Assets of the Elderly as They Retire

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This study, using data from the Retirement History Study, indicates that as older Americans enter their retirement years, their property wealth is generally very limited and can seldom be expected to be much help in maintaining their preretirement standard of living. Although most older Americans own some form of assets, the value of these assets is generally quite small. Equity in the home is usually the most important form of asset for the elderly; liquid or income-producing assets are generally very limited in amount. Only a small proportion of respondents have substantial asset wealth. Married men are much more likely to own homes than nonmarried men and women, and are also more likely to own liquid assets of any magnitude.

As they age and retire, older Americans usually face a substantial loss of earnings, their primary source of income. Many older persons are eligible for various public and private retirement income programs, but such programs rarely provide them with enough income to replace their previous earnings. Consequently, many older Americans find themselves with little choice but to considerably reduce their standard of living after retirement.

Assets accumulated during the working years may provide a source of income to cushion the retired person's lost earnings. A "nest egg" of accumulated assets may supplement retirement income or meet unanticipated financial needs. Thus, asset ownership and asset wealth are important in analyzing the financial position of the elderly.

Previous work on the economic well-being of the elderly, and specifically on asset ownership, has found that the financial position of many older and retired persons is precarious at best. For example, Sherman (1976) found that while asset ownership is common among those approaching retirement age, the value of owned assets is very low, particularly when equity in a home or residence is excluded.[1] Her findings do not support the common belief that assets accumulated by older persons during their younger and more active years are a means of offsetting the drop in income that typically accompanies retirement. On the contrary, it appears that for most older persons, asset liquidation cannot be a significant source of funds for household consumption.

This article addresses the question of how personal assets change as older persons approach and enter retirement. The data presented here are part of the information collected for the Social Security Administration's Retirement History Study (RHS), a longitudinal study of the retirement process.

The RHS is based on a sample of 11,153 respondents who, at the time of the initial interviews in 1969, were aged 58-63 and were thus approaching retirement age. Interviews with respondents were conducted every two years until 1979, when most of the cohort had entered retirement.[2]

This article presents a description of the assets owned by RHS respondents over the 1969-75 period. It provides a broad set of descriptors of the respondents, their assets, and changes that occurred in their asset holdings between 1969 and 1975. Specifically, it addresses two major questions:

(1) What are the types and amounts of assets held by RHS respondents?

(2) How do those assets change as respondents age and enter retirement?

[1] Sally R. Sherman, "Assets on the Threshold of Retirement," in Irelan et al., **Almost 65: Baseline Data from the Retirement History Study** (Research Report No. 49), Office of Research and Statistics, Social Security Administration, 1976, pages 69-81.

[2] The sampling procedures and other characteristics of the survey are fully described in Irelan, et al., **op. cit.**

The major forms of assets owned by the elderly are categorized into five groups:

(1) Total assets (the aggregate of equities in all assets);

(2) home equity (the value of the home less any outstanding mortgage);

(3) liquid assets (savings and checking accounts, stocks, bonds, and mutual funds);

(4) illiquid assets (equities in businesses, professional practices, and real estate); and

(5) insurance policies and annuities.

These categorizations are used because substitution and rearrangement within each category is more common than between categories. Public and private retirement income pension plans represent another form of assets. They are often referred to as nonfungible because they cannot be traded or mortgaged (in contrast with the assets listed above that are typically referred to as fungible). Descriptions and discussions of assets are generally based on median asset values for the various types of respondents. In addition, all money values of assets are deflated to constant 1969 dollar amounts using the Consumer Price Index (CPI).

The sample used for this analysis is a subset of the original 11,153 RHS respondents. It includes only the 6,857 respondents who remained in the sample during the 1969, 1971, and 1975 survey waves and who were neither lodgers nor living on a farm.[3] Only responses from individual respondents available and usable for all three waves are analyzed.

Characteristics of the Cohort

Before describing the assets owned by RHS respondents over the course of the survey, some of the respondents' characteristics need to be reviewed. As shown in table 1, of the sample of 6,857 respondents included in the analysis, 62 percent were married men, 8 percent were nonmarried men, and 30 percent were nonmarried women.[4] Within each of these three groups, the re-

spondents were about equally distributed across the three age categories: Those born in 1910-11 (aged 64-65 in 1975), those born in 1908-09 (aged 66-67), and 1906-07 (aged 68-69).

The median annual family income was about $6,500 at the beginning of the survey.[5] The median income of married men was considerably higher than that of both nonmarried men and nonmarried women. Nonmarried women had the lowest annual incomes; their median income was less than 40 percent of the median for married men. Nonmarried women in the lowest income quartiles for all years consistently fell below poverty levels. The poverty thresholds for the relevant households, as determined by the Bureau of the Census (based on the 1970 Current Population Survey), in terms of 1968 dollars are shown in the following tabulation.

| | Poverty thresholds | |
Age of head	Individual	Two-person household
Under 65	$1,792	$2,317
65 and over	1,660	2,082

Within each group of respondents and in each wave of the survey, older persons had lower incomes than did those who were younger.

Between 1969 and 1975 median family income—in terms of constant 1968 dollars—declined by approximately 30 percent for the cohort as a whole. The decline was somewhat smaller for nonmarried women (22 percent).

The income differences among groups and the decline in income over time generally coincide with changes in respondents' participation in the labor force. As shown in table 2, 84 percent of the respondents were working at the start of the survey in 1969.[6] By 1975, nearly half of those who had been working in 1969 had stopped working. By then more than half of all respondents (57

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[3] Of the 6,857 respondents, 35 women changed their marital status from nonmarried to married between sample selection and the first survey wave. Accordingly, they are included in all tabulations for the total cohort but not when respondents are classified by marital status and sex. Responses to the 1973 interview wave are not included in this analysis because information about assets in that wave is less detailed than that in the 1969, 1971, and 1975 waves. The exclusion of both farmers and lodgers is necessary because of the RHS questionnaire construction.

[4] The marital status and sex classifications include married men, nonmarried men, and nonmarried women. Surviving spouses (widows of sampled men who died between 1969 and 1975) are not included in this and other studies based on the RHS because of the small number of such respondents. (See, for example, Alan Fox, "Work Status and Income Change, 1968-72: Retirement History Study Preview," **Social Security Bulletin**, December 1976, pages 15-31.) Nonmarried women include women who are widowed, never married, and divorced or separated.

[5] Income amounts in each survey wave refer to the income received during the calendar year preceding the survey. Therefore, the income figures are for the years 1968, 1970, and 1974. All income figures are expressed in 1968 dollars, using the CPI. For 1970, the deflation factor was 1.1163; for 1974, it was 1.4159. All other dollar amounts in this article are reported in 1969 dollars, also using the CPI. For 1971, the deflation factor was 1.1056; for 1975, it was 1.4670. The proportions of RHS respondents providing data on their annual incomes are low, ranging from 81 percent to 65 percent for the cohort. The direction and extent of any bias in the income figures in table 1 resulting from this lack of reporting is unknown.

[6] Respondents were classified as working if they met one or more of the following criteria: They said that they worked or were looking for a job; they reported earned income; or they said they were not completely retired.

Table 1. —Real annual family income of RHS respondents, by marital status, sex, year of birth, and survey year

[In constant 1968 dollars]

