**THE SURVEY OF INCOME AND PROGRAM PARTICIPATION**

# THE WEALTH OF U.S. FAMILIES: ANALYSIS OF RECENT CENSUS DATA

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**Joseph M. Anderson**
**Capital Research Associates**
**127 Hesketh Street**
**Chevy Chase, Maryland 20815**

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## TABLE OF CONTENTS

## LIST OF TABLES AND CHARTS

# THE WEALTH OF U.S. FAMILIES: ANALYSIS OF RECENT CENSUS DATA

## EXECUTIVE SUMMARY

This study describes the levels and distribution of real and financial wealth of U.S. families, and it probes factors associated with household asset holdings, focusing on debt. The report presents the results of analysis of data on the assets and liabilities of U.S. persons and families in 1995. These data were collected by the U.S. Bureau of the Census in the Survey of Income and Program Participation (SIPP). The SIPP provides data on the income, assets, and demographic characteristics of large representative samples of the non-institutionalized population of the United States. These are the most recent data on household and personal wealth released by the Census Bureau.

The average (median) U.S. family in 1995 had net financial assets of only about $1,000. This is the value of money in the bank, stocks, bonds, and other securities, after subtracting loans, credit card debt and other unsecured debt. Average gross financial assets were about $2,700, before subtracting unsecured debt.

Median net worth of all families – the value of all real and financial assets, including equity in the home, other real estate, vehicles, own businesses, as well as financial assets – is about $35,500. For the average family, the majority of net worth is equity in their home. After subtracting home equity, the remaining net worth of the median family is $10,000. The lowest 30 percent of families have total net wealth, including home equity, of $7,000 or less, and the top 30 percent, $93,000 or more.

Wealth is very unevenly distributed. The lowest 30 percent of families, ranked by the size of their net financial assets, have zero or negative net financial assets; that is, their unsecured debts equal or exceed their gross financial assets. The lowest 20 percent have negative net financial assets (net debt) of $800 or greater, and the bottom tenth have net debt of $4,700 or more. Families in the top tenth have net financial assets of $85,000 or more.

An important reason for the low average levels of net financial assets is that many families have high levels of debt, especially consumer debt. Median consumer debt for all families is $3,000, and median total debt is $8,800. The one-fifth of families with the lowest net financial assets have the highest median consumer debt, $11,500. Families in this lowest 20 percent of net financial assets actually have average family incomes that are about the same as the population as a whole. The median family income of families ranked in the lowest fifth by financial assets is about $31,700. The median family income of all families is about $29,000. Families in the second lowest fifth, ranked by financial assets, have the lowest average incomes.

Ten percent of families have consumer debt of $20,000 or more, and another ten percent have consumer debt greater than $12,500. Twenty-seven percent of families have no consumer debt.

Family wealth is closely associated with family income levels. When families are ranked by total family income, those in the lowest 20 percent, with less than $13,000 in family income, have zero median net financial assets and median net worth of $3,000. Families in the top 20 percent of incomes, incomes greater than $55,000, have median net financial assets of $18,000, and median net worth of $118,000.

Most families with income below $25,000 have negligible financial assets. Median net financial assets for families with income of $10,000-$25,000 is $200. Families with income of $25,000-$50,000 have median net financial assets of $1,600, and those with income of $50,000-$75,000 have median net financial assets of $8,000. Families with income greater than $100,000 have median net financial assets of $51,000.

Family financial assets vary by age of the head of family. Families with heads age 45-54 have median net financial assets of $1,700. Those with heads age 55-64 have median financial assets of $4,800. Families with heads age 65-74 have the highest median net financial assets among age groups, $12,500.

Debt also varies by age. Median total debt increases with age, from $9,600 for ages 25-34 to $22,100 for ages 45-54, then declines to zero for ages 75 and older. Median consumer debt is between $4,000 and $5,000 for ages 25-54, then declines to zero for ages 75 and older.

This report takes an innovative approach to analysis of these data on family assets, debts, and incomes. It divides the families into five equal groups (quintiles) according to how they rank for each of several different measures of wealth, debt, and income. Then it analyzes the values of key asset, debt, and income variables for the families in each of the quintiles, in order to characterize those families in lower vs. higher quintiles.

# THE WEALTH OF U.S. FAMILIES: ANALYSIS OF RECENT CENSUS DATA

## Introduction

Saving and wealth building are vital for U.S. families and the U.S. economy. It is well-known that the U.S. personal savings rate is low and that many U.S. families have very modest financial assets. Table 1 shows the long term decline in the personal savings rate, from eight percent of disposable income in the early 1980s, to five percent in the late 1980s and early 1990s, to less than zero in mid-1999. For 1998 as a whole, the personal savings rate was 0.5 percent, the lowest annual level since the depression of the 1930s. During the first half of 1999, the personal savings rate was negative, -0.9 percent.

The personal savings rate, as measured by the Department of Commerce, does not include increases in wealth resulting from increases in stock prices or increases in housing prices. However, there is controversy concerning whether and how much such increases should be treated as savings. Furthermore, increases in stocks and housing prices have not been distributed equally over the population. What counts is the level of assets families hold. On an individual family level, survey data show that the typical U.S. family holds very low levels of financial assets and has low total wealth. In 1995 more than half of all U.S. families had net financial assets of $1,000 or less.

**TABLE 1**

**U.S. PERSONAL SAVINGS RATE:**
**PERCENT OF DISPOSABLE PERSONAL INCOME SAVED: 1980-1999**

| Year | Personal Savings Rate |
|---|---|
| 1980-1985 | 8.1 |
| 1986-1992 | 5.4 |
| 1993 | 4.4 |
| 1994 | 3.5 |
| 1995 | 3.4 |
| 1996 | 2.9 |
| 1997 | 2.1 |
| 1998 | 0.5 |
| 1999 - 1st half | -0.9 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

This study describes the levels and distribution of real and financial assets of U.S. families, and it probes factors associated with household asset holdings, focusing on debt. The report presents the results of analysis of data on the real and financial wealth of U.S. persons and families in 1995.

## Data Sources

The data analyzed in this report were collected by the U.S. Bureau of the Census in the Survey of Income and Program Participation (SIPP) for January through April of 1995. The SIPP provides data on the income, assets, and demographic characteristics of large representative samples of the non-institutionalized population of the United States. These are the most recent data on household and personal wealth released by the Census Bureau.[1]

The SIPP is the largest and most comprehensive database with information for persons, families, and households on all the economic, demographic, and social variables relevant to analysis

[1] The 1995 family wealth and income data are from the Survey of Income and Program Participation (SIPP) 1993 Panel Wave 7 Topical Module and from the core interviews for the twelve month period ending in the month of the topical module, contained in the 1993 SIPP Longitudinal Microdata File. The 1993 Wave 7 Topical Module sample included 17,138 households headed by persons age 25 or older, and 18,470 families headed by persons age 25 or older, randomly selected to be representative of the entire U.S. non-institutional population.

The 1993 Panel Wave 7 data on assets and liabilities were collected in detailed interviews conducted in February, March, April, and May 1995, and refer to asset and liability balances on the last day of the month that preceded the interview. Thus, the data in this report are averages of balances held and owed at the end of January, February, March, and April 1995. Each person's income was calculated by summing the income from all sources over each of the 12 months ending with the reference month for the assets data. Family income was calculated as the sum of the incomes of all of the persons in the family.

The unit of analysis of this study is the family. The definition of family used in this study corresponds to the notion of the nuclear family – a married couple and their natural and adoptive children, if any. A single person living alone or unrelated to other persons in the household is considered to be a one-person family. Related persons living in the same household but not part of the same nuclear family are in separate families. Thus, in a household containing a married couple and their minor children, and one spouse’s parent(s), the couple and children would be one family, and the parent(s) would be a separate family. An adult child age 25 or older and spouse, if any, living with his/her parents are a separate family. The concept of family used in this study is the unit which singly or jointly owns assets, makes decisions concerning their accumulation and disposition, and shares in their long term (life cycle) value (e.g. for retirement income).

This definition of family differs from the definition usually used by the U.S. Census Bureau. The family is defined by the Census Bureau as two or more persons who are living together and related by blood, marriage, or adoption.

Wealth and other economic variables are sometimes studied using the household as the unit of analysis. A household is a person or group of persons living at the same address. A household may consist of one person living by himself or herself, a group of unrelated individuals, or one or more families. A study of wealth, similar to the one in this report, but using the household as the unit of analysis, is available from the author.

of savings behavior and individual household economic conditions. The 1995 data used for this study includes about 18,500 families, with about 49,000 persons[2]. The SIPP sample is selected to be representative of the U.S. civilian, noninstitutional population. The 1995 sample includes about 13,800 families with income less than $50,000, and about 7,800 families with income less than $25,000. It also includes 1,800 families with income greater than $75,000. The SIPP is described in Annex A.

Another database with comprehensive data on assets and liabilities is the Survey of Consumer Finances (SCF), sponsored by the Federal Reserve Board. SCF data for 1995 are also available. The SCF is designed to provide a picture of total wealth holdings of U.S. families. The SCF oversamples high income households, which hold a disproportionate amount of total assets. A major concern about the SCF is that the sample size is small and the proportion of families who responded fully to the survey (the response rate) is small. The size of the SCF sample (about 4,300 families in 1995) is much smaller than the SIPP. In the 1995 SCF sample, only about 2,800 families were from a sample that is representative of the entire population; the remaining 1,500 families were from a special sample of high income families.[3] The SCF is also described in Annex A. The 1995 SIPP data and SCF data are the most recent household wealth data available.[4]

## Net Wealth

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[2] Only families headed by persons age 25 or older are included in this study. Individuals and families headed by persons younger than 25 are often students or persons in transition between education and work and may not be representative of the wealth holdings of the general population. If individuals and families headed by persons younger than 25 were included, the number of lower income families and families with low wealth would be greater, and average wealth would be lower.

[3] About 70 percent of the families from the sample representative of the entire population completed interviews. The response rate from the high-income sample was about 34 percent. Analysis of the data suggests that the tendency to refuse participation is biased. Federal Reserve Board analysts have undertaken considerable research to adjust for nonresponse. See Kennickell, *et al.*, 1996.

[4] Published results of analysis of the 1995 SCF are, generally, not directly comparable to the results reported in this study. First, the published SCF results (Kennickell, *et al.*, 1997) generally report estimates of median asset holdings and liabilities for families holding each asset or liability type and the proportion of families holding each type. The results of analysis of 1995 SIPP data presented in this study report estimates of mean and median assets and liabilities of all families, including those with zero levels of an asset or liability type. Second, the SCF counts defined contribution employer pension balances, such as 401(k) accounts, as part of family wealth, as well as individual retirement accounts and Keogh accounts; whereas the Census Bureau includes only individual retirement savings, such as IRAs and Keoghs, in family wealth. In recent years there has been a shift in employer pensions from defined benefit to defined contribution plans, although overall coverage by any type of employer pension plan has remained fairly constant. If defined contribution employer pensions are counted as part of family wealth, but defined benefit pensions are not, the shift into defined contribution plans may make family wealth appear to have increased more than it would have if it had been possible to estimate the accrued value of defined benefit pensions.

A common measure of total family wealth is net worth. Net worth equals the value of all of a family's total real and financial assets – including equity in a home, businesses, vehicles, other property, cash, bank accounts, stocks and bonds, and all other assets – less all debts. Table 2 shows the net worth of U.S. families in 1995 in each decile (10 percent) of families, ranked by their net worth. In Table 2 families are ranked according to their net worth, from lowest to highest, and divided into ten equal groups, ranging from the lowest ten percent to the highest ten percent. Table 1 shows the range of net worth of the families in each tenth. Chart 1 illustrates the data in Table 2.

