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Series P-70, No. 22

by
Judith Eargle

Household Wealth and Asset Ownership: 1988

SIPP

Survey of Income and Program Participation

U.S. Department of Commerce
BUREAU OF THE CENSUS

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Symbols Used in Tables

- Represents zero or rounds to zero.
X Not applicable.
B Base is less than 200,000.

Household Wealth and Asset Ownership: 1988

INTRODUCTION

This report presents data on the wealth of U.S. households in 1988. The data are from the 1986 and 1987 panels of the Survey of Income and Program Participation (SIPP) and represent information collected in January 1988 through May of 1988¹. SIPP collects asset and liability data on a regular basis in a supplement to the survey. The purpose of the SIPP wealth module is to collect data in order to provide the basis for determining eligibility for certain government assistance programs and to provide indicators of economic well-being. Economic well-being depends on both income and asset accumulation (wealth). While income measures the flow of resources to a consumer entity (household, person), wealth measures the level of resources for that entity at any point in time. Wealth is a particularly important dimension of well being for certain subgroups of the population such as the elderly, who tend to have lower retirement incomes but higher wealth holdings.² While few household surveys have provided information on wealth holdings³, SIPP was designed to provide estimates of both income and government program participation as well as to provide data on various related information. Household surveys are the primary means of obtaining data on the wealth holdings of various subgroups of the population, but it should be noted that the holdings of certain types of wealth tend to be underreported in household surveys. The distribution of wealth is known to be highly concentrated. When the distribution is so concentrated, the normal SIPP sample frame, with few observations for high income households, has large variability in the various wealth statistics for this segment of the wealth distribution. For a description of some of the reporting problems and a comparison of survey aggregates with independent estimates, see Appendix D.

¹The reference point for the asset and liability questions was the last day of the four-month reference period that preceded the interview. As a result, the data presented in this report are an average of balances held and owed at the end of the months of December 1987, January, February, March 1988 from the 1986 Panel and January, February, March and April of 1988 from the 1987 Panel.

²See Daniel Radner, "Net Worth and Financial Assets of Age Groups in 1984," *Social Security Bulletin*, Volume 52, No. 3, March 1989, pp 2-15.

³Surveys which have provided information on wealth holdings include the Survey of Financial Characteristics of Consumers conducted by the Federal Reserve System in 1963 and the Survey of Consumer Finances conducted in 1983, 1986, and 1989.

Series P-70, No. 7, *Household Wealth and Asset Ownership: 1984* was the first report to analyze the asset and liability data in the SIPP.⁴ This report presents data for 1988 and compares those estimates to 1984 data for certain household characteristics. In order to present the data in constant dollars, the 1984 data is presented in 1988 dollars based on the 1984 to 1988 change in the Consumer Price Index (CPI-U).

This report begins with comparisons of the 1988 and 1984 data on ownership rates by asset type. Median net worth by household income, age of householder, race and ethnicity, type of household, and labor force activity of the householder are then analyzed for 1988 and 1984.⁵

HIGHLIGHTS

(The figures in parentheses denote 90-percent confidence intervals.)

- Median household net worth in 1988 was \$35,752 (\pm 1,281), not significantly different from median household net worth in 1984.
- Median net worth increased with income from \$4,324 (\pm 642) in the lowest income quintile to \$111,770 (\pm 7,822) in the highest income quintile in 1988. The top 20 percent of the income distribution owned 44 percent of total net worth, while the bottom 20 percent owned 7 percent.
- In 1988, median net worth increased from \$6,078 (\pm 479) for the youngest households (householders under 35) to \$80,032 (\pm 4,415) for the 55 to 64 age category and \$73,471 (\pm 3,208) for the 65 years and older group. These estimates were not different from comparable 1984 estimates.
- In 1988, households headed by White householders had median net worth of \$43,279 (\pm 1,520), households headed by Black householders had median net worth of \$4,169 (\pm 734), and households with householders of Hispanic origin had a median net worth of

⁴The 1984 data presented in this report are the average of balances held and owed for September, October, November, and December of 1984.

⁵The comparisons in this text use median instead of mean values. For a discussion of the difference between the two measure, see Appendix B.

\$5,524 (\pm 1,309), which was not significantly different from that of Black households. These estimates were not different from comparable 1984 estimates.

- In both 1988 and 1984, compared with White householders, Black householders had significantly greater percentage of their net worth in durable goods (i.e. housing, motor vehicles) and significantly lower percentage of their net worth in financial assets.
- Married-couple households were the largest category of households and had the largest median net worth holdings (\$57,134 [\pm 1,874] in 1988).

debts (either unsecured or secured by assets).⁶ Assets covered include interest-earning assets,⁷ 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 covered include debts secured by any asset, credit card or store bills, bank loans, and other unsecured debts. The survey did not cover equities in pension plans, cash surrender value of life insurance policies, or the value of jewelry and home furnishings.