Survey year	Married men					Nonmarried men				Nonmarried women			
	Total¹	Total	1910-11	1908-09	1906-07	Total	1910-11	1908-09	1906-07	Total	1910-11	1908-09	1906-07
Number of cases	6,857	4,249	1,559	1,386	1,304	524	117	182	165	2,049	661	685	703
1969													
Number reporting	5,548	3,374	1,257	1,087	1,030	456	152	156	148	1,696	546	567	583
Percent reporting	81	79	81	78	79	87	86	86	90	83	83	83	83
Median income	$6,502	$8,500	9,002	$8,500	$8,195	$5,352	$5,431	$5,386	$5,200	$3,100	$3,420	$3,294	$2,642
First quartile	3,444	5,745	6,188	5,535	5,482	2,742	2,936	2,811	2,562	1,489	1,560	1,560	1,371
Second quartile	10,150	12,000	12,508	11,700	11,255	8,500	9,000	8,000	8,000	5,106	5,402	5,005	4,731
Mean income	8,030	10,371	10,626	10,694	9,719	6,273	6,575	6,101	6,144	3,849	4,,033	3,938	3,588
1971													
Number reporting	4,847	2,984	1,090	1,001	893	402	136	141	125	1,438	471	475	492
Percent reporting	71	70	70	72	68	77	89	90	76	70	71	69	70
Median income	$6,032	$7,987	$8,688	$7,839	$7,078	$5,196	$5,599	$5,318	$4,265	$2,795	$3,189	$2,687	$2,367
First quartile	3,090	5,128	5,599	5,117	4,589	2,555	2,687	2,518	2,207	1,398	1,432	1,487	1,304
Third quartile	9,667	11,672	12,362	11,594	10,806	8,071	8,609	7,939	7,874	5,189	5,520	5,167	4,528
Mean income	7,695	9,782	10,414	9,599	9,216	6,255	6,431	6,289	6,026	3,785	4,277	3,721	3,374
1975													
Number reporting	4,462	2,621	971	841	809	372	120	137	115	1,449	468	480	501
Percent reporting	65	62	62	61	62	71	68	75	70	71	71	70	71
Median income	$4,522	$6,027	$6,963	$5,542	$5,509	$3,625	$3,804	$3,776	$3,474	$2,414	$2,466	$2,459	$2,216
First quartile	2,458	3,944	4,405	3,700	3,643	2,146	2,078	2,038	2,161	1,543	1,500	1,597	1,508
Third quartile	7,527	9,199	10,516	8,557	8,105	5,632	5,652	5,435	5,559	4,203	4,379	4,280	3,735
Mean income	6,055	7,744	8,487	7,508	7,099	4,679	4,682	4,439	4,961	3,368	3,524	3,396	3,196

¹Includes 35 married women respondents.

percent) had left the labor force, presumably for retirement. The rate of withdrawal was similar for all three groups. Thus, married men, 91 percent of whom were working at the outset of the survey, continued to have the largest rate of participation in the workforce in 1975 (47 percent). Thirty-nine percent of the nonmarried men and 36 percent of the nonmarried women continued working.

This sharp decline in the labor force is highlighted in table 3, which documents change in work status between 1969 and 1975. During that time, 42 percent of the respondents ceased working. A similar proportion continued to work. As expected, more older respondents stopped working by age 65.

Withdrawal from the labor force is the primary cause of the reduction in income experienced by the RHS respondents, as shown in table 4. Respondents who were working in 1969, whether or not they had stopped working by 1975, experienced declines in their real incomes between 1969 and 1975. For those who continued to work, the decrease may be due in part to changes from full- to part-time work. It may also indicate that at the threshold of retirement, workers'

earnings do not keep up with inflation.[7] Those who stopped working between 1969 and 1975 experienced much sharper decreases than those who continued to work. Although the median incomes of both groups were similar in 1969, median income (in 1968 dollars) decreased by $3,100 or about 43 percent for those who ceased working, whereas it decreased by only $1,100 (15 percent) for those who continued to work. Clearly, retirement income did not keep up with even the lagging pace set by those who continued working.

In contrast, the real income of respondents who did not work in 1969 was approximately stable or increasing slightly during that period, although it remained low compared with the income of those who did work in 1969. The reason for this stability is that most of the respondents in this group received large proportions of their income from sources such as social security benefits that have cost-of-living adjustments.

In summary, the RHS respondents aged 58-63 in

[7] A recent study has provided evidence that this is the case. See Alan Fox, "Preretirement Earnings Patterns: Evidence from the Retirement History Study," **Proceedings of the American Statistical Association, Social Statistics Section, 1979**, August 1980, pages 265-270.

Table 2.— Work status of RHS respondents, by marital status, sex, year of birth, and survey year

Work status	Total	Married men				Nonmarried men				Nonmarried women			
		Total	Year of birth			Total	Year of birth			Total	Year of birth		
			1910-11	1908-09	1906-07		1910-11	1908-09	1906-07		1910-11	1908-09	1906-07
Number of cases	6,857	4,249	1,559	1,386	1,304	524	177	182	165	2,049	661	685	703
1969													
Percent:													
Working	84	91	95	91	87	83	88	83	79	70	77	71	63
Not working	16	9	5	9	13	17	12	17	21	30	23	29	37
1971													
Percent:													
Working	77	83	91	82	75	74	83	77	62	64	74	63	55
Not working	27	17	9	18	25	26	17	23	38	36	26	37	45
1975													
Percent:													
Working	43	47	63	42	35	39	52	32	32	36	49	34	27
Not working	57	53	37	58	65	61	48	68	68	64	51	66	73

Table 3.—Work status, of RHS respondents in 1969 and 1975, by marital status, sex, and year of birth

Work status	Total	Married Men				Nonmarried men				Nonmarried women			
		Total	Year of birth			Total	Year of birth			Total	Year of birth		
			1910-11	1908-09	1906-07		1910-11	1908-09	1906-07		1910-11	1908-09	1906-07
Number of cases	6,857	4,249	1,559	1,386	1,304	524	177	182	165	2,049	661	685	703
Percent:													
Working in 1969 and 1975	42	48	62	41	34	38	51	31	31	34	46	32	25
Working 1969, not working in 1975	42	44	32	50	53	46	36	52	48	36	30	39	38
Not working in 1969, working in 1975	1	1	0	1	1	1	1	1	1	2	2	2	2
Not working in 1969 or 1975	15	8	5	8	12	16	12	16	20	28	21	27	35

Table 4—Total income of RHS respondents by work status in 1969 and 1975, marital status, and sex

[In constant 1969 dollars]

Work status	Total			Married men			Nonmarried men			Nonmarried women		
	1969	1975	Income change	1969	1975	Income change	1969	1975	Income change	1969	1975	Income change
Working in 1969 and 1975:												
Number	2,386	1,929	....	1,595	1,249	....	175	142	....	610	535	....
Median income	$7,240	$6,180	-$1,060	$9,000	$7,624	-$1,376	$5,700	$4,614	-$1,086	$4,000	3,689	-$311
First quartile	4,500	3,728	....	6,090	4,964	....	3,600	3,048	....	2,500	2,425	....
Third quartile	11,076	9,746	....	12,785	11,583	....	9,322	7,774	....	5,922	5,988	....
Mean income	9,424	8,087	-1,337	11,464	9,791	-1,673	7,213	6,262	-951	4,743	4,623	-120
Working in 1969, not working in 1975:												
Number	2,352	1,811	....	1,488	1,136	....	213	175	....	639	489	....
Median income	$7,200	$4,132	-$3,068	$8,924	$5,096	-$3,828	$6,178	$3,218	-$2,960	$3,673	$2,119	-$1,554
First quartile	4,020	2,269	....	6,386	3,351	....	3,500	1,950	....	2,003	1,434	....
Third quartile	10,428	6,333	....	11,700	7,301	....	8,700	5,006	....	5,723	3,696	....
Mean income	8,253	4,985	-3,268	10,193	5,991	-4,202	6,695	3,950	-2,745	4,236	3,029	-1,207
Not working in 1969, working in 1975:												
Number	60	52	....	19	21	....	3	1	....	38	30	....
Median income	$2,140	$2,507	$367	(1)	(1)	....	(1)	(1)	....	$1,452	$1,987	$535
First quartile	1,000	1,554	....	(1)	(1)	....	(1)	(1)	....	484	1,170	....
Third quartile	4,400	3,845	....	(1)	(1)	....	(1)	(1)	....	3,139	2,560	....
Mean income	3,345	3,613	268	(1)	(1)	....	(1)	(1)	....	2,255	1,954	-301
Not working in 1969 or 1975:												
Number	832	688		281	217	....	70	56	....	477	409	....
Median income	$1,836	$2,102	$266	$4,179	$4,113	-$66	$1,476	$1,992	$516	$1,265	$1,657	$392
First quartile	1,023	1,408	....	2,549	2,480	....	990	1,407	....	694	1,281	....
Third quartile	3,960	3,827	....	6,822	6,773	....	2,840	3,336	....	2,000	2,345	....
Mean income	2,948	3,200	252	5,167	5,250	83	2,042	2,764	722	1,764	2,121	357

[1] Data not shown; fewer than 25 cases.

1969 experienced a significant decrease in real income as they approached and entered retirement between 1969 and 1975. This decrease occurred as nearly half of the working respondents left the labor force, presumably to retire. The decline in real income, the source of household savings and hence an important determinant of asset accumulation, suggests that the value of assets held by the cohort would either remain stable or decline at this period in their lives. It also suggests that few respondents would be able to increase their assets just before retiring. As described below, the amounts of assets did remain generally stable, supporting these expectations to a large extent.