Table 2 shows that the median net worth of U.S. families in 1995 is about $35,500 – that is, one-half of U.S. families have total wealth of $35,500 or less. The bottom ten percent of families have zero net worth, and the net worth of the next ten percent is less than $2,000. The lowest 40 percent of families have net worth less than $17,500. The top ten percent of families have net worth of about $240,000 or more.

Table 3 shows the size distribution of net worth over all families by quintile. In Table 3 families are ranked according to their level of net worth, from the lowest to the highest, and divided into five equal groups (quintiles). For each group, Table 3 shows the mean and median[5] levels of family net worth, home equity, net worth less home equity, and net financial assets[6] for each quintile of families classified by level of net worth.

[5] The *median* is the level of assets held by the family at the mid-point of the distribution – i.e., half of the families have more and half have less. The *mean* equals the total level of assets held by all families, divided by the number of families.

[6] Family gross financial assets include checking accounts, savings accounts, money market deposit accounts, certificates of deposit, money market funds, government securities, corporate and municipal bonds, stocks and mutual fund shares, IRA and Keogh accounts, mortgages held from sale of real estate, money owed to members of the family by others, unit trusts, and other financial investments, less debt secured by financial assets (such as stock margin debt). Net financial assets equal gross financial assets less unsecured debt. Unsecured debt includes unpaid bills, unsecured bank or credit union loans, credit card balances, medical bills not covered by insurance, money owed to private individuals, and all other unsecured debts. Employer pension fund and other benefit accruals, including defined contribution pension balances and 401(k) account balances, defined benefit pension accruals, and ESOPs, are not included in family net financial assets data collected by the Census Bureau.

**TABLE 2**

**DISTRIBUTION OF NET WEALTH OF U.S. FAMILIES**

| Decile of Net Worth | Net Worth Is Less Than: |
|---|---|
| .1 (lowest 10 percent) | $0 |
| .2 | $1,793 |
| .3 | $6,926 |
| .4 | $17,500 |
| .5 | $35,460 |
| .6 | $60,163 |
| .7 | $92,735 |
| .8 | $141,364 |
| .9 | $239,233 |
| 1.0 (top 10 percent) | $80,000,000,000+ |

Source: Capital Research Associates analysis of 1995 Survey of Income and Program participation data.

**CHART 1**

NET WORTH OF U.S. FAMILIES BY DECILE (EXCLUDING TOP DECILE)

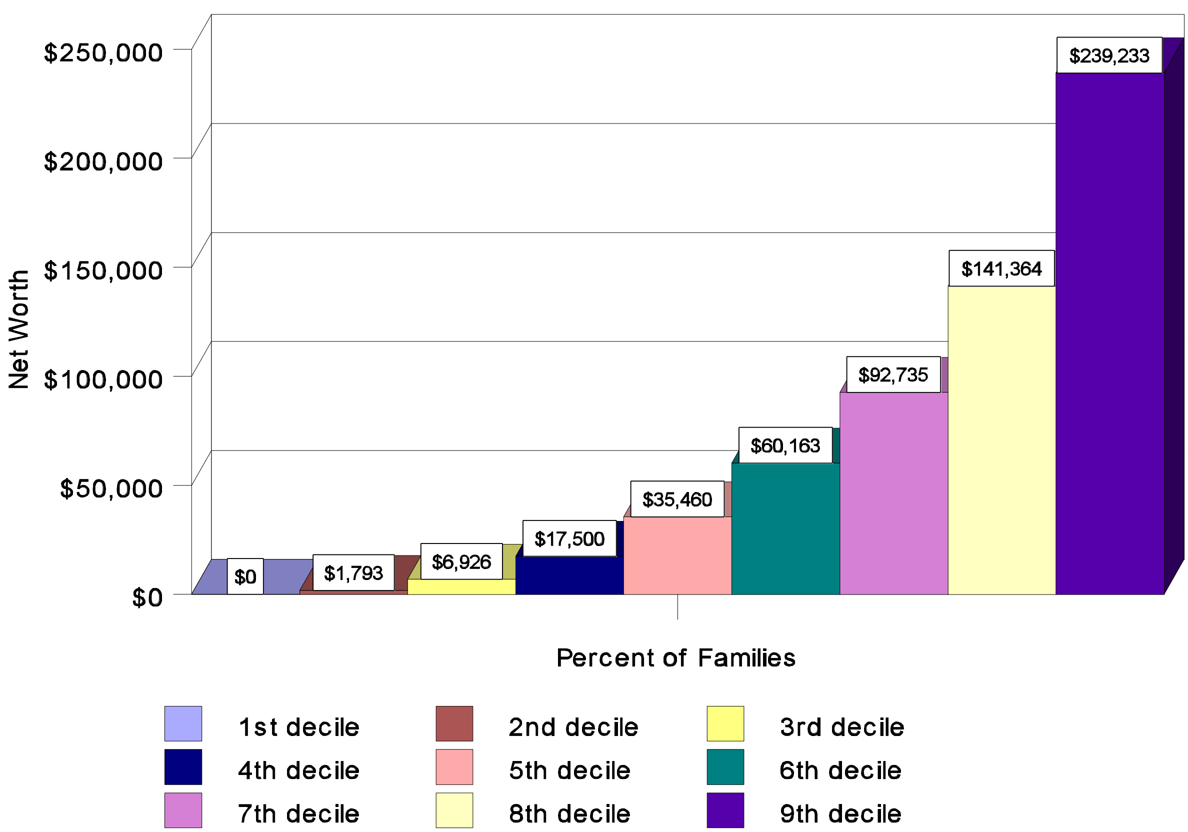

**TABLE 3**

**MEAN AND MEDIAN NET WORTH, HOME EQUITY, AND NET FINANCIAL ASSETS OF FAMILIES CLASSIFIED BY QUINTILES OF NET WORTH**

| Quintile of Net Worth | Quintile Range | Net Worth | | Home Equity | | Net Worth Less Home Equity | | Net Financial Assets[a] | |
|---|---|---|---|---|---|---|---|---|---|
| | | Mean | Median | Mean | Median | Mean | Median | Mean | Median |
| 1st quintile | Less than $1,793 | ($3,449)[b] | $0 | $669 | $0 | ($4,118) | $0 | ($5,545) | $0 |
| 2nd quintile | $1,793 - $17,499 | $7,821 | $6,926 | $2,155 | $0 | $5,666 | $4,850 | $366 | $25 |
| 3rd quintile | $17,500 - $60,162 | $36,642 | $35,460 | $21,688 | $21,116 | $14,955 | $13,100 | $5,165 | $1,199 |
| 4th quintile | $60,163 - $141,363 | $95,100 | $92,735 | $58,855 | $60,000 | $36,245 | $28,050 | $19,863 | $9,850 |
| 5th quintile | Greater than $141,364 | $312,241 | $239,233 | $128,411 | $120,362 | $183,830 | $126,260 | $117,491 | $73,000 |
| All[c] | | $89,634 | $35,460 | $42,341 | $14,641 | $47,293 | $10,005 | $27,453 | $1,000 |

a Net financial assets equal gross financial assets less unsecured debt. Gross financial assets and unsecured debt are defined in footnote 6.
b ( ) indicates negative net worth or negative net financial assets.
c Families with head age 25 and older.
Source: Capital Research Associates analysis of 1995 Survey of Income and Program Participation data.

Table 3 shows that median net worth of all families is about $35,500, and mean net worth is about $89,600.[7] Equity in a home accounted for a large share of the net worth of most families. Median home equity for all families is $14,600, and median net worth excluding home equity is $10,000. Mean home equity for all families is about $42,000, equal to about 47 percent of mean net worth. However, median home equity for the lower two quintiles of net worth is zero.[8] Mean home equity as a percent of mean net worth increases from 28 percent for families in the second quintile to 62 percent for the fourth quintile and then decreases to 41 percent in the highest quintile.

Net financial assets for families in the lowest two net worth quintiles are negligible, and median net financial assets for the middle quintile are $1,200. Financial assets become a larger share of wealth as wealth increases. As a share of mean net worth, mean net financial assets increase from five percent for the second quintile to 38 percent for the highest quintile. Over all families, mean net financial assets equal 31 percent of mean net worth.

Table 4 shows average levels of debt for families classified by net worth, and Table 5 shows ratios of types of debt to net worth and to total debt for those net worth classes. The classes of families in Tables 4 and 5 are the same as Table 3 – quintiles of net worth. Table 4 shows that median total debt increases with net worth over the lower three quintiles, then declines as wealth increases in the higher two quintiles. The ratio of median total debt to median net worth increases from .65 in the second quintile to .71 in the third quintile then declines to .05 for the highest quintile. Median total debt over all families is $8,800. Mean total debt is $33,600.

Median consumer debt varies between $3,000 and $4,500 for the lower four net worth quintiles, then falls to $1,200 for the highest quintile.[9] In the lowest net worth quintile, which has zero median net worth, median consumer debt is $3,500. The ratio of median consumer debt to median net worth falls from .43 for the second quintile to .13 for the third and to .01 for the fifth quintile. Mean consumer debt is highest for the lowest net worth quintile. Consumer debt exceeds mortgage debt for that lowest net worth quintile. As net worth increases, consumer debt becomes

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[7] Because the distribution of wealth is highly skewed (a relatively small proportion of families hold a large proportion of all wealth, with the net worth of families with the greatest wealth being many times greater than the median), the mean of net worth is significantly greater than the median in the top quintile and for the population as a whole, and may not reflect the asset holdings of typical families. Because the distribution of debt is skewed in the bottom quintile, the mean of net worth and of net financial assets is significantly smaller (more negative) than the median in the bottom quintile.

[8] This means that the family at the mid-point of the distribution of home equity, within each of these net worth quintiles, has zero home equity, i.e., half or more of the families in these lower net worth quintiles have no home equity.

[9] Consumer debt is defined as unsecured debt (credit card debt, store bills, unsecured bank or credit union loans, medical bills, money owed to other persons, etc.) plus all vehicle debt (debt on automobiles, motorcycles, boats, recreational vehicles, etc.).

## TABLE 4

### MEAN AND MEDIAN NET WORTH AND DEBTS OF FAMILIES CLASSIFIED BY QUINTILES OF NET WORTH

| Quintile of | Net Worth | | Total Debt | | Consumer Debt | | Mortgage Debt | |
|---|---|---|---|---|---|---|---|---|
| Net Worth | Mean | Median | Mean | Median | Mean | Median | Mean | Median |
| 1st quintile | ($3,449)[a] | $0 | $14,257 | $3,800 | $9,937 | $3,500 | $4,075 | $0 |
| 2nd quintile | $7,821 | $6,926 | $18,324 | $4,500 | $6,224 | $3,000 | $11,814 | $0 |
| 3rd quintile | $36,642 | $35,460 | $41,848 | $25,093 | $7,948 | $4,500 | $32,851 | $11,964 |
| 4th quintile | $95,100 | $92,735 | $42,105 | $17,907 | $7,324 | $3,000 | $31,980 | $3,598 |
| 5th quintile | $312,241 | $239,233 | $51,447 | $13,152 | $6,273 | $1,200 | $34,008 | $0 |
| All[b] | $89,634 | $35,460 | $33,589 | $8,800 | $7,541 | $3,000 | $22,939 | $0 |

a ( ) indicates negative net worth.
b Families with head age 25 and older.
Source: Capital Research Associates analysis of 1995 Survey of Income and Program Participation data.

