in both directions. On the one hand, we know that health influences the ability to perform academically and maintain economically viable employment (good health is associated with higher wealth and income, better employment, and education). On the other hand, we know that adults with more financial resources have better health and live longer lives (higher wealth and income, better employment and education are associated with better health). **The bi-directional relationship between health and socioeconomic status is one of the strongest and most consistent findings in public health, and health disparities remain among the most fundamental challenges to improving our nation's health.**

We also know that resources are not equally distributed throughout our population and that significant racial and ethnic disparities exist in both health and wealth. Indeed, despite growing interest in understanding and addressing income inequality, wealth inequality in the U.S. is actually far more pronounced. Understanding the intersections of health and wealth across the life course, then, presents several potential points of entry for funders to invest in the equitable development of health and financial well-being for individuals, families, and communities.

To fully appreciate the many opportunities for funders to invest at the intersection of asset building and health, it is useful to know that several factors impact health beyond health care access and affordability. Among the most important are the social determinants of health, or the condi-

tions in which people are born, grow, work, live, and age, and the wider set of forces and systems shaping the conditions of daily life.

Because the relationship between wealth and health is complex and bi-directional, we see the effects of each on the other throughout the course of an individual's life. Poor health in any stage of the life course also can result in less financial stability in the future. Being in poor health also can have a direct impact on one's finances and household balance sheet.

HOW WEALTH IMPACTS HEALTH

Social scientists have offered several theories to explain why the wealthy have better health:

- The so-called **stress pathway** suggests that wealth acts as a buffer against financial insecurity—a greater sense of security reduces stress and all its negative long-term health consequences.
- **Education**, to some scholars, is a key to understanding health inequity, because more education changes preferences, norms, and behaviors.
- A **greater future orientation** from having savings, for example, in childhood for the future, allows people to envision a world beyond tomorrow and engage in related health behaviors.

Understanding the mechanisms underlying these relationships can help funders to identify promising opportunities to intervene and allow researchers to point to the best ways to evaluate the impact.

THE RELATIONSHIP BETWEEN HEALTH & WEALTH OVER THE LIFE COURSE



IN UTERO - TODDLER 0-3 YEARS

HEALTH-WEALTH CONNECTIONS

- ◆ Prenatal care and mother's health impact child's health and future medical costs
- ◆ Parent's socio-economic status influences health of child
- ◆ Child's health influences future school performance

INVESTMENT OPPORTUNITIES

- ◆ Home visiting programs that incorporate financial coaching
- ◆ Child Development Accounts promoted alongside preventive health and evidence-based early childhood development programs
- ◆ Multi-generational supports
- ◆ Community development that includes affordable quality child care and safe family-friendly neighborhood resources (e.g., libraries, parks, community centers.) These venues provide free learning spaces, allowing families to use savings for other investments
- ◆ Dual language/cultural programs for parents and children to help a child's economic potential later in life



CHILDHOOD - ADOLESCENCE 3-17 YEARS

HEALTH-WEALTH CONNECTIONS

- ◆ A healthy child has more opportunity to stay in school and benefit from education
- ◆ A child with financial savings is more likely to attend and graduate from college

INVESTMENT OPPORTUNITIES

- ◆ Child Development Account deposits at key development milestones for children with greatest need
- ◆ Financial education in the classroom and/or in combination with caregivers focused on developing positive financial habits and norms
- ◆ For older teens, financial knowledge and decision making skills training – especially tied to hands on learning (e.g. first job)



YOUNG ADULTHOOD 18-30 YEARS

HEALTH-WEALTH CONNECTIONS

- ◆ College educated and employed young adults have higher incomes/net worth and better overall health
- ◆ Young adults who accumulate higher amounts of debt incurred from loans report higher levels of depressive symptoms

INVESTMENT OPPORTUNITIES

- ◆ Individual Development Accounts focused on homeownership for adults who meet health prevention recommendations
- ◆ Workplace wellness programs that focus on employer contributions to retirement savings accounts tied to health behaviors
- ◆ Access to, and take up of, paid family leave and progressive sick day policies
- ◆ Financial coaching and access to healthy financial debt and credit products and services
- ◆ Access and guidance to initiate retirement savings
- ◆ First-time homeownership programs that offer financial guidance and buyer protections



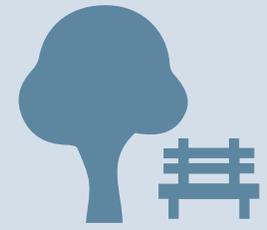
MIDDLE ADULTHOOD 30-50 YEARS

HEALTH-WEALTH CONNECTIONS

- ◆ Higher socio-economic status is associated with lower rates of chronic illness, which allows for longer participation in the labor force
- ◆ Higher wealth households can better weather economic shocks that either lead to poor health or are caused by poor health

INVESTMENT OPPORTUNITIES

- ◆ Financial counseling and economic supports for individuals newly diagnosed with chronic conditions
- ◆ Savings accounts that allow families to save tax-deferred for the care of elderly parents
- ◆ Homeownership programs that help individuals grow and protect their assets through affordable financing, home repairs/maintenance, and avoiding wealth stripping practices (e.g., high cost refinancing)



OLDER ADULTHOOD 50-70+ YEARS

HEALTH-WEALTH CONNECTIONS

- ◆ Health problems often lead to permanent disability and early retirement, which can result in a loss of financial stability
- ◆ Health care is one of the biggest expenses in retirement, and sufficient assets enable seniors to "age in place" versus in institutions

INVESTMENT OPPORTUNITIES

- ◆ Financial advice to preserve assets and planning for increased health care costs
- ◆ Coordination of health and housing services for older adults, allowing them to remain in their homes
- ◆ Accessible community health workers who can use innovative techniques to help seniors access care and preventative treatment and remain financially secure and in their homes

FUNDER RECOMMENDATIONS

Growing evidence shows that strategies to actively build assets are associated with better health—supporting attitudes and behaviors and better health outcomes, especially among children, adolescents, and their families. The philanthropic sector can provide critical support for proof of concept, policy change, and allocation of public funds to scale promising practices. The following are strategic recommendations for funders interested in intervening at the bi-directional intersection of health and wealth.

- Actively pursue and develop opportunities to integrate approaches and invest in health and economic well-being across the life course.
- Encourage a focus on health and asset building in multiple settings and systems, meeting individuals and families where they are. Increased effort is needed to make these opportunities available in schools, workplaces, health care settings, community-based organizations, and in conjunction with government services.
- Support community infrastructure. Contributing to investments in best-practice community development is one way to impact both economic disparities and many of the root causes of ill health, including a lack of employment opportunities, affordable housing, bank services, healthy foods, and access to high-quality health care.
- Building awareness and providing resources to educate and inform key decision-makers and the public. Philanthropic investments can help translate awareness into substantive policy and systems change.
- Support asset-building and health research. Much more research is needed before promising investments and other efforts can be recommended and replicated with full confidence.
- Increase opportunities for funders to learn from one another and collaborate. Actively supporting convenings that bring both asset building and health stakeholders together deepens cross learning and promotes the opportunity to identify shared goals. Many funders express interest in the connection between health and wealth, but find identifying a starting place difficult.

This intersection between wealth and health creates an opportunity for funders to have substantial influence on two of the seemingly intractable problems of modern society: health disparities and financial instability. The philanthropic community is in a unique position to address these long-standing issues because of its traditional role as an incubator for innovative interventions, an agenda-setter for programmatic and policy change, and a key supporter of research and discovery.

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