Assets, Debt, and Net Worth

Total assets are defined as the sum of home equity, illiquid, and liquid assets. Home equity is defined as the respondent's estimate of the current market value of the home minus any outstanding mortgage and other debt related to the home. Illiquid assets are defined as the sum of any equities in business and professional practice, real estate other than the respondent's residence, and any cash owed to the respondent by others. Liquid assets are the sum of funds in checking accounts, savings accounts, U.S. savings bonds, stocks, corporate bonds, and mutual funds.

The definition of total assets does not include the asset value of life insurance and annuities because of the difficulty in obtaining a valid figure on their cash surrender values. Cash is not included in the definition of assets because no information about the amount of respondent's cash on hand was collected in the RHS. For a similar reason, ownership of consumer durables (including automobiles and trucks) is not included.

Because assets were measured in terms of equities, the only difference between total assets, as defined here, and net worth is the value of personal debt. As discussed below, the incidence of personal indebtedness of the RHS cohort is low, and the amounts are small. In addition, the reporting on personal debt appears to be less complete than the reporting on assets and asset-related debt. This section, therefore, focuses on total assets but provides comparable data for net worth as well.

Ownership and Amounts of Total Assets

Nearly 90 percent of the RHS respondents owned assets of some kind over the course of the survey, as table 5 shows. The proportion of married men owning assets is somewhat higher than the proportion of asset ownership among nonmarried men and nonmarried women. Over the course of the survey, as the respondents aged and entered retirement, the proportion of respondents owning assets stayed approximately the same, with an overall increase of only 3 percentage points.

Although most respondents owned assets of some kind, the median amounts of assets for those reporting ownership were not large. These amounts ranged from $19,000 to $21,300 for married men, from $10,200 to $13,000 for nonmarried men, and from $8,800 to $9,600 for nonmarried women. Among nonmarried men and nonmarried women, more than the one-fourth of the assets owners had assets whose value was less than $3,000.

Although a large proportion of the cohort had very little or no assets, a small proportion had very substantial assets. Approximately 4-5 percent of the respondents in each wave reported assets exceeding $100,000, and another 8-9 percent had between $50,000 and $100,000 in assets. Thus the distribution of asset ownership is quite skewed, with the mean asset value closer to the third quartile than to the median.

Overall, the value of assets remained roughly constant over the 6 years spanned by the survey. (Recall that asset values are measured in constant 1969 dollars.) For the cohort as a whole, the median value of assets increased slightly from 1969 to 1975, and the mean value showed a small decline.[8] This pattern appears to reflect some increase in the amounts of assets for those with small asset holdings in combination with some decrease in asset amounts among respondents with very substantial assets.

What is particularly interesting about the figures is the absence of any marked pattern of asset reduction. Nearly half of the working respondents left the labor force between 1969 and 1975, and, if many of these persons had begun to use their accumulated assets as a source of retirement income, a sharp drop in the mean and median asset levels would be expected. Such asset liquidation does not seem to have occurred on any substantial or widespread basis, although the slight drop in mean asset levels may reflect some liquidation among those who owned large amounts of assets.

Among the three groups, married men had the most favorable asset position at the beginning of the survey and fared best over time. Their median asset amounts showed a greater percentage increase during the survey than did those of the other two groups, but their mean assets showed a smaller decrease. In contrast, median assets for nonmarried men declined by 3 percent and the medians for both married men and nonmarried women increased. Although the median value of the nonmarried women's assets increased, their mean showed the sharpest decline of all three groups (9

[8] This comparison is based on statistics computed for varying numbers of respondents in each wave. The number of respondents varies from wave to wave because of nonresponse patterns and because different respondents reported asset ownership.

Table 5.—Total assets: Percentage distribution of RHS respondents, by survey year, marital status, and sex

[In constant 1969 dollars]

Item	1969 Total	1969 Married men	1969 Non-married men	1969 Non-married women	1971 Total	1971 Married men	1971 Non-married men	1971 Non-married women	1975 Total	1975 Married men	1975 Non-married men	1975 Non-married women
Number:												
Cases	6,857	4,249	524	2,049	6,857	4,249	524	2,049	6,857	4,249	524	2,049
Reporting	5,059	3,057	426	1,554	5,196	3,197	429	1,544	5,214	3,226	432	1,531
Percent:												
Reporting	74	72	81	76	76	75	82	75	76	76	82	75
Owning assets	86	92	77	77	87	93	79	77	89	94	81	80
	Percentage distribution											
Total	100	100	100	100	100	100	100	100	100	100	100	100
Amount of assets:												
None	14	8	23	23	13	7	21	23	11	6	19	20
$1–1,999	12	7	17	19	12	8	16	18	12	7	20	20
2,000–4,999	7	6	8	9	8	7	9	9	8	7	9	11
5,000–9,999	11	12	9	11	13	13	12	14	11	11	11	12
10,000–14,999	10	12	9	8	10	11	8	8	11	11	8	11
15,000–19,999	9	10	7	7	9	11	5	7	8	9	6	6
20,000–34,999	17	20	15	12	16	19	13	10	17	21	13	11
35,000–49,999	7	9	5	4	8	10	7	5	8	10	6	5
50,000–99,999	8	10	5	4	8	10	4	4	9	12	7	4
100,000 or more	5	7	4	2	4	6	4	1	4	6	2	1
	Asset values											
All reporting units:												
Median assets	$12,522	$17,350	$6,000	$4,500	$12,301	$17,276	$6,117	$4,792	$13,633	$19,496	$5,794	$4,908
First quartile	1,650	6,450	55	32	2,261	6,331	226	46	2,727	7,157	263	102
Third quartile	29,300	35,688	22,350	17,604	29,124	35,456	22,845	16,823	31,016	38,957	22,597	16,145
Mean assets	28,171	36,416	20,541	13,918	26,549	33,789	21,451	13,156	27,614	35,786	19,654	12,659
Units reporting positive amounts:												
Median assets	16,200	19,400	13,000	9,600	15,693	19,039	10,857	9,045	16,496	21,268	10,225	8,845
First quartile	6,000	9,000	2,500	2,000	5,745	8,412	2,973	2,261	5,930	9,483	2,181	2,045
Third quartile	32,578	37,800	28,000	23,050	32,647	37,152	28,190	21,339	34,322	41,241	26,619	20,490
Mean assets	32,709	39,463	26,678	18,176	30,479	36,273	27,146	17,084	31,084	38,013	24,120	15,847

percent). Thus, if any asset liquidation did occur in the RHS cohort, it was probably carried out mainly by those nonmarried men and nonmarried women who had above-average levels of assets at the start of the survey.

In general, the advantage enjoyed by married men may be attributed to two factors. First, as table 1 indicates, married men have higher incomes than do other types of respondents. Economic theory suggests that differences in the amounts of assets held by individuals are, in part, due to differences in incomes. Specifically, the permanent income hypothesis (or the life-cycle hypothesis of saving) postulates that an individual whose lifetime income is high will accumulate more assets than will another whose income is lower. Empirical tests of this behavioral hypothesis have supported its predictions.[9] As discussed below, these predictions are also supported by the RHS data, which indicate a positive relation between a person's income and assets.[10]

A second reason for their relatively favorable asset position is that more married men own homes. Appreciation of home values (at a faster rate than the rise in the CPI), along with mortgage repayments, were major factors in improving the relative position of married men.

The amounts of assets owned vary a great deal by income level, as shown in table 6.[11] Both for the cohort

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[9] See, for example, Milton Friedman, **A Theory of the Consumption Function,** University of Chicago Press, 1953, and Albert Ando and Franco Modigliani, "The 'Life Cycle' Hypothesis of Saving: Aggregate Implications and Test," **American Economic Review,** March 1963.

[10] Categorization of respondents among income groups is based on the reported total income in the year preceding the interview. For married men this amount includes spouse's income and income of children under age 18. The tabulation is done according to current income. Thus, strictly speaking, although the tabulation of the RHS data shows strong association between income and assets, it should not be viewed as a test of the permanent income hypothesis.

[11] This table and subsequent tables, which describe various asset amounts by respondents' income quartile, display assets value for respondents for whom complete income data were available each year and divide respondents into quartiles by amount of income. The number of respondents in each of the quartiles may be different, however, due to different response rates for the type of assets in question among the various quartiles. For example, the response rate on total assets among respondents in the first income quartile may differ from those in the second quartile because a different number of those in the first quartile reported asset ownership than those in the second. In addition, the income quartile values for the married men were higher than those for nonmarried men and women.