The frequency of asset ownership, the median value of holdings for asset owners, and the percentage of total net worth, as measured by the survey, held in each

⁶“Group quarters” are excluded from the results shown in this report. Group quarters are units which consist of unrelated individuals living together in housing units that have separate rooms but share common facilities such as dining halls. Individuals in group quarters would not normally share financial resources. The universe also excludes persons in institutions and persons living in military barracks.

⁷Interest-earning assets include regular savings accounts, money market deposit accounts, certificates of deposit, interest earning checking accounts, money market funds, corporate or municipal bonds, U.S. Government securities and other interest-earning assets.

HOUSEHOLD NET WORTH

The median household net worth in 1988 was \$35,752, not statistically different from 1984 median household net worth (\$37,012 in 1988 dollars). Net worth is defined as the value of assets covered in the survey less any

Table A. Ownership Rates, Median Value of Asset Holdings, and the Distribution of Net Worth, by Asset Type: 1988 and 1984

(Excludes group quarters)

Asset type	1988			1984 (in 1988 dollars)		
	Percent of households that own asset type	Median value of holdings for asset owners	Distribution of net worth	Percent of households that own asset type	Median value of holdings for asset owners	Distribution of net worth
All assets	(X)	(X)	100.0	(X)	(X)	100.0
Interest-earning assets at financial institutions .	72.9	\$3,494	14.1	71.8	\$3,528	14.5
Savings accounts	61.6	(NA)	(NA)	62.9	(NA)	(NA)
Money market deposit accounts	15.2	(NA)	(NA)	15.7	(NA)	(NA)
Certificates of deposit.....	17.7	(NA)	(NA)	19.1	(NA)	(NA)
Interest-earning checking.....	34.3	(NA)	(NA)	24.8	(NA)	(NA)
Other interest-earning assets	9.4	10,911	4.2	8.5	11,084	3.2
Money market funds.....	3.6	(NA)	(NA)	3.8	(NA)	(NA)
Government securities	2.2	(NA)	(NA)	1.4	(NA)	(NA)
Corporate or municipal bonds.....	2.8	(NA)	(NA)	2.6	(NA)	(NA)
Other interest-earning assets	3.3	(NA)	(NA)	2.8	(NA)	(NA)
Checking accounts	48.3	487	0.6	53.9	511	0.6
Stocks and mutual fund shares	21.8	4,510	6.5	20.0	4,425	6.8
Own home	63.6	43,070	43.0	64.3	46,106	41.3
Rental property	9.0	37,439	7.9	9.8	39,235	9.0
Other real estate	10.5	18,064	4.3	10.0	16,904	4.4
Vehicles.....	86.3	4,416	5.8	85.8	4,558	5.9
Business or profession.....	12.5	10,446	8.8	12.9	7,270	10.3
U.S. savings bonds.....	17.5	546	0.6	15.0	342	0.5
IRA or KEOGH accounts.....	24.2	9,016	4.2	19.5	5,480	2.2
Other financial investments ¹	6.6	16,204	3.0	7.0	14,567	5.0
Unsecured liabilities ²	5.9	1,820	-2.9	6.7	1,538	-3.5

X Not applicable.

NA Not available because separate questions were not asked about the amount held in these individual assets.

¹Includes mortgages held from sale of real estate, amount due from sale of business, unit trusts, and other financial investments.

²Since net worth is the value of assets less liabilities, unsecured liabilities are subtracted from the distribution of net worth and are shown as negatives.

asset for 1988 and 1984 are shown in table A. Households have a wide array of assets available for investments. Overall, home equity constituted the largest share of net worth in 1988, as it did in 1984. In 1988, homeownership was reported by almost two-thirds of all households and accounted for 43 percent of total net worth, with a median equity of \$43,070 in their homes. The 1984 homeownership figures were 64 percent of households, 41 percent of total net worth, and a median equity of \$46,106 in 1988 dollars. Only the percentage of total net worth was not significantly different between the two years. Interest-earning assets were the next most important asset type in both 1988 and 1984. Deposits at financial institutions accounted for 14 to 15 percent of net worth, and other interest-earning assets made up another 3 to 4 percent of net worth, (the distribution of deposits at financial institutions were not significantly different in these years). Nearly 75 percent of households had interest-earning assets at financial institutions and the median amount of their deposits were approximately \$3,500 in both years. Only 9 percent of households reported ownership of other interest-earning assets and the median amounts held were approximately \$11,000 (not significantly different between 1984 and 1988). The ownership of stocks and mutual fund shares were also similar in both years. In 1988, these accounts were owned by 22 percent of households, with median holdings of \$4,510, and accounted for 7 percent of net worth. In 1984, these funds were owned by 20 percent of households, accounted for 7 percent of net worth, and median holdings were \$4,425 (in 1988 dollars).