## TABLE 5

### RATIOS OF MEAN AND MEDIAN DEBT LEVELS TO NET WORTH AND TO TOTAL DEBT OF FAMILIES CLASSIFIED BY QUINTILES OF NET WORTH

| Quintile of | Ratio of Total Debt to Net Worth | | Ratio of Consumer Debt to Net Worth | | Ratio of Consumer Debt to Total Debt | | Ratio of Mortgage Debt to Total Debt | |
|---|---|---|---|---|---|---|---|---|
| Net Worth | Mean | Median | Mean | Median | Mean | Median | Mean | Median |
| 1st quintile | na | na | na | na | 0.70 | 0.92 | 0.29 | 0.00 |
| 2nd quintile | 2.34 | 0.65 | 0.80 | 0.43 | 0.34 | 0.67 | 0.64 | 0.00 |
| 3rd quintile | 1.14 | 0.71 | 0.22 | 0.13 | 0.19 | 0.18 | 0.79 | 0.48 |
| 4th quintile | 0.44 | 0.19 | 0.08 | 0.03 | 0.17 | 0.17 | 0.76 | 0.20 |
| 5th quintile | 0.16 | 0.05 | 0.02 | 0.01 | 0.12 | 0.09 | 0.66 | 0.00 |
| All[a] | 0.37 | 0.25 | 0.08 | 0.08 | 0.22 | 0.34 | 0.68 | 0.00 |

a Families with head age 25 and older.
na: Not applicable because mean net worth is negative and median net worth is zero.
Source: Capital Research Associates analysis of 1995 Survey of Income and Program Participation data.

a smaller share of total debt. Mortgage debt becomes a larger share of total debt as net worth increases from the first to the third quintiles, then a decreasing share in the fourth and fifth quintiles. For all families, mean consumer debt is equal to 22 percent of mean total debt, and mean mortgage debt is equal to 68 percent of mean total debt. However, for the lowest net worth quintile, mean consumer debt is equal to 70 percent of mean total debt.

## Financial Assets

One measure of the savings accumulated by U.S. families is their level of net financial assets. Net financial assets include all of a family's financial assets (not counting employer pension funds) less all unsecured debts. Net financial assets are the assets a family has available for emergencies, to make a down payment on a home, or for retirement other than what they may receive from employer pensions or social security.

Financial assets are distributed very unevenly over families. Table 6 shows the distribution of financial assets of U.S. families in 1995, by showing the range of net financial assets held by the families in each decile of families, ranked by their level of net financial assets. In Table 6 families are ranked according to their level of net financial assets, from the lowest to the highest, and then divided into ten equal groups, ranging from the lowest ten percent to the highest ten percent. Chart 2 illustrates the data in Table 6.

Table 6 shows that half of all U.S. families have net financial assets of $1,000 or less. Forty percent of families have net financial assets of $50 or less, and the bottom 30 percent have zero or negative net financial assets, after subtracting their unsecured debts from gross financial assets. That means that, for the families in the bottom 30 percent, unsecured debt equals or exceeds gross financial assets. The bottom ten percent have net debts of $4,700 or greater. The top ten percent of families have net financial assets of $85,000 or more.

Table 7 shows the size distribution of net financial assets over all families by quintile. In Table 7 families are ranked according to their level of net financial assets and divided into five equal groups (quintiles). For each group, Table 7 shows the mean and median levels of family gross financial assets, unsecured debt, and net financial assets[10] for each quintile of families classified by level of net financial assets.

[10] Gross financial assets and net financial assets are defined in footnote 6.

**TABLE 6**

**DISTRIBUTION OF FINANCIAL ASSETS OF U.S. FAMILIES**

| Decile of Net Financial Assets | Net Financial Assets Are Less Than |
|---|---|
| 0.1 (lowest 10 percent) | $-4,700 |
| 0.2 | $-820 |
| 0.3 | $0 |
| 0.4 | $50 |
| 0.5 | $1,000 |
| 0.6 | $4,055 |
| 0.7 | $12,000 |
| 0.8 | $31,000 |
| 0.9 | $84,900 |
| 1.0(top 10 percent) | $80,000,000,000+ |

Source: Capital Research Associates analysis of Survey of Income and Program and Participation Data.

**CHART 2**

FINANCIAL ASSETS OF LOWER 90 PERCENT OF U.S. FAMILIES BY DECILE

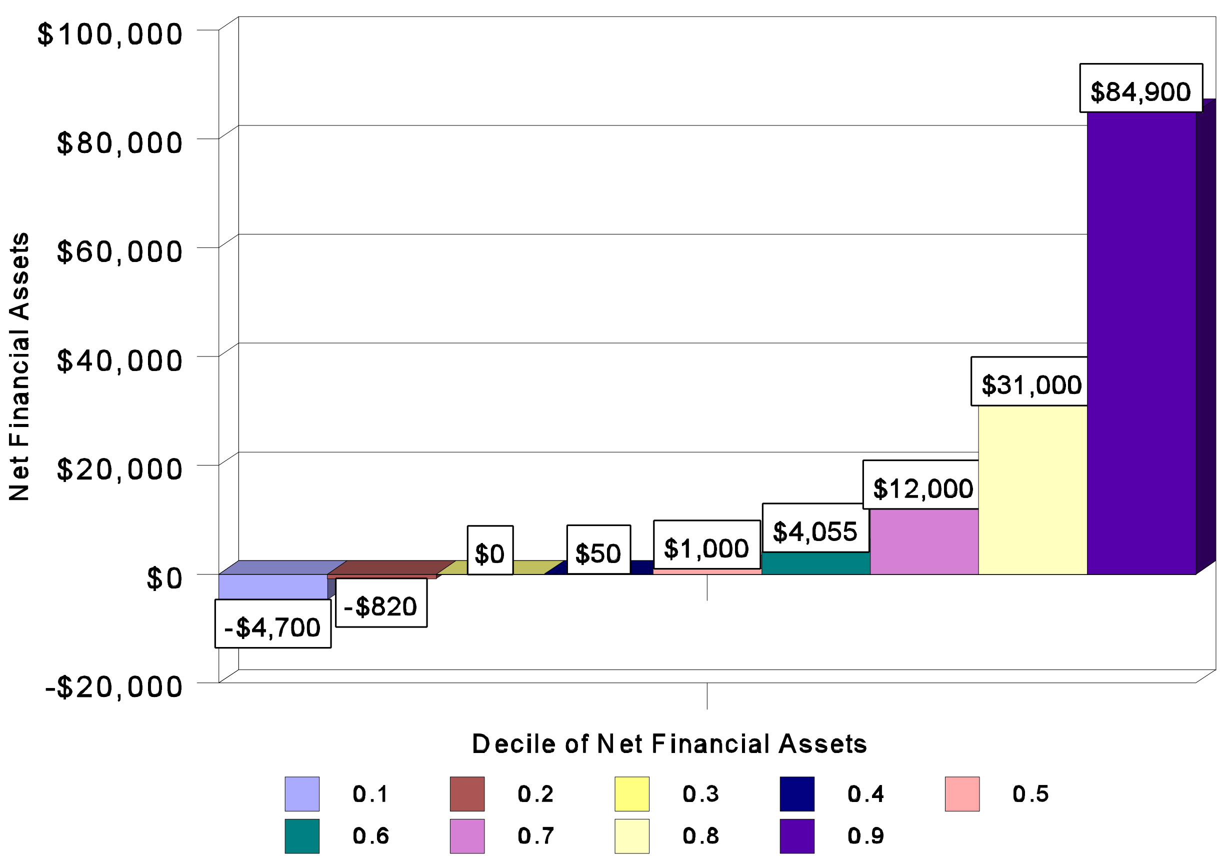

**TABLE 7**

**FAMILY FINANCIAL ASSETS AND UNSECURED DEBT, BY QUINTILE OF NET FINANCIAL ASSETS: 1995**

| Quintile of Net Financial Assets | Quintile Range | Gross Financial Assets | | Unsecured Debt | | Net Financial Assets[a] | |
|---|---|---|---|---|---|---|---|
| | | mean | median | mean | median | mean | median |
| 1st quintile | Less than $-820 | $2,065 | $550 | $12,182 | $6,042 | ($10,117)[b] | ($4,700) |
| 2nd quintile | $-820 to $50 | $279 | $0 | $381 | $0 | ($102) | $0 |
| 3rd quintile | $51 to $4,055 | $2,203 | $1,450 | $838 | $0 | $1,365 | $1,000 |
| 4th quintile | $4,056 to $31,000 | $15,899 | $14,075 | $1,972 | $200 | $13,927 | $12,000 |
| 5th quintile | Greater than $31,000 | $134,530[c] | $86,898 | $2,147 | $0 | $132,382[c] | $84,901 |
| All[d] | | $30,957 | $2,660 | $3,503 | $200 | $27,453 | $1,000 |

a Net financial assets equal gross financial assets less unsecured debt. Gross financial assets and unsecured debt are defined in footnote 6.
b ( ) indicates negative net financial assets.
c Mean values for the top quintile may be distorted by "top-coding", a limit on the value of each asset class reported in the public use data base imposed to protect confidentiality.
d Families with head age 25 and older.
Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

The median level of gross financial assets for all U.S. families in 1995 is about $2,700.[11] Median unsecured debt for all families is $200. After subtracting unsecured debt of each family from their gross financial assets, the median level of net financial assets for all families is $1,000.[12]

Table 7 shows that only the top 20 percent of U.S. families have net financial assets of $31,000 or greater in 1995. The top ten percent have net financial assets of $85,000 or more, compared to median financial assets of $1,000 for the total population. The bottom 20 percent have net debts of $820 or greater, and the bottom 10 percent have net debts of $4,700 or greater.

Table 7 also shows the mean level of financial assets for each quintile. Because the distribution of financial assets and of unsecured debt is highly skewed at both ends, the mean of net financial assets is significantly greater than the median in the top quintile and for the population as a

[11] As noted in footnote 2, only families headed by persons age 25 or older are included in this study. If younger individuals and families were included, the average levels of assets would be smaller.

[12] The median of the differences between two variables for each family in a group, such as gross financial assets and unsecured debt, is not in general equal to the difference between the medians of each of those variables for the group. The mean of the differences between two variables does equal the difference between the means of each variable.

whole, and may not reflect the asset holdings of typical families.[13] Because the distribution of unsecured debt is skewed in the bottom quintile, the mean of net financial assets is significantly smaller (more negative) than the median in the bottom quintile.

Table 7 shows that families in the bottom quintile of *net* financial assets, which have negative net financial assets of -$820 or less, actually have, on average, greater *gross* financial assets than families in the next higher quintile. Mean gross financial assets in the bottom net financial assets quintile is $2,065, vs. $280 in the next higher quintile, and median gross financial assets is $550 in the bottom net financial assets quintile, vs. zero in the next higher quintile. The reason many families are in the lowest net financial assets quintile is that they have high levels of unsecured debts, and only modest levels of gross financial assets. Families in the bottom net financial assets quintile have mean unsecured debt of about $12,200, and median unsecured debt of about $6,000, leaving them with negative mean net financial assets of -$10,100 and negative median net financial assets of -$4,700.

Table 8 shows the net worth and family income, as well as net financial assets, of the same groups of families, ranked in quintiles according to their levels of net financial assets. Table 8 shows that, while for the 2nd through the 5th quintiles of net financial assets, average net worth and average incomes increase with net financial assets, the families in the lowest net financial assets quintile actually have greater average net worth and greater average incomes than families in the next higher quintile. In fact, the mean and median family income in the lowest net financial assets quintile is about the same as for the population as a whole. Median family income for the entire population is about $29,000 in 1995, and mean family income is about $35,800.[14] Median family income for the lowest net financial assets quintile is about $31,700, and mean family income is about $35,800. Families in the 2nd net financial assets quintile have by far the lowest average net worth and lowest average incomes in Table 8. Those families also have the lowest average levels of unsecured debt, as shown in Table 7.