Table 6.—Total assets of RHS respondents, by income quartile, survey year, marital status, and sex[1]

[In constant 1969 dollars]

Income quartile	1969				1971				1975			
	Total	Married men	Non-married men	Non-married women	Total	Married men	Non-married men	Non-married women	Total	Married men	Non-married men	Non-married women
First quartile:												
Number	1,135	627	93	356	1,065	647	91	323	962	558	81	313
Median assets	$720	$5,545	$0	$70	$1,085	$5,834	$204	$90	$954	$6,476	$227	$203
First quartile	0	11	0	0	0	650	0	0	0	494	0	0
Third quartile	9,525	15,707	2,337	5,618	8,412	15,478	4,022	4,804	8,180	15,082	2,579	5,123
Mean assets	8,610	13,113	4,741	4,683	7,321	11,852	5,111	4,231	6,738	12,172	2,882	4,956
Second quartile:												
Number	1,095	663	102	367	1,021	634	90	321	952	559	82	313
Median assets	$8,031	$13,012	$4,237	$1,900	$8,602	$13,658	$3,618	$2,588	$8,913	$16,411	$1,636	$2 085
First quartile	543	5,000	200	0	1,809	5,955	146	0	1,822	6,844	68	1
Third quartile	18,300	22,650	13,275	11,337	19,899	25,506	12,082	11,657	20,041	28,174	8,316	10,779
Mean assets	14,005	18,465	9,970	9,748	14,765	20,074	12,351	8,989	14,310	20,843	7,006	6,867
Third quartile:												
Number	1,118	682	98	353	1,017	607	93	292	954	564	82	318
Median assets	$15,850	$19,800	$8,230	$8,100	$15,648	$18,590	$8,809	$7,824	$19,223	$23,517	$12,883	$8,720
First quartile	6,375	10,112	980	302	7,247	9,927	1,860	1.176	8,180	12,270	3,102	1,363
Third quartile	28,260	32,555	23,000	19,988	28,491	32,527	21,821	18,036	32,013	39,809	27,454	20,450
Mean assets	22,120	25,998	15,112	14,020	21,902	25,414	15,355	12,697	23,535	30,050	18,904	13,476
Fourth quartile:												
Number	1,174	706	102	357	979	599	84	281	952	561	87	287
Median assets	$30,400	$37,100	$22,825	$16,662	$32,968	$39,571	$23,697	$18,158	$36,196	$46,459	$23,347	$17,961
First quartile	15,100	19,277	6,805	4,612	18,011	22,951	10,492	5,766	19,495	25,298	8,470	6,067
Third quartile	58,850	76,350	45,200	33,190	63,314	80,058	47,151	37,387	68,848	85,072	42,007	38,281
Mean assets	59,088	75,088	44,823	27,977	63,690	78,632	61,001	29,083	62,961	80,055	39,030	28,137

[1] Includes respondents reporting zero assets.

Table 7.—Total assets of RHS respondents, by work status in 1969 and 1975, marital status, and sex[1]

[In constant 1969 dollars]

Work status	Total			Married men			Nonmarried men			Nonmarried women		
	1969	1975	Asset change	1969	1975	Asset change	1969	1975	Asset change	1969	1975	Asset change
Working in 1969 and 1975:												
Number	2,147	2,227	....	1,459	1,545	....	161	164	....	520	510	....
Median assets	$14,200	$17,103	$2,903	$18,050	$22,078	$4,028	$4,000	$6,544	$2,544	$6,450	$7,601	$1,151
First quartile	3,169	4,954	....	7,000	9,202	....	210	954	....	351	1,091	....
Third quartile	31,500	36,128	....	36,925	44,990	....	23,854	21,132	....	18,135	20,416	....
Mean assets	33,568	33,875	307	41,854	41,573	-281	25,804	23,812	-1,992	13,062	14,082	1,020
Working in 1969, not working in 1975:												
Number	2,111	2,150	....	1,335	1,395	....	195	194	....	569	549	....
Median assets	$13,613	$13,736	$123	$17,350	$18,916	$1,566	$9,300	$6,953	-$2,347	$5,225	$6,237	$1,012
First quartile	2,500	3,408	....	6,900	6,958	....	138	117	....	200	150	....
Third quartile	29,675	30,675	....	34,425	35,455	....	22,625	25,903	....	19,650	17,014	....
Mean assets	25,786	25,711	-75	31,446	31,547	101	19,171	19,965	794	14,590	13,005	-1,585
Not working in 1969, working in 1975:												
Number	54	54	....	19	18	....	3	3	....	32	33	....
Median assets	$12,600	$6,817	-$5,783	(2)	(2)	....	(2)	(2)	....	$10,600	$3,664	-$6,936
First quartile	325	341	....	(2)	(2)	....	(2)	(2)	....	0	151	....
Third quartile	29,650	17,451	....	(2)	(2)	....	(2)	(2)	....	29,600	14,808	....
Mean assets	27,790	16,957	-12,833	(2)	(2)	....	(2)	(2)	....	20,967	10,947	-10,020
Not working in 1969 or 1975:												
Number	747	783	....	244	268	....	67	71	....	433	439	....
Median assets	$4,220	$3,730	-$490	$12,800	$10,327	-$2,473	$1,260	$1,875	$615	$500	$886	$386
First quartile	0	0	....	929	1,363	....	0	0	....	0	0	....
Third quartile	19,885	16,939	....	30,350	28,971	....	14,675	13,804	....	12,731	10,327	....
Mean assets	19,277	15,770	-3,507	30,884	24,905	-5,979	9,873	9,706	-167	13,543	10,701	-2,842

[1] Includes respondents reporting zero assets.　　　　[2] Data not shown; fewer than 25 cases.

Table 8.—Total debt: Percentage distribution of RHS respondents, by survey year, marital status, and sex

[In constant 1969 dollars]

Item	1969 Total	1969 Married men	1969 Non-married men	1969 Non-married women	1971 Total	1971 Married men	1971 Non-married men	1971 Non-married women	1975 Total	1975 Married men	1975 Non-married men	1975 Non-married women
Number:												
Cases	6,857	4,249	524	2,049	6,857	4,249	524	2,049	6,857	4,249	524	2,049
Reporting	6,698	4,128	514	2,023	6,625	4,098	507	1,985	6,686	4,143	515	1,995
Percent:												
Reporting	98	97	98	99	97	96	97	97	98	98	98	97
With debt	34	34	20	26	27	30	22	23	27	28	24	25
					Percentage distribution							
Total	100	100	100	100	100	100	100	100	100	100	100	100
Amount of debt:												
None	66	66	80	74	73	70	78	77	73	72	76	75
$1-1,999	28	31	18	25	25	27	21	22	25	26	22	24
2,000-4,999	2	2	1	0	1	1	1	1	1	1	1	0
5,000-9,999	1	1	1	0	0	0	1	0	0	0	0	0
10,000 or more	0	0	0	0	0	0	0	0	0	0	0	0
					Debt values							
All reporting units:												
Median debt	0	0	0	0	0	0	0	0	0	0	0	0
First quartile	0	0	0	0	0	0	0	0	0	0	0	0
Third quartile	$70	$130	0	$10	$23	$60	0	0	$20	$34	0	$5
Mean debt	359	487	$398	91	360	470	$479	$107	389	491	$550	131
Units reporting positive amounts:												
Median debt	250	300	250	150	226	271	209	158	179	204	142	123
First quartile	100	110	100	60	90	104	66	52	61	68	56	37
Third quartile	661	820	650	400	633	724	633	362	529	635	515	341
Mean debt	1,171	1,416	1,969	354	1,325	1,580	2,148	462	1,433	1,730	2,285	517

as a whole and for the groups tabulated, persons with relatively higher incomes have larger amounts of assets than do those with lower incomes. The amounts of assets owned by respondents in the lower half of the income distribution (the first and second quartiles) are very low, particularly for nonmarried men and nonmarried women. In fact, many nonmarried persons in the lowest income group do not own any assets at all.

The data in table 6 offer some further suggestions about changes in asset holdings over time. Median assets for each income quartile in 1975 were generally larger than the median for the equivalent quartile in 1969.[12] Mean asset levels, however, decreased for the lower income groups but increased for those with higher incomes. The mean assets for respondents in the lowest income quartile in 1975 were 22 percent lower than the equivalent group's mean in 1969; in the highest income quartile, however, the 1975 mean was 7 percent higher than that for 1969. This pattern suggests that some asset liquidation occurred among those persons in the lower income groups who had relatively substantial

assets to draw upon. In other words, those respondents who had need for additional money and had assets that could be liquidated into cash did indeed liquidate some of their assets.

