

Statistical Brief

Household Wealth and Asset Ownership: 1991

Income (the *flow* of resources to a consumer entity) is an important measure of a household's economic well-being. However, it does not tell the entire story. To get a more complete picture of well-being, one must examine wealth (the *level* of resources available at any point in time).

Using data collected by the Survey of Income and Program Participation (SIPP) between January and April 1991, this Brief takes a look at median household net worth (wealth), i.e., the value of assets covered in the survey minus any debts. (The box on the back of this Brief details the types of assets and debts covered.) Data for different types of households are compared in this Brief. In addition, the 1991 figures are compared with similar data collected by SIPP in Spring 1988.

Wealth declines.

In 1991, American households had a median net worth of \$36,623, down 12 percent from the 1988 figure of \$41,472 (1991 dollars). The overall decline was due to drops in the median values of home equity, interest-earning assets at financial institutions, checking accounts, rental property, and assets held in businesses and professions. These declines were only partially offset by increases in the median values

of other interest-earning assets, other real estate, and Individual Retirement Accounts (IRA's) and KEOGH accounts.

The table below shows the percentage of total wealth held in each asset type in 1991.

Net worth is concentrated at the top.

Median net worth rose significantly with income in 1991, from

\$5,224 for households in the lowest income quintile to \$123,166 for households in the highest quintile. The latter owned 45 percent of total wealth; the households in the lowest quintile owned 7 percent.

This unequal distribution of wealth is reflected in asset ownership patterns. Households in the highest income quintile were far likelier than those in the lowest

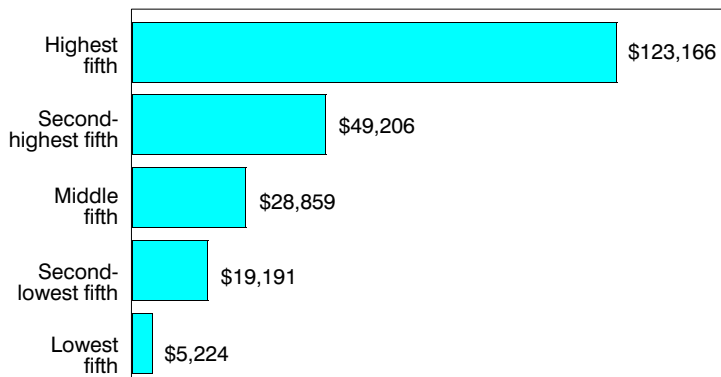
Where We Hold Our Wealth

Distribution of net worth, by asset type: 1991

Own home	42%
Interest-earning assets at financial institutions	14%
Business or profession	7%
Stocks and mutual fund shares	7%
Rental property	7%
Vehicles	6%
Other real estate	5%
IRA's or KEOGH accounts	5%
Other interest-earning assets	5%
Other assets	4%
Unsecured liabilities	-3%

With Higher Income Comes Greater Wealth

Median net worth, by monthly household income quintile: 1991



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quintile to own the following: a home (86 percent compared with 44 percent), stocks and mutual fund shares (45 percent compared with 6 percent), and IRA's or KEOGH accounts (48 percent compared with 5 percent). It was also more common for the households in the highest income quintile to have business equity (21 percent compared with 7 percent).

Wealth rises during work life, and declines during retirement.

Net worth leaped from a median of \$5,565 for householders under 35 years of age to a peak of \$104,354 for those 65 to 69 years of age. It then began falling off, reaching a low of \$76,541 for householders 75 years of age and older (see graph below). Householders in each age group under age 65 saw their median net worth decline (after adjusting

for inflation) between 1988 and 1991; wealth did not change for elderly householders.

White households have significantly higher net worth.

White households had a median net worth of \$44,408 in 1991, much higher than the \$4,604 for Black households and \$5,345 for Hispanic households. (The latter two figures were not statistically different.) Although wealth remained statistically unchanged for Black and Hispanic households between 1988 and 1991, it declined for White households — nearly \$6,000 in 1991 dollars.

The White-to-Black household wealth ratio, substantial within each income quintile in 1991, was highest in the lowest quintile (\$10,257 compared with \$1), and lowest in the highest quintile (\$129,394 compared with \$54,449).

Compared with White households, Black households held a larger share of their net worth in durable goods, such as homes (63 percent compared with 41 percent) and motor vehicles (10 percent compared with 6 percent). In contrast, White households held a larger share in financial assets, such as stocks and mutual fund shares (7 percent compared with 2 percent), and interest-earning assets at financial institutions (15 percent compared with 8 percent).

Married-couple households are wealthier than those maintained by one person.

Married-couples were not only the largest household category, but also the wealthiest. Median net worth figures in 1991 were \$60,065 for married-couple households, \$14,762 for those maintained by women, and \$11,986 for male-maintained households. Wealth fell for married-couple and male-maintained households between 1988 and 1991, but remained unchanged for female-maintained households.

More information:

Household Wealth and Asset Ownership: 1991. Current Population Reports, Series P70-34. Contact Customer Services (301-763-4100) for ordering information.

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This Brief is one of a series that presents information of current policy interest. All statistics are subject to sampling variability, as well as survey design flaws, respondent classification 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, use caution when comparing these data with data from other sources.

Wealth Equals Assets Minus Debts

Assets include interest-earning assets held at financial institutions (passbook savings accounts, money market deposit accounts, certificates of deposit, and interest-earning checking accounts), other interest-earning assets (money market funds, U.S. Government securities, and municipal or corporate bonds), stocks and mutual fund shares, mortgages held for sale of real estate, amount due from sale of business or property, regular checking accounts, U.S. Savings Bonds, real estate, IRA's and KEOGH accounts, and motor vehicles.

Debts include secured liabilities (mortgages on real estate, debt on business or profession, vehicle loans, and margin and broker accounts), as well as unsecured liabilities (credit card and store bills, medical bills, educational loans, and loans from individuals and financial institutions).

Wealth Rises With Age Until Retirement, Then Begins Dropping

Median net worth, by age of householder: 1991

