

Immigrants, Assimilation and Wealth Portfolio Choices*

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Studies have found that natives and immigrants allocate their wealth differently across various asset types. A selective migration process, the potential for return migration and cultural influences on saving behavior are some of the reasons that help explain these differences. In this paper, we investigate whether immigrants assimilate in wealth portfolio choices. We use the Survey of Income and Program Participation 1991, 1992, 1993, 1996, 2001, 2004 repeated short panels, which contain detailed information on both assets and migration histories. Years since migration (YSM) is expected to influence portfolio choice and be positively correlated with assimilation as has been found with labor market performance variables, conditional on individual and household characteristics, country of origin, entry cohort, and time effects. In addition, we expect the source-region to be an important determinant affecting assimilation in portfolio choices among immigrants. Assimilation patterns need to be considered across various household types (such as single, married, or mixed couples separately), as well as across wealth components. Preliminary results indicate that immigrants assimilate quite well in terms of housing and businesses although there is some variation across ethnic groups. Differences remain in financial investment patterns and retirement accounts among immigrants and natives.

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