Total Assets and Work Status

As noted above, many of the respondents changed their labor-force attachment status between 1969 and 1975. More than 40 percent of the respondents stopped working during that period, and the percentage of nonworking respondents more than tripled, increasing from 16 percent in 1969 to 57 percent in 1975. Table 7 shows the relationships between these changes and the value of respondents' assets.

One might expect that assets could facilitate retirement and that persons with substantial assets could afford to retire earlier than those without such resources. There is no indication, however, that respondents with greater assets in 1969 were more likely to retire by 1975. The median amount of 1969 assets for respondents who ceased working between 1969 and 1975 was nearly the same as the median for those who continued to work.

Retirement was associated with a difference in the pattern of asset growth between 1969 and 1975.

Table 9.—Net worth: Percentage distribution of RHS respondents, by survey year, marital status, and sex

[In constant 1969 dollars]

Item	1969 Total	1969 Married men	1969 Non-married men	1969 Non-married women	1971 Total	1971 Married men	1971 Non-married men	1971 Non-married women	1975 Total	1975 Married men	1975 Non-married men	1975 Non-married women
Number:												
Cases	6,857	4,249	524	2,049	6,857	4,249	524	2,049	6,857	4,249	524	2,049
Reporting	4,977	2,997	421	1,538	5,060	3,111	419	1,504	5,133	3,176	428	1,505
Percent:												
Reporting	73	71	80	75	74	73	80	73	75	75	82	73
With positive net worth	84	90	75	74	86	91	77	75	87	92	78	77

Item	Total	Married men	Non-married men	Non-married women	Total	Married men	Non-married men	Non-married women	Total	Married men	Non-married men	Non-married women
Percentage distribution												
Total	100	100	100	100	100	100	100	100	100	100	100	100
Amount of net worth:												
None or less	16	10	25	26	14	9	23	25	13	8	22	23
$1-1,999	10	6	14	16	10	6	14	17	10	6	17	17
2,000-4,999	7	6	7	9	8	8	10	9	8	7	8	10
5,000-9,999	11	11	9	11	13	12	12	14	11	11	11	12
10,000-14,999	10	12	9	8	10	11	8	8	11	11	7	11
15,000-19,999	9	10	7	7	9	10	5	7	8	9	6	6
20,000-34,999	17	19	16	12	16	19	13	10	17	21	13	11
35,000-49,999	7	9	5	4	8	9	6	5	8	10	6	4
50,000-99,999	8	10	5	4	8	11	4	4	9	12	7	4
100,000 or more	5	7	4	2	4	6	4	1	4	6	2	1

Item	Total	Married men	Non-married men	Non-married women	Total	Married men	Non-married men	Non-married women	Total	Married men	Non-married men	Non-married women
Net worth values												
All reporting units:												
Median net worth	$12,480	$17,133	$5,996	$4,400	$12,274	$17,208	$5,541	$4,703	$13,258	$19,359	$5,621	$4,908
First quartile	1,500	6,285	0	0	2,189	6,150	162	1	2,523	7,014	100	34
Third quartile	29,200	35,688	22,388	17,554	29,214	35,472	22,346	16,823	30,948	38,923	22,597	16,128
Mean net worth	27,973	36,322	20,200	13,695	26,454	33,714	20,834	13,191	27,432	35,572	19,260	12,586
Units reporting positive amounts:												
Median net worth	16,700	19,938	14,200	10,325	16,143	19,383	10,903	9,086	17,089	21,613	12,590	9,338
First quartile	6,228	9,303	3,184	2,402	6,258	8,864	3,216	2,713	6,423	9,748	2,999	2,454
Third quartile	33,400	38,534	28,600	23,860	33,500	37,542	28,039	21,986	35,004	41,956	28,221	20,923
Mean net worth	33,439	40,220	27,181	18,669	31,082	36,930	27,280	17,624	31,858	38,654	25,256	16,455

Although asset values remained approximately constant for those who stopped working, respondents who continued to work generally increased their holdings. Median assets for the group that continued to work rose 20 percent between 1969 and 1975, compared with only a 1-percent increase for those who stopped. Interestingly, the mean asset values for the group who continued working remained approximately steady although median amounts increased. This factor suggests that the minority of respondents who had large amounts of assets initially did not increase their assets, and that some may have actually reduced their assets.

Assets generally declined for respondents who were already out of the workforce in 1969. For those who did not work in either 1969 or 1975, median assets dropped by 12 percent and mean assets by 18 percent. The pattern appears to be one of asset liquidation by those with high asset amounts and low income. The married men began with comparatively high assets—a

median of nearly $13,000—and experienced a reduction of nearly 20 percent. Nonmarried men and nonmarried women had only small amounts of assets in 1969—medians of $1,260 and $500, respectively. By 1975, their median assets actually increased, and the small decrease in the mean amount suggests little conversion of what few assets individuals in these groups owned.

In some cases, a severe drop in asset value, possibly representing an exhaustion of readily convertible assets, may have caused a return to work. Only a small number of respondents who did not work in 1969 returned to the workforce in 1975. Although the number of cases is too small for firm conclusions, the change in assets for these respondents is dramatic. They began in 1969 with assets comparable to those of the respondents who worked in that year; their median asset value was almost $13,000. Six years later, their median assets had dropped by 45 percent, and they were back at work.

Table 10.—Net worth of RHS respondents, by work status in 1969 and 1975, marital status, and sex[1]

[In constant 1969 dollars]

Work status	Total			Married men			Nonmarried men			Nonmarried women		
	1969	1975	Net worth change	1969	1975	Net worth change	1969	1975	Net worth change	1969	1975	Net worth change
Working in 1969 and 1975:												
Number	2,113	2,191	....	1,432	1,520	....	158	163	....	517	501	....
Median net worth	$14,099	$17,031	$2,932	$17,570	$21,967	$4,397	$4,000	$6,033	$2,033	$6,578	$7,533	$955
First quartile	3,000	4,772	....	6,500	8,726	....	55	682	....	313	1,040	....
Third quartile	31,175	36,115	....	36,700	44,990	....	24,869	20,876	....	18,109	20,075	....
Mean net worth	33,359	33,620	261	41,616	41,305	−311	26,021	22,838	−3183	13,026	14,038	1,012
Working in 1969, not working in 1975:												
Number	2,077	2,116	....	1,310	1,372	....	193	192	....	562	540	....
Median net worth	$13,526	$13,633	$107	$17,300	$18,405	$1,105	$9,100	$6,860	−$2,240	$5,200	$6,089	$889
First quartile	2,320	3,361	....	6,803	6,817	....	99	10	....	75	136	....
Third quartile	29,500	30,334	....	34,400	35,457	....	22,380	25,903	....	19,350	16,847	....
Mean net worth	25,485	25,564	79	31,406	31,384	−22	18,338	19,902	1,564	13,949	12,887	−1,062
Not working in 1969, working in 1975:												
Number	54	54	....	19	18	....	3	3	....	32	33	....
Median net worth	$12,600	$6,721	−$5,879	(2)	(2)	....	(2)	(2)	....	$10,600	$3,664	−$6,936
First quartile	175	341	....	(2)	(2)	....	(2)	(2)	....	0	68	....
Third quartile	29,628	16,581	....	(2)	(2)	....	(2)	(2)	....	29,600	13,978	....
Mean net worth	29,410	16,679	−12,731	(2)	(2)	....	(2)	(2)	....	20,707	10,724	−8,017
Not working in 1969 and 1975:												
Number	733	772	....	236	266	....	67	70	....	427	431	....
Median net worth	$4,300	$3,613	−$687	$13,200	$10,421	−$2,779	$1,260	$1,704	$444	$500	$818	$318
First quartile	0	0	....	907	1,015	....	0	0	....	0	0	....
Third quartile	19,900	16,912	....	30,500	29,141	....	14,675	14,605	....	12,763	10,498	....
Mean net worth	19,393	15,741	−3,652	31,320	24,837	−6,483	9,829	9,742	−87	13,645	10,662	−2,983

[1] Includes respondents reporting zero or negative net worth.

[2] Data not shown; fewer than 25 cases.