[13] Since financial asset holdings are highly skewed, the means may be sensitive to "outliers," or extreme values. That is, the existence of one or a small number of families with very high wealth in the sample may influence the value of the mean. The median is not sensitive to extreme values.

[14] Similar to assets, the income distribution over families is skewed. A small proportion of families have incomes much greater than the average. Consequently, the mean family income is larger than the median. The mean family incomes for each group reported in Table 8 may be sensitive to extreme values or “outliers” and may be distorted by “top-coding,” a limit on the value of very high incomes that are reported in the public data set, which is imposed to preserve confidentiality. The medians are not affected by extreme values or by top-coding.

**TABLE 8**

**FAMILY NET FINANCIAL ASSETS, NET WORTH, AND INCOME, BY QUINTILE OF NET FINANCIAL ASSETS: 1995**

| Quintile of Net Financial Assets | Quintile Range | Net Financial Assets[a] mean | Net Financial Assets[a] median | Net Worth mean | Net Worth median | Income mean | Income median |
|---|---|---|---|---|---|---|---|
| 1st quintile | Less than $-820 | ($10,117)[b] | ($4,700) | $27,036 | $7,625 | $35,853 | $31,744 |
| 2nd quintile | $-820 to $50 | ($102) | $0 | $19,136 | $2,670 | $17,741 | $13,119 |
| 3rd quintile | $51 to $4,055 | $1,365 | $1,000 | $42,579 | $17,250 | $29,924 | $25,497 |
| 4th quintile | $4,056 to $31,000 | $13,927 | $12,000 | $88,472 | $66,676 | $42,811 | $37,894 |
| 5th quintile | Greater than $31,000 | $132,382 | $84,901 | $271,579 | $202,348 | $53,077 | $45,306 |
| All[c] | | $27,453 | $1,000 | $89,634 | $35,459 | $35,839 | $28,965 |

a Net financial assets equal gross financial assets less unsecured debt. See footnote 6.
b ( ) indicates negative net financial assets.
c Families with head age 25 and older.
Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

## Types and Levels of Debt

Table 9 provides information about the levels of debt of families, ranked by their levels of net financial assets. The groups of families in Table 9 are the same as in Tables 7 and 8, quintiles of families ranked by net financial assets. For each quintile and for all families, Table 9 shows the average total debt and average consumer debt of families in that quintile. Consumer debt is defined as unsecured debt (credit card debt, store bills, unsecured bank or credit union loans, medical bills, money owed to other persons, etc.) plus all vehicle debt (debt on automobiles, motorcycles, boats, recreational vehicles, etc.).

Table 9 tells the same story as Table 7. Total debt and consumer debt are greatest for families in the lowest net financial assets quintile. Total debt and consumer debt are lowest for families in the next net financial assets quintile. In general, average total debt – which includes home mortgages; debts secured by other real property, businesses, and vehicles; and stock margin debt; as well as unsecured debt -- increases with net financial assets for families in the 2nd through 5th quintiles. That is, on average, above the lowest net financial assets quintile, families with greater net financial assets also have greater total debt. Mean total debt increases from $11,700 for families in the 2nd net financial assets quintile to $44,500 for families in the highest net financial assets quintile. However, families in the lowest net financial assets quintile have mean total debt of $45,200. Median total debt is $1,200 for families in the 2nd lowest net financial assets quintile, increasing to $14,900 for families in the 4th net financial assets quintile. Families in the highest quintile have median total debt of $8,000. Families in the lowest net financial assets quintile have median total debt of $22,000. Median total debt for all families is $8,800, and mean total debt for all families is $33,600.

**TABLE 9**

**FAMILY NET FINANCIAL ASSETS, TOTAL DEBT, AND CONSUMER DEBT, BY QUINTILE OF NET FINANCIAL ASSETS: 1995**

| Quintile of Net Financial Assets | Quintile Range | Net Financial Assets[a] | | Total Debt | | Consumer Debt | | Ratio of Consumer Debt/Total Debt | |
|---|---|---|---|---|---|---|---|---|---|
| | | mean | median | mean | median | mean | median | mean | median |
| 1st quintile | Less than $-820 | ($10,117)[b] | ($4,700) | $45,218 | $22,000 | $17,375 | $11,500 | .38 | .52 |
| 2nd quintile | $-820 to $50 | ($102) | $0 | $11,695 | $1,200 | $3,792 | $675 | .32 | .56 |
| 3rd quintile | $51 to $4,055 | $1,365 | $1,000 | $24,984 | $5,907 | $4,932 | $1,775 | .20 | .30 |
| 4th quintile | $4,056 to $31,000 | $13,927 | $12,000 | $41,800 | $14,900 | $6,285 | $2,700 | .15 | .18 |
| 5th quintile | Greater than $31,000 | $132,382 | $84,901 | $44,461 | $8,000 | $5,337 | $900 | .12 | .11 |
| All[c] | | $27,453 | $1,000 | $33,589 | $8,800 | $7,541 | $3,000 | .22 | .34 |

a Net financial assets equal gross financial assets less unsecured debt.
b ( ) indicates negative net financial assets.
c Families with head age 25 and older.
Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

Consumer debt is also much higher for families in the lowest net financial assets quintile. Median consumer debt for families in the lowest net financial assets quintile is $11,500, more than four times higher than any other quintile. Median consumer debt for the other quintiles varies between $675 (for the $2^{nd}$) and $2,700 (for the $4^{th}$). Median consumer debt for all families is $3,000.

Mean consumer debt is about $17,400 per family for the lowest net financial assets quintile, almost three times higher than any other quintile. Mean consumer debt ranges from $3,800 for the $2^{nd}$ quintile to $6,300 for the $4^{th}$ quintile. Mean consumer debt for all families is about $7,500 per family.

Consumer debt is a larger share of total debt for families with lower net financial assets. Mean consumer debt declines from 38 percent of mean total debt for the lowest quintile to 12 percent for the highest. For all families, mean consumer debt is 22 percent of mean total debt. The ratio of median consumer debt to median total debt ranges from .52 for the lowest quintile and .56 for the $2^{nd}$ quintile to .11 for the highest quintile. The ratio of median consumer debt for all families to median total debt is .34.

**Total Debt**

Table 10 examines average levels of debt for families, classified by quintiles of total debt, from the 20 percent of families with the lowest total debt to the 20 percent with the highest total debt in 1995. The lowest quintile has zero debt. The highest quintile has total debt of about $61,000 or more. Mean total debt for all families is $33,600, and median total debt is $8,800.

Mean secured debt for all families is about $30,100, accounting for about 90 percent of mean total debt for all families. Median secured debt for all families is about $5,800. The share of secured debt in total debt increases as total debt increases, from about 53 percent for families in the $2^{nd}$ quintile of total debt, to 93 percent for families in the top quintile. Mean unsecured debt for all families is $3,500, accounting for 10 percent of mean debt for all families. Median unsecured debt for all families is $200. Although average unsecured debt increases as total debt increases, as a share of total debt, unsecured debt falls from about 47 percent for the $2^{nd}$ quintile to about seven percent for the top quintile.

Consumer debt increases as total debt increases. Mean consumer debt for all households is about $7,500, and median consumer debt is $3,000 in 1995. For households in the $2^{nd}$ quintile of total debt, mean consumer debt is $1,651, increasing to about $15,900 for households in the top total debt quintile. Median consumer debt is $1,400 for households in the $2^{nd}$ quintile of total debt, increasing to about $9,400 for families in the top two quintiles of total debt.

The ratio of consumer debt to total debt falls as total debt increases. Mean consumer debt is equal to 97 percent and 89 percent of mean total debt for families in the $2^{nd}$ and $3^{rd}$ quintiles respectively, falling to 13 percent for families in the top quintile. The ratio of mean consumer debt to mean total debt for all families is 22 percent. The ratio of median consumer debt to median total

**TABLE 10**

**TOTAL DEBT AND COMPONENTS OF DEBT, BY QUINTILE OF TOTAL DEBT: 1995**

| Quintile of Total Debt | Quintile Range | Total Debt | | Unsecured Debt | | Secured Debt | | Mortgage Debt | | Consumer Debt | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | mean | median | mean | median | mean | median | mean | median | mean | median |
| 1st quintile | Less than $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 2nd quintile | $1 to $4,000 | $1,702 | $1,500 | $797 | $325 | $905 | $0 | $38 | $0 | $1,651 | $1,400 |
| 3rd quintile | $4,001 to $16,030 | $9,283 | $8,900 | $2,638 | $750 | $6,646 | $6,709 | $974 | $0 | $8,227 | $8,000 |
| 4th quintile | $16,031 to $60,867 | $34,852 | $32,981 | $5,009 | $1,500 | $29,844 | $28,229 | $21,218 | $21,298 | $12,191 | $9,400 |
| 5th quintile | Greater than $60,868 | $122,383 | $102,572 | $9,166 | $2,050 | $113,217 | $96,008 | $92,510 | $83,170 | $15,863 | $9,300 |
| All[a] | | $33,589 | $8,800 | $3,503 | $200 | $30,086 | $5,793 | $22,939 | $0 | $7,541 | $3,000 |

a Families with head age 25 and older.
Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

debt is greater than .9 for the 2nd and 3rd quintiles, falling to .09 for the top quintile. The ratio of median consumer debt to median total debt for all families is .34.

Mortgage debt plays a large role as total debt increases. For the top two quintiles of total debt, median mortgage debt is $21,300 and $83,200 for the 4th and 5th quintiles respectively. Mortgage debt is insignificant for the lower two quintiles of total debt, and it accounts for only 10 percent of total debt for the 3rd quintile. Fewer than half the families in the lower three total debt quintiles have any mortgage debt. However, mortgage debt accounts for 61 percent of the total debt of the 4th quintile, and 76 percent of total debt for the 5th quintile. Even though mortgage debt is not significant for the lower 60 percent of families, it accounts for 68 percent of total debt for all families.[15]

## Consumer Debt

Table 11 and Table 12 examine consumer debt, defined as all unsecured debt plus all vehicle debt. Table 11 shows the decile ranges for families classified by deciles of consumer debt. Table 12 shows levels of debt for families classified by quintiles of consumer debt. Median consumer debt for all families in 1995 is $3,000. Mean consumer debt for all families is about $7,500. Twenty-seven percent of families have no consumer debt, and the next six percent (accounting for one-third of all families) have consumer debt of $500 or less. Twenty percent of families have consumer debt of $12,500 or more, and ten percent of families have consumer debt of $19,600 or more.

**TABLE 11**

**DECILES OF CONSUMER DEBT**

| Decile of Consumer Debt | Consumer Debt Is Equal To Or Less Than: |
|---|---|
| Lowest 27 percent of families | $0 |
| .33 | $500 |
| .4 | $1,200 |
| .5 | $3,000 |
| .6 | $5,200 |
| .7 | $8,500 |
| .8 | $12,500 |
| .9 | $19,601 |

Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

[15] Mortgage debt includes home equity loans as well as first mortgages on homes. It was not possible within the limits of this study to identify home equity loans separately from mortgages used strictly to purchase homes.

