



Statistical Brief

How Much Are We Worth? Household Wealth and Asset Ownership

A household's financial well-being hinges on more than merely income. One can get a more complete picture by examining a household's wealth — the financial resources available to it at any given point in time. This brief examines the wealth holdings (net worth) of households in 1988. The data were collected in spring 1988 by the Survey of Income and Program Participation (SIPP).

Net worth is the value of the assets a household has accumulated minus any debts. Assets covered in the survey include interest-earning assets (such as savings accounts), stocks and mutual fund shares, real estate (own home, rental property, vacation homes, and land holdings), own business or profession, mortgages held by sellers, and motor vehicles.

Liabilities include debts secured by any asset, credit card or store bills, bank loans, and other unsecured debts. In 1988, the median net worth of American households was \$35,752.

Home equity constitutes the largest share of net worth.

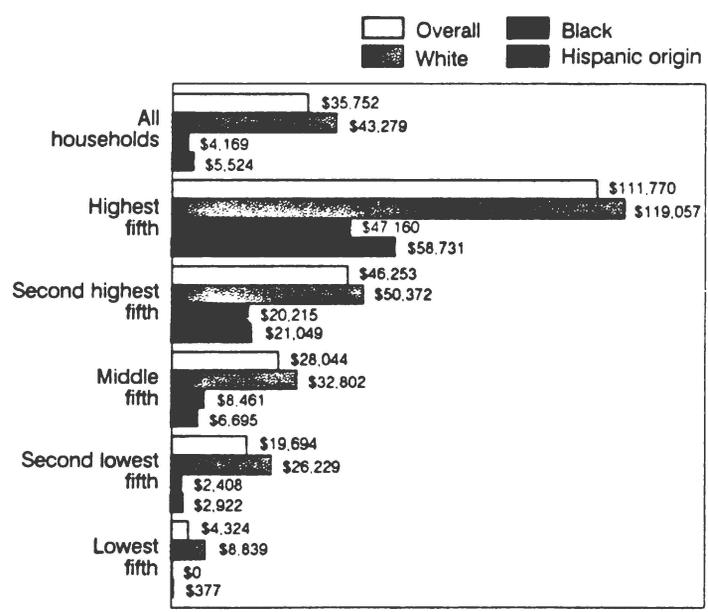
Homeownership accounted for the largest share of household net worth: 43 percent. Interest-earning assets accounted for a large share, too. Deposits at financial institutions made up 14 percent. Other interest-earning assets, such as money-market funds and municipal bonds, and IRA or KEOGH accounts, each constituted 4 percent of net worth. Stocks and mutual fund shares accounted for 7 percent.

Wealth is concentrated in the high income brackets.

A large share of net worth (44 percent) is concentrated in the most affluent (in terms of income) fifth of households. The lowest fifth, on the other hand, owned a low share of net worth: 7 percent. The difference in median net worth between the highest fifth of households and the lowest fifth is very large: \$111,770 versus \$4,324.

Wealth Is Concentrated at the Top of the Income Distribution

Median net worth by race and Hispanic origin of householders and monthly income quintile of households



Note: Persons of Hispanic origin may be of any race.



SB/91-5
Issued February 1991

Net worth increases with age — until retirement.

As we get older, we have the opportunity to accumulate wealth. But once we retire, our savings are gradually consumed. Householders under age 35 had accrued a median net worth of only \$6,078. Net worth jumped dramatically for each 10-year age group through the 55-64 group, when it reached \$80,032. It then leveled off for those aged 65-74 years, before falling markedly for those aged 75 and over (\$61,491). Those aged 45-54 and aged 75 and over didn't have significantly different net worth.

Older groups usually had greater home equity and hence greater wealth. Excluding home equity narrows the difference slightly: \$3,258 for householders under age 35, \$26,396 for those in the 55-64 age range, and \$18,819 for those aged 75 and over.

Net worth is higher for White households.

White households' median net worth was about 10 times that of Blacks: \$43,279 versus \$4,169. The net worth of Hispanic-origin households wasn't statistically different from that for Blacks: \$5,524. Differences between the most affluent households, though smaller, were still substantial: the most affluent fifth of White households (in terms of income) had a median net worth of \$119,057; the comparable figures for Black and Hispanic-origin households were \$47,160 and \$58,731, respectively. The figures for Black and Hispanic-origin households weren't significantly different.

Differences between the net worth in the lowest quintile households were particularly great. The median net worth for White households in this range was \$8,839. The comparable figures for Black and Hispanic-origin households were \$0 and \$377, respectively. The difference between Black and Hispanic-

origin households wasn't significant. Half of the lowest income fifth of Black households have either zero or negative net worth.

One reason White households were so much wealthier than Black households, besides higher income, is that Black householders were younger than White householders. Black householders were more likely to be under 45 years old than White householders (54 versus 49 percent) and less likely to be elderly (17 versus 22 percent).

Married-couple households were far wealthier than those maintained by only one person.

The median net worth of married-couple households was \$57,134. This compares to \$13,571 for women-maintained households and \$13,053 for those maintained by men, not statistically different. Sixty percent of White households were married-couple ones compared to 35 percent of Black households, partly explaining White households' considerably higher wealth.

For information on household wealth and asset ownership:
See *Household Wealth and Asset Ownership: 1988*, Current Popu-

lation Reports, Series P-70, No. 22. For sale by Superintendent of Documents, U.S. Government Printing Office. Stock No. 803-044-00010-4, \$2.75. For telephone orders, call 202/783-3238.

Contact
Judith Eargle
(301) 763-8578

For more information on Statistical Briefs:

Contact
Robert Bernstein
(301) 763-1584

This brief is one of a series that presents information of current policy interest. It may include data from businesses, households, or other sources. All statistics are subject to sampling variability as well as survey design flaws, respondent classification and reporting errors, and data processing mistakes. The Census Bureau has taken steps to minimize errors, and analytical statements have been tested and meet statistical standards. However, because of methodological differences, caution should be exercised when comparing these data with data from other sources.

Wealth Rises With Age, Declines During Retirement

Median net worth by age of householder: 1988