Personal Debt

An individual's financial status depends not only on what he or she owns but on indebtedness as well. Mortgage or other debt owed on a home or other property has already been taken into account by using equity rather than market value as the measure of that asset amount. In addition to property debt, which is not prevalent among the RHS cohort, there are various kinds of personal debt. Personal debt includes store debt, medical debt, bank debt, and debts to other persons. (For married men both the type of debt and the amounts of debt include any debts incurred by the spouse or child under age 18.) Debt on automobiles is not included in the definition of personal debt because automobiles are not included in the definition of total assets.[13]

Most RHS respondents had little or no debt and reduced their indebtedness over the 1969-75 period. As table 8 shows, 34 percent of the cohort had personal debt of some kind in 1969, compared with 27 percent in 1971 and 1975. The proportion of married men with personal debt was slightly higher than the proportion of nonmarried persons with personal debt. This difference decreased, however, over the course of the survey.

For the cohort as a whole, including respondents with no debt, the median amount of personal debt was negligible. Even when amounts of debt are calculated for only those who report having debt, most amounts are insubstantial, with an overall median of $250 in 1969. Moreover, amounts of debt are small relative to the median value of assets.

Although most respondents had little or no debt, a small porportion of respondents had comparatively large amounts of debt (but rarely more than a few thousand dollars). Table 8 shows a quite skewed distribution, with mean amounts generally well above the third quartile even when the statistics are computed only for the group reporting positive debt. The amount of debt held by those with relatively large debts apparently increased over time, since mean values for most groups increased even though the median amounts were decreasing. For the cohort as a whole, there was no observable relationship between indebtedness and working status; this may be because of the small proportion of respondents who reported having debts and the small amounts of these debts.

[13] The value of automobiles (and of other consumer durables) was not available from the RHS data. Its exclusion results in some downward bias in the measurement of total assets. The exclusion of both automobile assets and automobile debt probably results in a downward bias of net worth because, if there is a debt, it is typically smaller than the value of the car.

Table 11.—Liquid assets: Percentage distribution of RHS respondents, by survey year, marital status, and sex

[In constant 1969 dollars]

Item	1969				1971				1975			
	Total	Married men	Non-married men	Non-married women	Total	Married men	Non-married men	Non-married women	Total	Married men	Non-married men	Non-married women
Number:												
Cases	6,857	4,249	524	2,049	6,857	4,249	524	2,049	6,857	4,249	524	2,049
Reporting	5,741	3,494	475	1,746	5,507	3,374	447	1,658	5,532	3,400	451	1,654
Percent:												
Reporting	84	82	91	85	80	79	85	81	81	80	86	81
Owning liquid assets	77	82	69	68	78	84	72	68	81	86	75	73
	Percentage distribution											
Total	100	100	100	100	100	100	100	100	100	100	100	100
Amount of Liquid assets												
None	23	18	31	32	22	16	28	32	19	14	26	27
$1-1,999	32	32	28	33	32	31	29	36	32	29	30	38
2,000-4,999	14	14	11	13	13	14	12	11	14	15	12	14
5,000-9,999	10	11	8	8	11	12	11	8	11	13	12	8
10,000-14,999	6	7	6	5	6	6	5	4	7	8	6	5
15,000-19,999	3	4	3	3	4	5	3	3	4	4	2	2
20,000-34,999	6	6	7	4	6	7	4	3	7	8	7	3
35,000-49,999	2	3	2	1	2	3	3	1	3	4	3	2
50,000-99,999	3	3	2	2	3	3	2	2	3	4	2	1
100,000 or more	2	2	2	0	1	2	2	0	1	2	1	0
	Liquid asset values											
All reporting units:												
Median liquid assets	$1,262	$2,000	$775	$500	$1,538	$2,487	$995	$452	$1,909	$3,408	$1,022	$545
First quartile	28	197	0	0	45	226	0	0	102	341	0	0
Third quartile	8,000	10,000	7,550	4,000	8,327	10,854	7,119	3,821	9,441	12,952	7,192	4,090
Mean liquid assets	10,822	13,604	9,759	5,548	10,098	12,404	11,333	5,169	10,719	13,710	9,481	4,930
Units reporting positive amounts:												
Median liquid assets	3,000	3,600	3,000	2,000	3,347	4,342	3,347	1,809	3,562	4,772	3,408	1,687
First quartile	625	800	600	430	724	904	678	362	682	1,115	682	307
Third quartile	11,300	13,000	12,700	8,200	11,758	14,336	11,113	7,213	12,815	15,092	12,270	6,697
Mean liquid assets	14,043	16,493	14,046	8,099	12,965	14,851	15,831	7,564	13,201	15,888	12,726	6,778

Net Worth

As noted above, net worth is calculated by subtracting personal debt from total assets. Thus, in general, net worth follows the same pattern as total assets—as seen by comparing the amounts in table 9 with those in table 5.[14] This fact results largely from measuring housing in terms of equity, and mortgage debt is the only major form of debt for this cohort. Respondents'

net worth is displayed according to work status in table 10; the patterns parallel those seen earlier for total assets (table 7).

Composition of Assets

As noted above, total assets include three types: Liquid assets, illiquid assets, and equity in a home. Ownership of each of these types of asset is shown in tables 11-13. Liquid assets are the most common type of asset held by older Americans. Nearly 80 percent of the RHS respondents had some liquid assets. The amounts were small, with the median value $3,000 to $3,600. Illiquid assets were held by less than a third of the respondents. The median amount of illiquid assets was about $7,000 for the small number reporting such assets. Many respondents owned a home—nearly two-thirds of all respondents and more than 80 percent of the married men. The median amount of home equity was approximately $14,000.

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[14] Median net worth is the median of the differences between total assets and personal debt. This figure does not necessarily equal the difference between the medians of total assets and personal debt. Net worth was computed only for respondents who reported values for both assets and personal debt. A total asset figure was computed for persons with valid responses on assets who may not have responded on debt. Note that when the pattern of reporting on total assets and personal debt is examined, it appears that respondents with incomplete personal debt values had lower assets than respondents with valid answers. This may have resulted in a slight upward bias in net worth.

Table 12.—Illiquid assets: Percentage distribution of RHS respondents, by survey year, marital status, and sex

[In constant 1969 dollars]

	1969				1971				1975			
Item	Total	Married men	Non-married men	Non-married women	Total	Married men	Non-married men	Non-married women	Total	Married men	Non-married men	Non-married women
Number:												
Cases	6,857	4,249	524	2,049	6,857	4,249	524	2,049	6,857	4,249	524	2,049
Reporting...........	6,578	4,046	508	1,990	6,735	4,170	512	2,018	6,709	4,154	512	2,008
Percent:												
Reporting...........	96	95	97	97	98	98	97	98	98	98	97	98
Owning illiquid assets	27	33	20	18	25	31	19	15	24	30	21	13
					Percentage distribution							
Total.....................	100	100	100	100	100	100	100	100	100	100	100	100
Amount of illiquid assets:												
None	73	67	80	82	75	69	81	85	76	70	79	87
$1-1,999..............	6	7	7	6	6	7	6	4	5	6	7	3
2,000-4,999...............	4	5	2	3	4	5	3	3	5	6	5	3
5,000-9,999...............	5	5	3	4	4	5	3	3	4	5	3	2
10,000-14,999...........	3	4	3	2	3	3	2	1	3	4	2	2
15,000-19,999...........	2	2	1	1	2	2	1	1	1	2	1	1
20,000-34,999...........	3	3	2	1	2	3	2	1	3	3	2	1
35,000-49,999...........	1	1	1	0	1	1	0	1	1	1	0	1
50,000-99,999...........	2	2	1	1	1	2	1	0	1	2	1	0
100,000 or more	1	2	1	0	1	2	1	0	1	2	1	0
					Illiquid asset values							
All reporting units:												
Median illiquid assets	0	0	0	0	0	0	0	0	0	0	0	0
First quartile	0	0	0	0	0	0	0	0	0	0	0	0
Third quartile	$500	$2,000	0	0	0	$1,357	0	0	0	$1,363	0	0
Mean illiquid assets...	6,592	9,071	$4,046	$2,192	$6,360	8,878	$3,502	$1,932	$5,171	7,198	$3,691	$1,395
Units reporting positive amounts:												
Median illiquid assets	7,000	7,500	5,800	5,000	7,236	8,140	5,427	5,427	6,817	8,180	3,408	4,090
First quartile	2,000	2,075	1,000	1,000	1,809	2,261	995	1,755	2,045	2,727	1,091	1,363
Third quartile	19,000	20,000	12,200	12,575	19,526	20,803	18,090	16,281	18,405	20,450	11,588	13,218
Mean illiquid assets...	24,156	27,594	19,764	12,426	25,450	28,856	18,675	13,174	21,627	24,211	17,496	11,074

Chart 1 indicates the mean amounts of each type of asset owned by RHS respondents, expressed as percentages of the mean amount of total assets for the cohort as a whole and for each of the demographic subgroups.[15] Overall, the proportion[16] of total assets represented by liquid assets, illiquid assets, and home equity did not change a great deal during the course of the survey. Liquid assets and home equity were the largest components of the average asset portfolio and represent approximately equal proportions of total assets. Illiquid assets were the smallest component, reflecting the fact that few respondents owned appreciable amounts of illiquid assets.