**TABLE 12**

**FAMILY CONSUMER DEBT AND COMPONENTS, AND TOTAL DEBT, BY QUINTILES OF CONSUMER DEBT: 1995**

| Quintile of Consumer Debt | Quintile Range | Consumer Debt | | Unsecured Debt | | Vehicle Debt | | Total Debt | | Other Debt | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | mean | median | mean | median | mean | median | mean | median | mean | median |
| 1st quintile | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $13,775 | $0 | $13,775 | $0 |
| 2nd quintile | $1 - $1,200 | $584 | $500 | $414 | $300 | $170 | $0 | $23,049 | $1,000 | $22,465 | $500 |
| 3rd quintile | $1,201 - $5,200 | $3,096 | $3,000 | $1,545 | $1,400 | $1,551 | $1,200 | $28,065 | $4,150 | $24,969 | $1,150 |
| 4th quintile | $5,201 - $12,500 | $8,663 | $8,500 | $3,046 | $1,500 | $5,617 | $6,000 | $37,843 | $11,000 | $29,180 | $2,500 |
| 5th quintile | Greater than $12,500 | $25,713 | $19,601 | $12,728 | $6,245 | $12,985 | $13,000 | $68,933 | $42,448 | $43,220 | $22,847 |
| All[a] | | $7,541 | $3,000 | $3,503 | $200 | $4,038 | $0 | $33,589 | $8,800 | $26,048 | $5,800 |

a Families with head age 25 and older.

Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

For all families and for the 2nd and 4th quintiles of consumer debt, Table 12 indicates that average consumer debt is about half unsecured debt and about half vehicle debt, although this varies greatly over families. For the 4th quintile, about 65 percent of consumer debt is vehicle debt. Fewer than half of all families have any vehicle debt – i.e. median vehicle debt over all families is zero. Mean vehicle debt for all families is about $4,000, and mean vehicle debt for families in the top consumer debt quintile is $13,000. Median unsecured debt for all families is $200, and mean unsecured debt is $3,500.

Total debt increases with consumer debt. The top quintile of consumer debt families have mean total debt of $69,000 and median total debt of $42,400. For families in the lowest two quintiles of consumer debt, consumer debt is an insignificant proportion of total debt. However, for families in the 4th quintile of consumer debt, consumer debt on average accounts for 23 percent of total debt, and for families in the top quintile of consumer debt, which have mean consumer debt of $25,700, consumer debt on average accounts for 37 percent of total debt. For all families, consumer debt accounts for about 22 percent of total debt. Mean other-than-consumer-debt for all families is about $26,000, and median other-than-consumer-debt is about $5,800.

## Family Assets and Liabilities by Income Class

Family wealth is closely associated with family income levels. Table 13 shows average family incomes, net worth, and net financial assets by income class, for families distributed by quintiles of total family income in 1995. Median family income in 1995 is about $29,000, and mean family income is about $35,800.[16] Families in the lowest income quintile have incomes less than $13,000, and families in the bottom 10 percent have incomes less than $8,000. Families in the top quintile have incomes greater than about $55,000 in 1995, and the top 10 percent exceed $73,000.

Net worth and net financial assets both increase with income. Median net worth of the lowest income quintile is $3,000, while median net worth of the top quintile is over $118,000.

The median net financial assets of the bottom income quintile is zero, and median net financial assets of the 2nd lowest income quintile is $200. Median net financial assets of the 4th income quintile is only $2,500. Median net financial assets of the top income quintile is about $18,000. Mean net financial assets of the top income quintile is $70,000.

[16] Because the distribution of income is skewed, mean family income exceeds median income. The mean of the top income quintile and the mean for all families may be sensitive to extreme values and may also be distorted by "top-coding." The medians and the mean values for income classes other than the highest are not affected by extreme values or top-coding.

**TABLE 13**

**FAMILY INCOME, NET WORTH, AND NET FINANCIAL ASSETS, BY QUINTILE OF FAMILY INCOME: 1995**

| Quintile of Family Income | Quintile Range | Family Income mean | Family Income median | Net Worth mean | Net Worth median | Net Financial Assets mean | Net Financial Assets median |
|---|---|---|---|---|---|---|---|
| 1st quintile | Less than $12,939 | $7,779 | $8,032 | $30,468 | $3,000 | $5,696 | $0 |
| 2nd quintile | $12,940 - $23,138 | $17,954 | $17,916 | $52,625 | $14,600 | $13,229 | $202 |
| 3rd quintile | $23,139 - $35,918 | $29,162 | $28,965 | $76,852 | $31,185 | $21,348 | $1,134 |
| 4th quintile | $35,919 - $54,946 | $44,404 | $43,930 | $95,369 | $51,133 | $26,979 | $2,500 |
| 5th quintile | Greater than $54,946 | $79,905[b] | $73,058 | $192,873[b] | $118,171 | $70,021[b] | $18,025 |
| All[a] | | $35,839[b] | $28,965 | $89,634[b] | $35,459 | $27,453[b] | $1,000 |

a Families with head age 25 and older.
b Mean values for the top quintile may be distorted by "top-coding", a limit on the value of each asset class reported in the public use data base imposed to protect confidentiality.
Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

Table 14 shows average total debt and consumer debt for families classified by quintile of total family income. Both total family debt and consumer debt increase with family income. Median total debt for families in the lowest income quintile is $1,000, and mean total debt is $7,800. Median total debt for the 2nd income quintile is $3,000, and mean debt for that income quintile is $12,600. Median total debt for families in the top income quintile is about $62,000, and mean debt is $81,100.

Table 14 shows that median consumer debt for families in the lowest income quintile is about $500, and median consumer debt for the 2nd quintile is $1,500. Median consumer debt for families in the highest income quintile is $7,400.

While total debt and consumer debt rise with income, Table 14 shows that the ratio of mean total debt to mean income initially falls as income increases from the 1st to the 2nd income quintile, then increases from the 2nd to the 5th quintile. Mean total debt is approximately equal to mean income for both the lowest and highest income quintiles. Mean total debt is equal to 70 percent of mean income for the 2nd income quintile. For all families, mean total debt is equal to 94 percent of mean family income. The ratio of median total debt to median income rises with income.

The ratio of mean consumer debt to mean family income falls as income increases. For the lowest income quintile, mean consumer debt equals 53 percent of mean family income. For the middle income quintile, mean consumer debt is 23 percent of mean family income, and for the highest

**TABLE 14**

**FAMILY INCOME, TOTAL DEBT, AND CONSUMER DEBT, BY QUINTILE OF FAMILY INCOME: 1995**

| Quintile of Family Income | Quintile Range | Family Income | | Total Debt | | Consumer Debt | | Ratio of Total Debt to Family Income | | Ratio of Consumer Debt to Family Income | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | mean | median | mean | median | mean | median | mean | median | mean | median |
| 1st quintile | Less than $12,939 | $7,779 | $8,032 | $7,796 | $1,000 | $4,104 | $487 | 1.00 | 0.12 | 0.53 | 0.06 |
| 2nd quintile | $12,940 - $23,138 | $17,954 | $17,916 | $12,602 | $3,000 | $5,018 | $1,500 | 0.70 | 0.17 | 0.28 | 0.08 |
| 3rd quintile | $23,139 - $35,918 | $29,162 | $28,965 | $24,498 | $8,100 | $6,591 | $3,000 | 0.84 | 0.28 | 0.23 | 0.10 |
| 4th quintile | $35,919 - $54,946 | $44,404 | $43,930 | $41,917 | $23,150 | $9,035 | $5,157 | 0.94 | 0.53 | 0.20 | 0.12 |
| 5th quintile | Greater than $54,946 | $79,905 | $73,058 | $81,137 | $61,903 | $12,957 | $7,400 | 1.02 | 0.85 | 0.16 | 0.10 |
| All[a] | | $35,839 | $28,965 | $33,589 | $8,800 | $7,541 | $3,000 | 0.94 | 0.30 | 0.21 | 0.10 |

a Families with head age 25 and older.

Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

income quintile, mean consumer debt is about 16 percent of mean income. For all families, mean consumer debt equals about 21 percent of family income. The ratio of median consumer debt to median family income increases from 0.06 in the lowest income quintile to .12 in the 4th quintile. For all families, the ratio of median consumer debt to median family income is about 0.10.

Table 15 shows mean and median total net wealth and net financial assets of families in 1995 classified by defined income ranges. Unlike the family income quintiles shown in Tables 13 and 14, the defined income classes shown in Table 15 do not contain equal numbers of families.

Median net financial assets of families with income less than $10,000 (14 percent of total families) is zero, and median total net worth of families in this income class is $2,200[17]. Median financial assets of families with incomes of $10,000-$25,000 (29 percent of families) is $200, and median net worth is $13,700. Median financial assets of families with income of $25,000-$50,000 (33 percent of total families) is $1,600, and median net worth of families in this income class is $40,000. For families with income of $50,000-$75,000 (15 percent of families), median financial assets is $8,000, and median net worth is $82,000. For families with income greater than $100,000 (3.3 percent) median financial assets equal $51,000 and median net worth is $235,000.

**TABLE 15**

**FAMILY NET WORTH AND NET FINANCIAL ASSETS BY TOTAL FAMILY INCOME CLASS: 1995**

| Family Total Income | Net Worth Mean | Net Worth Median | Net Financial Assets Mean | Net Financial Assets Median | Number of Families | Percent of Families |
|---|---|---|---|---|---|---|
| Less than $10,000 | $26,673 | $2,200 | $4,086 | $0 | 14,360,642 | 14.0% |
| $10,000-24,999 | $51,857 | $13,700 | $13,239 | $200 | 30,161,093 | 29.4% |
| $25,000-49,999 | $84,388 | $39,951 | $23,144 | $1,600 | 33,591,272 | 32.7% |
| $50,000-74,999 | $136,193 | $81,758 | $43,990 | $8,000 | 15,107,304 | 14.7% |
| $75,000-99,999 | $197,650 | $128,958 | $70,204 | $24,500 | 6,119,969 | 6.0% |
| $100,000+ | $341,141 | $235,000 | $144,360 | $50,900 | 3,401,121 | 3.3% |
| All[a] | $89,634 | $35,459 | $27,453 | $1,000 | 102,741,401 | 100.0% |

[a] Families with head age 25 or older.

Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

[17] These families all fall within the lowest quintile shown in Table 13.

Table 16 shows mean and median levels of total family wealth (net worth), the amount of family wealth in the form of housing equity, and family wealth excluding housing equity, by family income class.

**TABLE 16**

**FAMILY NET WORTH, HOME EQUITY, AND NET WORTH LESS HOME EQUITY, BY TOTAL FAMILY INCOME CLASS: 1995**

| Family | Net Worth | | Home Equity | | Net Worth Less Home Equity | |
|---|---|---|---|---|---|---|
| Total Income | Mean | Median | Mean | Median | Mean | Median |
| Less than $10,000 | $26,673 | $2,200 | $17,526 | $0 | $9,147 | $500 |
| $10,000-24,999 | $51,857 | $13,700 | $29,316 | $0 | $22,541 | $4,675 |
| $25,000-49,999 | $84,388 | $39,951 | $42,081 | $18,641 | $42,308 | $12,700 |
| $50,000-74,999 | $136,193 | $81,758 | $61,488 | $40,936 | $74,705 | $26,703 |
| $75,000-99,999 | $197,650 | $128,958 | $79,026 | $60,000 | $118,624 | $49,050 |
| $100,000+ | $341,141 | $234,999 | $114,143 | $106,000 | $226,998 | $118,549 |
| All[a] | $89,634 | $35,459 | $42,341 | $14,641 | $47,293 | $10,005 |

[a] Families with head age 25 or older.

Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

Table 16, like Table 3, shows that a large proportion of the total wealth of most U.S. families is in the form of equity in their home. Median total net worth for all families is about $35,500. Excluding home equity, median net wealth for all families is about $10,000. This includes all other assets, including vehicles, other real estate, businesses owned, and financial assets.

Median home equity for families with income less than $25,000 is zero. Median net worth less home equity for families with income less than $10,000 is $500. Median home equity for families with income of $25,000-$50,000 is $18,600, and median net worth less home equity is $12,700. For families with income $50,000-$75,000, median home equity is $41,000, and net worth less home equity is $26,700.

Table 16 also shows the mean levels of total family wealth, family wealth in the form of home equity, and family wealth excluding home equity. Mean net worth of all families is about $89,600, of which housing equity accounts for about 47 percent. Excluding home equity, mean wealth is about $47,300. As is the case with financial wealth, the distributions of housing wealth and non-housing wealth are skewed, so the mean wealth exceeds the median. For housing equity the mean is closer to the median than for other forms of wealth, suggesting that it is more evenly distributed than other forms of wealth.

Table 17 shows family total debt and components of debt in 1995 for families in the income ranges shown in Tables 15 and 16. The mean and median levels of debt for all the types of debt shown in Table 17 increase as income increases. Median unsecured debt, vehicle debt, and mortgage debt for families with incomes lower than $25,000 are zero. Only the two income classes greater than $50,000 have significant median vehicle debt.

Median consumer debt for each income class shown in Table 17 is positive. Median consumer debt for families with income less than $10,000 is $340, and median consumer debt for families with incomes of $10,000 - 25,000 is $1,500. Median consumer debt for middle-income families with incomes of $25,000 - 50,000 (33 percent of all families) is $4,000. The median consumer debt for the three income classes greater than $50,000 is $7,000. Median total debt ranges from $750 for families with income less than $10,000 to $107,000 for families with incomes greater than $100,000.

**TABLE 17**

**COMPONENTS OF FAMILY DEBT, BY FAMILY INCOME CLASS: 1995**

| Family Total Income | Total Debt | | Unsecured Debt | | Vehicle Debt | | Consumer Debt | | Mortgage Debt | |
|---|---|---|---|---|---|---|---|---|---|---|
| | mean | median | mean | median | mean | median | mean | median | mean | median |
| Less than $10,000 | $7,721 | $750 | $1,273 | $0 | $2,849 | $0 | $4,122 | $340 | $3,056 | $0 |
| $10,000-24,999 | $12,386 | $3,000 | $1,938 | $0 | $3,022 | $0 | $4,961 | $1,500 | $6,638 | $0 |
| $25,000-49,999 | $32,175 | $13,300 | $3,640 | $600 | $4,125 | $4 | $7,765 | $4,000 | $22,373 | $0 |
| $50,000-74,999 | $63,601 | $49,357 | $5,914 | $1,500 | $5,727 | $1,875 | $11,641 | $7,000 | $46,534 | $33,190 |
| $75,000-99,999 | $84,715 | $68,500 | $5,834 | $1,500 | $6,155 | $2,000 | $11,989 | $7,700 | $61,564 | $49,125 |
| $100,000+ | $119,492 | $106,630 | $10,534 | $1,200 | $5,889 | $0 | $16,424 | $7,000 | $82,741 | $76,343 |
| All[a] | $33,589 | $8,800 | $3,503 | $200 | $4,038 | $0 | $7,541 | $3,000 | $22,939 | $0 |

a Families with head age 25 and older.
Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

## Family Assets and Liabilities by Age

Family wealth varies by age of head. Analysis of wealth by age may indicate how well families, on average, are prepared financially for retirement, apart from social security and employer-based pensions.[18] Table 18 shows mean and median family financial assets in 1995, classifying families by the age of the family head. For families with head age 25-34, median gross financial assets are about $700, and median net financial assets are zero. For families age 35-44 median net financial assets are about $250. For families with head age 45-54, median gross financial assets are about $4,200, and median net financial assets are about $1,700. Families with head age 55-64 have median gross financial assets of about $6,900 and median net financial assets of about $4,800. Median financial assets are greater for older age groups, peaking in the age group 65-74 at about $12,500 of net financial assets, then declining to about $10,300 for families with heads age 75 and older. Median net financial assets by age are illustrated graphically in Chart 3.

Table 18 also shows the mean level of financial assets by age of family head in 1995. Because of the highly skewed distribution of financial assets, the mean is significantly greater than the median, and may not reflect the asset holdings of typical families.

The mean net financial assets of all families is about $27,500, and the mean gross financial assets is about $31,000. The mean level of net financial assets of families with head age 45-54 is about $30,000, and the mean level for families with head age 55-64 about $47,700.

[18] The SIPP data base used for this study includes IRA and Keogh accounts, but does not include defined benefit or defined contribution employer pensions, such as 401(k) accounts.

## TABLE 18

## MEAN AND MEDIAN FAMILY FINANCIAL ASSETS, BY AGE OF FAMILY HEAD: 1995

| Age of Head | Gross Financial Assets Mean | Gross Financial Assets Median | Net Financial Assets [a] Mean | Net Financial Assets [a] Median | Number of Families |
|---|---|---|---|---|---|
| 25-34 | $6,852 | $700 | $3,041 | $0 | 23,665,888 |
| 35-44 | $18,047 | $2,000 | $13,625 | $249 | 25,336,418 |
| 45-54 | $35,253 | $4,249 | $30,011 | $1,700 | 18,861,258 |
| 55-64 | $50,675 | $6,913 | $47,669 | $4,800 | 12,899,682 |
| 65-74 | $60,576 | $13,385 | $59,284 | $12,500 | 12,181,958 |
| 75 and older | $51,509 | $11,225 | $51,069 | $10,325 | 9,796,196 |
| All[b] | $30,957 | $2,660 | $27,453 | $1,000 | 102,741,400 |

[a] Net financial assets equal gross financial assets less unsecured debt.

[b] Families with head age 25 or older.

Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

Table 19 shows mean and median levels of total family wealth (net worth), the amount of family wealth in the form of housing equity, and family wealth excluding housing equity by age group. For families with heads age 45-54, median total net worth is about $54,000. Excluding home equity, median wealth is about $14,700 for that age group. For families with heads age 55-64, median total net worth is about $86,500, but excluding housing it is about $19,900. According to these estimates, both housing and non-housing wealth increase with age to the age group 65-74, then decline.

Table 19 also shows the mean levels of total family wealth, family wealth in the form of home equity, and family wealth excluding home equity. As is the case with financial wealth, the distributions of housing wealth and non-housing wealth are skewed, so the mean wealth exceeds the median. For housing equity the mean is closer to the median than for other forms of wealth, suggesting that it is more evenly distributed than other forms of wealth. Home equity for all families equals about 47 percent of net worth, and for the various age groups home equity ranges from 45 to 53 percent of net worth, with no obvious age pattern.

# CHART 3

## NET FINANCIAL ASSETS OF AGE GROUPS

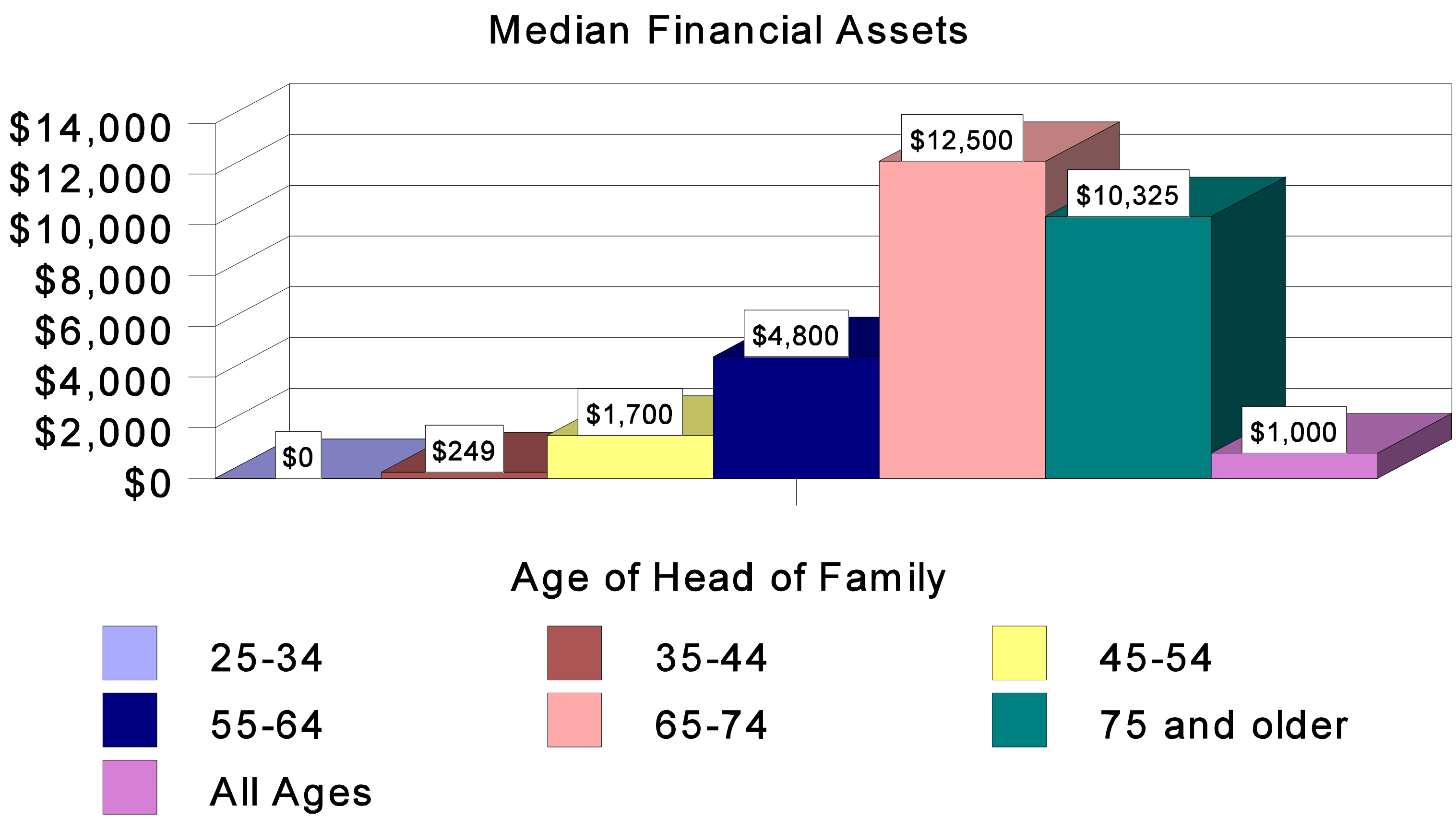

**TABLE 19**

**FAMILY NET WORTH, HOME EQUITY, AND NET WORTH LESS HOME EQUITY, BY AGE OF FAMILY HEAD: 1995**

| Age of | Net Worth | | Home Equity | | Net Worth Less Home Equity | |
|---|---|---|---|---|---|---|
| Head | Mean | Median | Mean | Median | Mean | Median |
| 25-34 | $23,505 | $5,579 | $11,052 | $0 | $12,454 | $3,375 |
| 35-44 | $62,167 | $25,688 | $32,381 | $9,070 | $29,787 | $8,000 |
| 45-54 | $108,343 | $53,975 | $50,595 | $28,449 | $57,747 | $14,675 |
| 55-64 | $146,604 | $86,478 | $65,440 | $49,927 | $81,165 | $19,873 |
| 65-74 | $155,586 | $97,474 | $71,486 | $55,000 | $84,100 | $26,004 |
| 75 or older | $127,379 | $80,000 | $61,141 | $40,000 | $66,238 | $18,104 |
| All[a] | $89,634 | $35,459 | $42,341 | $14,641 | $47,293 | $10,005 |

[a] Families with head age 25 or older.

Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

Table 20 shows family total debt and components of family debt by age group. Total debt increases with age up to the age group 45-54, then declines for older groups. Median total family debt for ages 45-54 is $22,100, and mean total debt for this age group is $48,300. The other categories of debt, with the exception of vehicle debt, show similar patterns, increasing with age over younger age groups then declining after age 45-54. Mean mortgage debt increases from $22,000 for ages 25-34 to $35,000 for ages 35-44, declines to $32,600 for age 45-54, then declines sharply as age increases. Median mortgage debt for each age group except 45-54 is zero, meaning that fewer than half the families in those age groups have mortgage debt. The two older age groups, 65-74 and 75 and older have the lowest levels of all types of debt.

Vehicle debt is highest for the youngest age group shown, ages 25-34. For that age group, median vehicle debt is about $1,500, and mean vehicle debt is about $5,000. Mean vehicle debt is roughly constant up to age 54 then declines at older ages.

Median consumer debt is approximately constant over the three younger age groups, increasing from $4,500 for ages 25-34 to $5,000 for ages 35-44 and 45-54, then declining at older ages. Mean consumer debt increases from $8,800 for ages 25-34 to $9,800 for ages 45-54, then declines as age increases. Median unsecured debt, vehicle debt, and consumer debt for the two older groups age 65 and older are insignificant.

## TABLE 20

## COMPONENTS OF FAMILY DEBT, BY AGE OF FAMILY HEAD: 1995

| Age of Head | Total Debt | | Unsecured Debt | | Vehicle Debt | | Consumer Debt | | Mortgage Debt | |
|---|---|---|---|---|---|---|---|---|---|---|
| | mean | median | mean | median | mean | median | mean | median | mean | median |
| 25-34 | $32,482 | $9,600 | $3,811 | $600 | $4,988 | $1,485 | $8,800 | $4,500 | $22,057 | $0 |
| 35-44 | $47,719 | $19,818 | $4,421 | $820 | $4,640 | $1,000 | $9,061 | $5,000 | $34,981 | $0 |
| 45-54 | $48,253 | $22,104 | $5,242 | $700 | $4,562 | $375 | $9,804 | $5,000 | $32,586 | $3,244 |
| 55-64 | $28,471 | $8,000 | $3,006 | $100 | $3,359 | $0 | $6,365 | $2,000 | $18,021 | $0 |
| 65-74 | $11,554 | $1,100 | $1,292 | $0 | $2,229 | $0 | $3,521 | $359 | $6,656 | $0 |
| 75+ | $5,621 | $0 | $440 | $0 | $2,319 | $0 | $2,759 | $0 | $2,078 | $0 |
| All[a] | $33,589 | $8,800 | $3,503 | $200 | $4,038 | $0 | $7,541 | $3,000 | $22,939 | $0 |

a Families with head age 25 and older.
Source: Capital Research Associates analysis of Survey of Income and Program Participation data.

## Net Worth and Net Financial Assets of U.S. Families In 1995, Cross-classified by Age and Income

The tables of this section show the net worth and net financial assets of U.S. families, cross-classified by age of head and by total family income, in 1995.

Table 21 shows mean and median net worth by age and family income, for 36 age-income groups (six age groups and six income groups). Both mean and median net worth increase with income for every age group. Mean and median net worth increase with age and peak in the age group 75 and older for every income group, except income of $100,000 or more. In that group net worth peaks at ages 65-74, then declines at ages 75 and older. Even though mean and median net worth are greatest for ages 75 and older for every income group except the highest, for all income classes combined net worth peaks at ages 65-74, and is higher for ages 55-64 than for 75 and older. The reason for this is that a larger share of families age 75 and older are in the lower two income groups (75 percent), which have low net worth.

Table 22 shows mean and median net financial assets by age and family income, for the 36 age-income groups. Median financial assets are zero for age groups 25-64 with incomes less than $10,000, and zero for age groups 25-54 with incomes of $10,000-$25,000. Median financial assets are also zero for income groups less than $50,000 for ages 25-34. Both mean and median net financial assets increase with income for every age group (when median assets are positive). Mean and median net financial assets increase with age and peak in the age group 75 and older for every income group except income of $100,000 or more. In that group mean net financial assets peak at ages 65-74, then decline at ages 75 and older. Similarly to net worth, mean and median net financial assets for all income classes combined are greatest for the age group 65-74, even though for each income group separately (except $100,000 or greater) mean and median net financial assets are greatest for the age group 75 and older. This is because a larger share of families age 75 and older are in the lower income groups, which have lower net financial assets.

**TABLE 21**

## FAMILY NET WORTH: MEANS AND MEDIANS, BY AGE OF HEAD AND FAMILY TOTAL INCOME: 1995

| | Family Total Income | | | | | | |
|---|---|---|---|---|---|---|---|
| | Less than $10,000 | $10,000-24,999 | $25,000-49,999 | $50,000-74,999 | $75,000-99,999 | $100,000 or More | All Income Classes |
| Age of Head | | | | | | | |
| 25-34 | | | | | | | |
| Mean | 4,229 | 10,529 | 24,627 | 54,571 | 73,968 | 148,008 | 23,505 |
| Median | 0 | 2,399 | 11,525 | 32,449 | 52,281 | 113,145 | 5,579 |
| 35-44 | | | | | | | |
| Mean | 13,031 | 25,240 | 47,846 | 96,463 | 137,708 | 231,129 | 62,167 |
| Median | 500 | 4,650 | 25,977 | 63,400 | 101,255 | 177,099 | 25,688 |
| 45-54 | | | | | | | |
| Mean | 24,213 | 37,365 | 74,014 | 135,641 | 208,955 | 331,937 | 108,343 |
| Median | 1,000 | 10,222 | 42,680 | 95,167 | 146,904 | 237,369 | 53,975 |
| 55-64 | | | | | | | |
| Mean | 36,008 | 73,197 | 142,767 | 213,874 | 281,775 | 479,799 | 146,605 |
| Median | 3,350 | 44,750 | 101,158 | 154,700 | 216,720 | 325,938 | 86,478 |
| 65-74 | | | | | | | |
| Mean | 44,693 | 103,608 | 188,004 | 305,854 | 418,065 | 722,735 | 155,586 |
| Median | 13,088 | 72,000 | 150,236 | 245,133 | 364,960 | 509,464 | 97,474 |
| 75 or Older | | | | | | | |
| Mean | 48,735 | 103,646 | 204,359 | 407,132 | 596,866 | 618,175[b] | 127,379 |
| Median | 20,497 | 83,000 | 155,169 | 377,737 | 505,138 | 476,424[b] | 80,000 |
| All Ages[a] | | | | | | | |
| Mean | 26,673 | 51,857 | 84,388 | 136,193 | 197,650 | 341,141 | 89,635 |
| Median | 2,200 | 13,700 | 39,951 | 81,758 | 128,958 | 234,999 | 35,459 |

a Age 25 or older.
b Based on sample of 9 families. All other cells have 20 families or more.
Source: Capital Research Associates analysis of Survey of Income and Program Participation.

## TABLE 22

### FAMILY NET FINANCIAL ASSETS: MEANS AND MEDIANS, BY AGE OF HEAD AND FAMILY TOTAL INCOME: 1995

| | Family Total Income | | | | | | |
|---|---|---|---|---|---|---|---|
| | Less than $10,000 | $10,000-24,999 | $25,000-49,999 | $50,000-74,999 | $75,000-99,999 | $100,000 or More | All Income Classes |
| Age of Head | | | | | | | |
| 25-34 | | | | | | | |
| Mean | -958 | -73 | 2,212 | 10,472 | 19,797 | 43,583 | 3,041 |
| Median | 0 | 0 | 0 | 2,900 | 7,700 | 30,000 | 0 |
| 35-44 | | | | | | | |
| Mean | 471 | 3,996 | 6,612 | 22,317 | 44,661 | 69,361 | 13,625 |
| Median | 0 | 0 | 450 | 4,600 | 17,000 | 29,800 | 250 |
| 45-54 | | | | | | | |
| Mean | 1,761 | 5,712 | 13,365 | 38,004 | 68,191 | 126,449 | 30,011 |
| Median | 0 | 0 | 1,000 | 7,800 | 25,180 | 55,300 | 1,700 |
| 55-64 | | | | | | | |
| Mean | 5,524 | 13,417 | 39,705 | 76,827 | 95,499 | 249,505 | 47,669 |
| Median | 0 | 600 | 9,500 | 25,000 | 46,747 | 98,200 | 4,800 |
| 65-74 | | | | | | | |
| Mean | 7,721 | 31,085 | 69,739 | 140,383 | 206,514 | 411,037 | 59,284 |
| Median | 50 | 7,000 | 37,500 | 81,750 | 150,200 | 211,148 | 12,500 |
| 75 and Older | | | | | | | |
| Mean | 11,269 | 36,712 | 90,795 | 205,802 | 304,845 | 351,575[b] | 51,069 |
| Median | 600 | 14,349 | 52,900 | 163,500 | 274,061 | 322,500[b] | 10,325 |
| All Ages[a] | | | | | | | |
| Mean | 4,086 | 13,239 | 23,144 | 43,990 | 70,204 | 144,360 | 27,453 |
| Median | 0 | 200 | 1,600 | 8,000 | 24,500 | 50,900 | 1,000 |

a Age 25 or older.
b Based on sample of 9 families. All other cells have 20 families or more.
Source: Capital Research Associates analysis of Survey of Income and Program Participation.

Table 23 shows the number of families in each age-income group in the population. There are about 103 million families (including single individuals) with heads age 25 and older. The groups age 25-54 with incomes between $10,000 and $50,000 include about 41 million families. The median net financial assets of these age-income groups range from zero to $1,000.

## TABLE 23

## NUMBER OF FAMILIES IN THE POPULATION, BY AGE OF HEAD AND FAMILY TOTAL INCOME: 1995

| | Family Total Income | | | | | | |
|---|---|---|---|---|---|---|---|
| | Less than $10,000 | $10,000-24,999 | $25,000-49,999 | $50,000-74,999 | $75,000-99,999 | $100,000 or More | All Income Classes |
| Age of Head | | | | | | | |
| 25-34 | 3,514,643 | 8,088,056 | 8,100,010 | 2,835,395 | 876,245 | 251,539 | 23,665,888 |
| 35-44 | 2,505,207 | 5,886,685 | 9,129,494 | 5,016,145 | 1,859,498 | 939,390 | 25,336,419 |
| 45-54 | 1,576,910 | 3,777,539 | 6,254,906 | 3,880,377 | 1,986,150 | 1,385,376 | 18,861,258 |
| 55-64 | 1,881,165 | 3,178,159 | 4,350,085 | 1,948,840 | 942,522 | 598,910 | 12,899,681 |
| 65-74 | 2,063,482 | 4,750,009 | 3,792,570 | 1,037,055 | 356,656 | 182,187 | 12,181,959 |
| 75 and Older | 2,819,235 | 4,480,646 | 1,964,207 | 389,493 | 98,897 | 43,718 | 9,796,196 |
| All Ages[a] | 14,360,642 | 30,161,094 | 33,591,272 | 15,107,305 | 6,119,968 | 3,401,120 | 102,741,401 |

a Age 25 or older.
Source: Capital Research Associates analysis of Survey of Income and Program Participation.

Table 24 shows the percent distribution of the population by age and income. 48 percent of families have heads age 25-44.[19] 43 percent of families have incomes of less than $25,000. 76 percent have incomes less than $50,000. 31 percent of families fall in the four groups with incomes of $10,000-$50,000 and ages 25-44 (31 million families). Median net financial assets for these groups range between zero and $450. 36 percent of families are age 25-44, with incomes less than $50,000.