For the cohort as a whole and for the individual groups of respondents, there is a pattern of decrease over time in the proportion of illiquid assets (and, accordingly, increases in the relative proportions of liquid assets and home equity). This change, although not substantial, does suggest that to a limited extent, RHS respondents altered the composition of their asset portfolios by converting illiquid assets into more liquid forms of assets or into cash, perhaps as a preparation for financing future household consumption.

The median proportions of total assets accounted for by the three types of assets for those who owned them indicates the relative importance of various types of

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[15] Note that the discussion of asset composition is in terms of real mean amounts while other parts of this article refer more often to real median amounts. The reason is that only with means is it possible to ensure that the proportions will sum to 100 percent. The computation of the averages includes all respondents, whether or not they own an asset.

[16] Equity in a home is the single largest form of asset for most of the RHS respondents. When assets are described in mean amounts, however, liquid assets represent a large proportion of total assets. This is largely because of the sizable difference in mean and median amounts of liquid assets: very large liquid assets are owned by a small fraction of the respondents. Thus, for the total cohort in 1975, the median respondent owned almost $9,000 in home equity, $2,000 in liquid assets, and no illiquid assets; however, the mean amounts were about $12,000 in home equity, $11,000 in liquid assets, and $5,000 in illiquid assets.

Table 13.—Home equity: Percentage distribution of RHS respondents, by survey year, marital status, and sex

[In constant 1969 dollars]

Item	1969				1971				1975			
	Total	Married men	Non-married men	Non-married women	Total	Married men	Non-married men	Non-married women	Total	Married men	Non-married men	Non-married women
Number:												
Cases	6,857	4,249	524	2,049	6,857	4,249	524	2,049	6,857	4,249	524	2,049
Reporting	6,228	3,841	483	1,874	6,407	3,976	505	1,895	6,386	3,961	502	1,891
Percent:												
Reporting	91	90	92	91	93	94	96	92	93	93	96	92
Owning home	63	77	42	41	67	80	48	46	69	82	51	46
	Percentage distribution											
Total	100	100	100	100	100	100	100	100	100	100	100	100
Amount of home equity:												
None	37	23	58	59	33	20	52	54	31	18	49	54
$1-1,999	1	2	2	1	2	2	3	2	2	2	4	2
2,000-4,999	5	6	4	4	6	7	7	5	6	6	7	6
5,000-9,999	13	15	10	9	16	17	12	13	12	14	11	10
10,000-14,999	14	16	10	10	14	17	9	9	17	20	12	13
15,000-19,999	12	14	6	8	12	14	6	8	9	11	6	6
20,000-34,999	14	18	8	8	13	16	8	7	18	23	10	8
35,000-49,999	3	4	2	2	3	4	2	1	3	3	1	1
50,000-99,999	1	2	0	0	1	2	0	0	1	2	1	0
100,000 or more	0	0	0	0	0	0	0	0	0	0	0	0
	Home equity values											
All reporting units:												
Median home equity	$7,500	$10,500	0	0	$8,140	$10,854	0	0	$8,862	$12,270	$682	0
First quartile	0	2,000	0	0	0	3,618	0	0	0	4,772	0	0
Third quartile	16,000	19,000	$6,000	$10,000	16,281	18,090	$10,854	$10,854	17,042	20,450	11,588	$10,907
Mean home equity	10,463	13,193	5,798	6,040	11,012	13,718	6,838	6,438	11,740	14,862	7,075	6,398
Units reporting positive amounts:												
Median home equity	14,000	14,500	12,000	12,355	13,567	13,567	10,854	12,211	13,633	14,997	11,247	12,270
First quartile	8,094	8,500	6,200	8,000	8,140	8,751	6,264	7,236	8,180	9,543	5,453	6,817
Third quartile	20,000	21,500	19,000	19,500	20,803	22,612	18,316	18,090	21,813	23,858	17,042	17,757
Mean home equity	16,493	17,149	13,662	14,643	16,336	17,157	14,211	13,910	17,081	18,209	13,819	13,780

assets in the portfolios of older Americans.[17] For home-owners, equity in their homes was clearly their most important asset. The median proportion of total assets represented by home equity rose from 66 percent in 1969 to 70 percent in 1975 (chart 2). The growing importance of home equity was particularly notable for nonmarried women homeowners, for whom the median ratio of home equity to total assets rose from 69 percent in 1969 to 83 percent in 1975. In comparison, the median ratio for married men who owned homes in 1975 was 67 percent, only 2 percentage points higher than in 1969.

For respondents who owned them, liquid assets typically comprised approximately half of the total assets of nonmarried men and nonmarried women but less for married men, as shown in the following tabulation.

The relatively low share of liquid assets in married

Survey year	Median percent		
	Married men	Nonmarried men	Nonmarried women
1969	25	56	53
1971	26	52	48
1975	28	53	51

men's portfolios does not mean that they owned smaller amounts; on the contrary, their ownership rate and median amounts owned were higher than those for nonmarried men and nonmarried women. Because married men also owned more of the other forms of assets, especially home equity, the relative importance of liquid assets is smaller.

Illiquid assets were owned by few respondents, but often in larger amounts than liquid assets. Nearly all respondents who owned illiquid assets also owned liquid assets. Thus, illiquid assets represented 23-37 percent of the total assets of those who owned them, as shown in the following tabulation. In terms of owner-

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[17] Note that respondents who did not own a particular asset (those for whom the proportion of the asset in their portfolio was zero) were excluded from the computations of the medians.
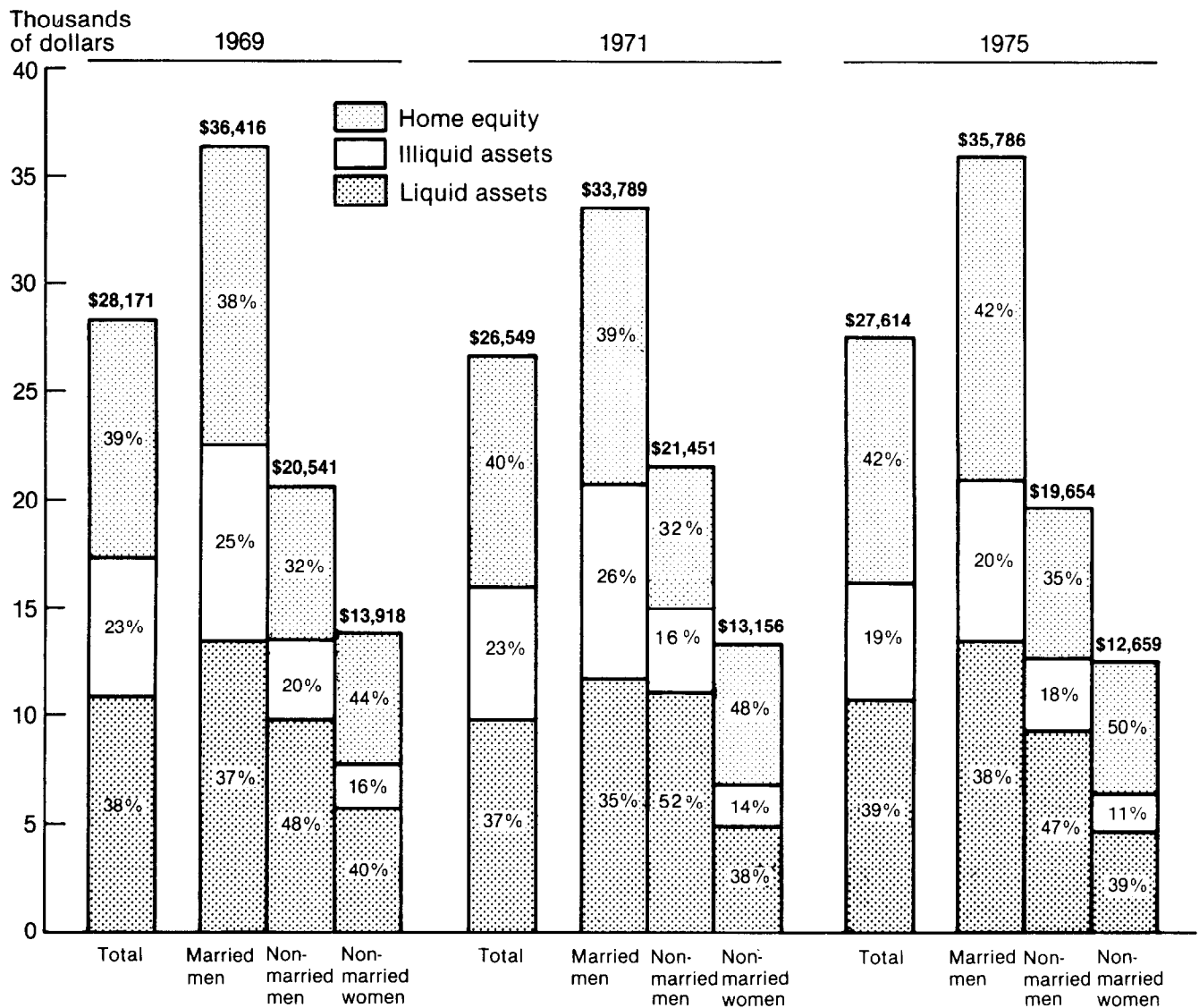
Chart 1.—Composition of assets: Mean asset amounts of RHS respondents reporting on the individual asset, by survey year, marital status, and sex