**TABLE 24**

**PERCENT DISTRIBUTION OF FAMILIES BY AGE GROUP AND INCOME CLASS, 1995**

| | Family Total Income | | | | | | |
|---|---|---|---|---|---|---|---|
| | Less than $10,000 | $10,000-24,999 | $25,000-49,999 | $50,000-74,999 | $75,000-99,999 | $100,000 or More | All Income Classes |
| Age of Head | | | | | | | |
| 25-34 | 3.4 | 7.9 | 7.9 | 2.8 | 0.9 | 0.2 | 23.0 |
| 35-44 | 2.4 | 5.7 | 8.9 | 4.9 | 1.8 | 0.9 | 24.7 |
| 45-54 | 1.5 | 3.7 | 6.1 | 3.8 | 1.9 | 1.3 | 18.4 |
| 55-64 | 1.8 | 3.1 | 4.2 | 1.9 | 0.9 | 0.6 | 12.6 |
| 65-74 | 2.0 | 4.6 | 3.7 | 1.0 | 0.3 | 0.2 | 11.9 |
| 75 and Older | 2.7 | 4.4 | 1.9 | 0.4 | 0.1 | 0.04 | 9.5 |
| All Ages[a] | 14.0 | 29.4 | 32.7 | 14.7 | 6.0 | 3.3 | 100.0 |

a Age 25 or older.
Source: Capital Research Associates analysis of Survey of Income and Program Participation.

Table 25A shows the percent distribution of each age group over the six income groups. Table 25B shows the distribution of each age group over three broader income groups. The youngest and oldest age groups are predominately in lower income classes. Almost half of families age 25-34 have incomes less than $25,000. The proportion of families with incomes less than $25,000 declines as age increases up to ages 45-54, then increases at older ages. 56 percent of families age 65-74 and 75 percent of families age 75 or older have incomes less than $25,000. For all ages, and for each age group up to age 75, about one-third of families have incomes of $25,000-$50,000. The proportion of families with incomes greater than $50,000 increases with age up to ages 45-54, then declines. 38 percent of families age 45-54 have incomes greater than $50,000, while only five percent of families age 75 or older have incomes greater than $50,000.

[19] Recall that the population analyzed in this study includes only the noninstitutional population with heads age 25 or older. This includes about 103 million families.

## TABLE 25A

## PERCENT DISTRIBUTION OF FAMILIES IN EACH AGE GROUP BY INCOME CLASS, 1995

| | Family Total Income | | | | | | |
|---|---|---|---|---|---|---|---|
| | Less than $10,000 | $10,000-24,999 | $25,000-49,999 | $50,000-74,999 | $75,000-99,999 | $100,000 or More | All Income Classes |
| Age of Head | | | | | | | |
| 25-34 | 15 | 34 | 34 | 12 | 4 | 1 | 100 |
| 35-44 | 10 | 23 | 36 | 20 | 7 | 4 | 100 |
| 45-54 | 8 | 20 | 33 | 21 | 11 | 7 | 100 |
| 55-64 | 15 | 25 | 34 | 15 | 7 | 5 | 100 |
| 65-74 | 17 | 39 | 31 | 9 | 3 | 1 | 100 |
| 75 and Older | 29 | 46 | 20 | 4 | 1 | 0.4 | 100 |
| All Ages[a] | 14 | 29 | 33 | 15 | 6 | 3 | 100 |

a Age 25 or older.

Source: Capital Research Associates analysis of Survey of Income and Program Participation.

## TABLE 25B

## PERCENT DISTRIBUTION OF FAMILIES IN EACH AGE GROUP OVER THREE BROAD INCOME CLASSES, 1995

| | Family Total Income | | | |
|---|---|---|---|---|
| | Less than $25,000 | $25,000-49,999 | $50,000 or More | All Income Classes |
| Age of Head | | | | |
| 25-34 | 49 | 34 | 17 | 100 |
| 35-44 | 33 | 36 | 31 | 100 |
| 45-54 | 28 | 33 | 38 | 100 |
| 55-64 | 39 | 34 | 27 | 100 |
| 65-74 | 56 | 31 | 13 | 100 |
| 75+ | 75 | 20 | 5 | 100 |
| All Ages[a] | 43 | 33 | 24 | 100 |

a Age 25 or older.

Source: Capital Research Associates analysis of Survey of Income and Program Participation.

## ANNEX A

## THE SURVEY OF INCOME AND PROGRAM PARTICIPATION (SIPP) AND THE SURVEY OF CONSUMER FINANCES (SCF)

Survey of Income and Program Participation (SIPP)

The SIPP is an ongoing panel survey of adults age 15 and older in the civilian, noninstitutionalized population, sponsored by the Bureau of the Census. The first panel began in fall 1983 and completed 9 interviews (waves) at 4-month intervals with an initial sample of about 20,000 households, following all adults in these households and also interviewing children and other adults who resided with original sample members. Subsequent panels began in February of each year except 1994 and 1995, with initial household sample sizes of about 13,500 (1985); 12,000 (1986, 1987, 1988, 1989); 21,900 (1990); 14,300 (1991); 19,600 (1992); 19,900 (1993); and 36,800 (1996). Interviews for these panels were completed of 8 waves (1985); 7 waves (1986, 1987); 6 waves (1988); 3 waves (1989); 8 waves (1990, 1991); and 9 waves (1992, 1993, 1996). Data collected each interview include demographic characteristics; monthly information on labor force participation, job characteristics, and earnings; monthly information on detailed sources and amounts of income from public and private transfer payments, noncash benefits (such as food stamps, Medicaid, Medicare, and health insurance coverage); and information for the 4-month period on income from assets. Data collected in topical modules asked once or twice in one or more panels cover a wide range of subjects, including: annual income and income taxes; child care and child support; educational financing and enrollment; eligibility for selected programs; employee benefits; health and disability; housing costs and finance; individual retirement accounts; personal history (fertility, marital status, migration, welfare recipiency, and other topics); and wealth (property, retirement expectations and pension plan coverage, assets and liabilities). In addition, each panel includes a topical module with variable content designed to respond to the needs of policy analysis agencies. Topical modules covering information on assets and liabilities and on retirement expectations and pension plan coverage were collected in the 1984, 1985, 1986, 1987, 1990, 1991, 1992, 1993, and 1996 panels. After the April 1993 Current Population Survey (CPS) Employee Benefit Supplement, the Employee Benefit Supplement is no longer collected in the CPS and has been replaced by the SIPP topical module. The most recent household asset and liability information to be released was collected in the SIPP 1993 panel, Wave 7, during February - May 1995. The most recent pension coverage and participation information to be released was collected in the SIPP 1993 panel, Wave 9, during October 1995-January 1996. The sample size is about 18,000 households with about 36,000 persons age 15 and older. The 1990, 1991, 1992, and 1993 SIPP Panels have been matched to social security earnings records. However, the matched files are not available to the public. The data elements in the Topical Module on assets and liabilities are listed in Attachment A.

The Survey of Consumer Finances (SCF)

The SCF is a triennial survey of the balance sheet, pension, income, and other demographic characteristics of U.S. families conducted under the auspices of the Federal Reserve Board. The SCF has been collected in 1983, 1986, 1989, 1992, 1995, and 1998. The 1983, 1986, and 1989 surveys were of the same panel of families. The SCF typically includes about 3,900-4,300 families. It is designed to oversample high-income families, which typically have considerably greater assets than other families. Of 4,299 interviews competed in 1995, 2,780 families were drawn from a random sample representative of the entire population, and 1,519 families were drawn from a list of high-income families.

## Attachment A

## Selected Data Elements Included in the SIPP 1993 Panel, Wave 7 Topical Module, Assets and Liabilities
## Data Collected February - May 1995

| Item | Data Dictionary Page |
|---|---|
| Basic demographic characteristics | 1-3 |
| state | |
| relationship to reference person | |
| age | |
| sex | |
| race | |
| marital status | |
| educational attainment | |
| ethnicity | |
| | |
| Housing Equity and Costs | |
| For house that is not mobile home | 3 |
| Tenure: own, rent, other | 3 |
| Home owner | 3 |
| When purchased: month, year | 4 |
| Mortgage or other debt | 4 |
| How many mortgages | 4 |
| Asked for each of 2 mortgages: | |
| Principal currently owed | 4 |
| When mortgage obtained: month, year | 4 |
| Original amount | 4 |
| Total number of years payments are to be made | 4 |
| Current interest rate | 4 |
| Interest rate variable or fixed | 4 |
| FHA or VA mortgage program | 4 |
| Principal owed on all other mortgages | 5 |
| Current market value of property | 5 |
| For mobile home | |
| Tenure: own, rent, other | 5 |
| Mortgage or other debt | 5 |
| Principal currently owed | 5 |
| Current market value of property | 5 |

Household summary

- Home equity
- Total debt owed on home
- Net equity in vehicles
- Business equity
- Interest earning assets held in banking institutions
- Interest earning assets held in other institutions
- Equity in stocks and mutual fund shares
- Real estate other than home -- equity in rental properties and other real estate
- Other assets
- IRA and Keogh accounts
- Total household wealth
- Secured debt
- Unsecured debt
- Total debt
- Total net worth

# ANNEX B

## SAMPLE SIZE AND NUMBER OF FAMILY RECORDS IN EACH AGE-INCOME GROUP OF THE DATABASE USED IN THIS STUDY: THE SURVEY OF INCOME AND PROGRAM PARTICIPATION (SIPP) 1993 PANEL, WAVE 7

Table B-1 shows the number of families in each age-income group in the SIPP sample used for this analysis. Every age-income group in the sample has at least 36 families, except ages 75 and older with incomes of $75,000-$99,999 (20), and ages 75 and older with incomes of $100,000 or more (9). Estimates based on a group with 20 or fewer observations should be used with caution.

Altogether, there are 674 families with incomes of $100,000 or more, and 1,838 families with incomes of $75,000 or more.[20]

[20] It would not be feasible to do this analysis with the 1995 Survey of Consumer Finances (SCF), which includes a sample of 2,780 families representative of the general population, and a sample of 1,519 families representative of high-income families. The SCF reports asset and liability estimates for demographic groups with five or more observations.

## TABLE B-1

## SURVEY OF INCOME AND PROGRAM PARTICIPATION, WAVE 7 SAMPLE SIZE: UNWEIGHTED COUNTS OF FAMILIES, BY AGE OF HEAD AND FAMILY TOTAL INCOME, 1995

| | Family Total Income | | | | | | |
|---|---|---|---|---|---|---|---|
| | Less than $10,000 | $10,000-24,999 | $25,000-49,999 | $50,000-74,999 | $75,000-99,999 | $100,000 or More | All Income Classes |
| Age of Head | | | | | | | |
| 25-34 | 576 | 1,318 | 1,389 | 515 | 164 | 50 | 4,012 |
| 35-44 | 409 | 982 | 1,609 | 926 | 345 | 182 | 4,453 |
| 45-54 | 271 | 663 | 1,131 | 741 | 388 | 277 | 3,471 |
| 55-64 | 318 | 572 | 798 | 378 | 179 | 120 | 2,365 |
| 65-74 | 388 | 877 | 715 | 206 | 68 | 36 | 2,290 |
| 75 and Older | 536 | 866 | 371 | 77 | 20 | 9 | 1,879 |
| All Ages[a] | 2,498 | 5,278 | 6,013 | 2,843 | 1,164 | 674 | 18,470 |

a Age 25 or older.

Source: Capital Research Associates analysis of Survey of Income and Program Participation.

## REFERENCES

Kennickell, Arthur B., Douglas A. McManus, and R. Louise Woodburn, "Weighting Design for the 1992 Survey of Consumer Finances," Board of Governors of the Federal Reserve System., 1996

Kennickell, Arthur B., Martha Starr-McCluer, and Annika E. Sunden, "Family Finances in the U.S.: Recent Evidence from the Survey of Consumer Finances," *Federal Reserve Bulletin*, January 1997