[In constant 1969 dollars]

	Median percent		
Survey year	Married men	Nonmarried men	Nonmarried women
1969......................	31	23	37
1971......................	27	37	32
1975......................	23	26	30

ship rates, median amounts, and proportion of total assets, illiquid assets are the least important of the three major types of assets.

Chart 2 also indicates how the importance of each type of asset, relative to total assets, changed for the owners of those assets between 1969 and 1975. In general, the proportions of total assets represented by home equity and liquid assets increased as the RHS respondents aged and retired, and that for illiquid assets decreased.

Summary

This article has presented a rather bleak picture of the economic well-being of older Americans. Generally, as they reach the retirement years and their incomes decrease, their property wealth is limited, and they can seldom be expected to rely on those assets to maintain their standards of living. A small fraction of respond-

Chart 2.—Home equity and liquid and illiquid assets as median percent of total assets for RHS respondents, by survey year, marital status, and sex

Percent

Legend:
——— Home equity
——— Liquid assets
—·—·— Illiquid assets

All respondents owning the asset

(years: 1969, 1971, 1975)

Married men

Percent

(years: 1969, 1971, 1975)

Nonmarried men

Percent

(years: 1969, 1971, 1975)

Nonmarried women

Percent

(years: 1969, 1971, 1975)
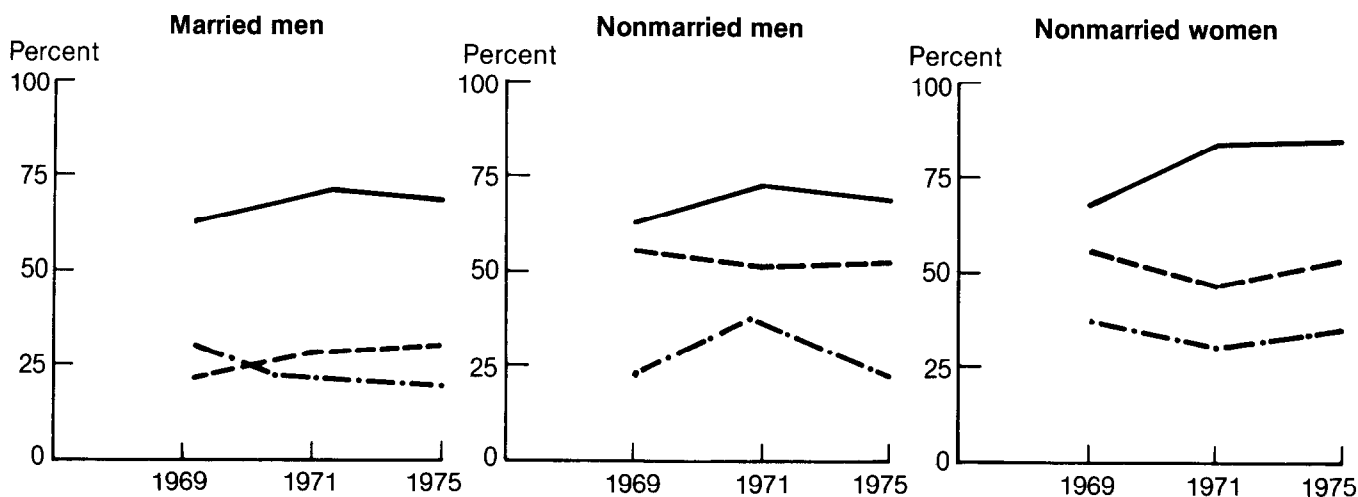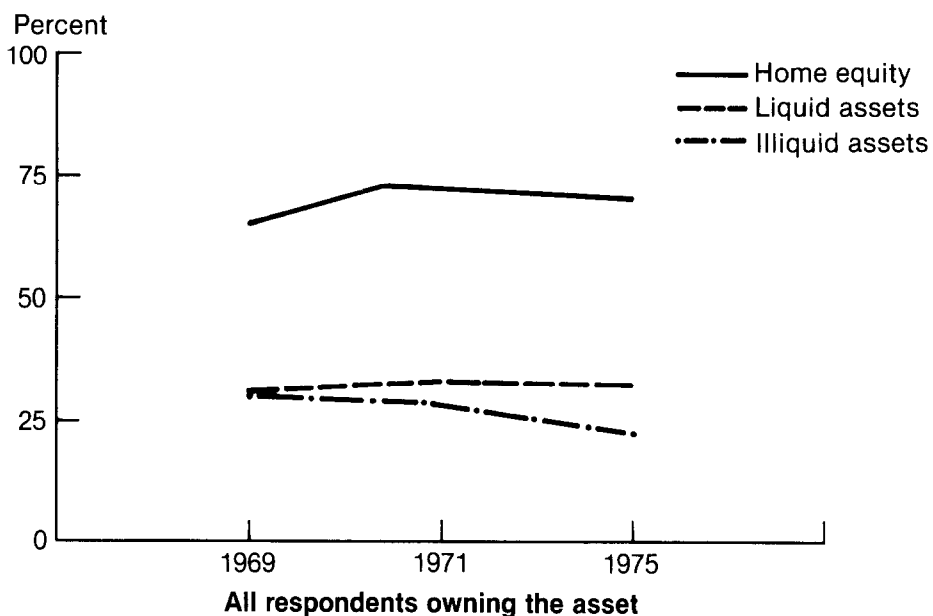
ents with incomes in the highest quartile did have substantial asset wealth, however.

One way of illustrating how little assets most older Americans have is to translate the value of these assets into annuity income. As noted, married men had more assets than other groups: their median amount of assets was approximately $20,000. If a man aged 66 (whose wife's age is 64) converted all his assets into a lifetime income-producing annuity contract, then the annual income from this annuity would be only $1,900 (assuming that the amount is reduced by one-third after one spouse dies). If the husband's age is 70 and the wife's age is 68, the annual income would be approximately $2,100. If only assets other than equity in a home are converted into an annuity contract, the annual income would be only about one-third of these amounts.

Those older persons who continued to work between the ages of 58-63 and 63-69 continued to build their assets, although by relatively small amounts. The median amount of assets of persons who were out of the workforce at some time during the survey period remained approximately constant or declined, and in some cases substantial asset reductions seem to have caused retired persons to return to work.

Equity in a home is generally the most important form of assets for the elderly. Although most elderly persons own some liquid assets, the amount is usually small. Relatively few persons own illiquid assets in any significant amount.

Given the small proportion of RHS respondents who owned substantial assets, it is not surprising to find an absence of widespread liquidation of assets to replace

lost income. Nonetheless, it appears that some asset liquidation did take place, mainly among the small number of persons who had both relatively large asset holdings and low income.

Overall, of the three groups examined, nonmarried persons were generally worse off in terms of their asset wealth than married men. For those who had been married in the past, low asset levels may reflect losses in earnings and wealth due to marital separation and widowhood. For others, low asset levels may reflect a lifetime pattern of low earnings. Even taking the relative financial advantage of married persons into account, however, the wealth of most older Americans is hardly substantial.

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