Even though interest-earning checking accounts and money market deposit accounts have only been widely available since 1982, 34 percent and 15 percent of households, respectively, held these assets in 1988. While there was no significant increase from 1984 in percentage of households holding money market accounts, interest-earning checking accounts showed a 9 percentage point increase in ownership rate. Another asset

type recently made more widely available by changes in the tax laws are IRA and KEOGH accounts. While in 1984 these retirement accounts constituted a small percentage of net worth (2 percent), they were held by 20 percent of households. By 1988, these assets increased to 4 percent of net worth and were held by 24 percent of households.

NET WORTH BY INCOME

The relationship between net worth and income for 1988 and 1984 is shown in table B. In this table, income is defined as the average monthly income received from all sources by all members of the household during the four-month period prior to the interview. Income is reported by income quintile in 1988 and 1984. Median net worth shows a systematic relationship to income. Median net worth in 1988 increased significantly with income from \$4,324 for households in the lowest quintile to \$111,770 for households in the highest quintile. The results indicate that wealth holdings are concentrated in the top of the income distribution. The data suggest that in 1988, the bottom 20 percent of the income distribution owned 7 percent of total net worth and the top 20 percent of the income distribution owned 44 percent of total net worth. This distribution of net worth was similar to that in 1984 where the bottom 20 percent of the income distribution owned 7 percent of total net worth and the top 20 percent of the income distribution owned 48 percent of total net worth.

Asset ownership patterns and median asset values by income level are shown in table C. In 1988, the homeownership rate increased significantly from 42 percent for the lowest income group to 85 percent for the highest group and median equity in own home increased significantly from \$33,361 to \$61,209 for the two income groups. These percentages and median equity values were not significantly different from the 1984 results. (In 1984, the homeownership rate was 43

Table B. Median Net Worth and Distribution of Net Worth, by Monthly Household Income Quintile: 1988 and 1984

Monthly household income quintiles ¹	1988			1984 (in 1988 dollars)		
	Number of households (thousands)	Median net worth	Distribution of net worth	Number of households (thousands)	Median net worth	Distribution of net worth
Total.....	91,554	\$35,752	100.0	86,871	\$37,012	100.0
Lowest quintile.....	18,299	4,324	7.0	17,369	5,130	7.2
Second quintile.....	18,253	19,694	12.3	17,353	21,248	11.9
Third quintile.....	18,378	28,044	15.7	17,395	29,459	14.0
Fourth quintile.....	18,310	46,253	20.6	17,376	49,947	19.4
Highest quintile.....	18,314	111,770	44.4	17,378	98,411	47.5

¹Quintile upper limits for 1988 were: lowest quintile - \$939; second quintile - \$1,699; third quintile - \$2,568; fourth quintile - \$3,883. Upper limits for 1984 were: lowest quintile - \$811; second quintile - \$1,471; third quintile - \$2,221; fourth quintile - \$3,298.

Table C. Percent of Households Owning Assets and Median Value of Holdings, by Monthly Household Income Quintile, for Selected Asset Types: 1988 and 1984

(Excludes group quarters)

Monthly household income quintile ¹	Interest-earning assets at financial institutions ²	Other interest-earning assets ³	Stocks and mutual fund shares	Equity in own home	Equity in motor vehicles	Equity in own business or profession	IRA or KEOGH accounts
Percent of households owning assets							
In 1988:							
Total	72.9	9.4	21.8	63.6	86.3	12.5	24.2
Lowest quintile	43.3	3.0	5.7	42.4	57.2	6.2	4.6
Second quintile	65.4	5.1	12.5	54.2	86.6	9.4	12.4
Third quintile	76.6	7.9	18.9	62.6	93.4	12.2	20.4
Fourth quintile	86.0	11.0	27.9	74.0	96.8	13.7	31.0
Highest quintile	93.1	20.0	44.2	85.0	97.3	20.9	52.3
In 1984:							
Total	71.8	62.9	20.0	64.3	85.8	12.9	19.5
Lowest quintile	43.2	2.2	5.0	43.3	55.5	8.0	3.4
Second quintile	65.3	5.3	11.1	54.6	85.2	9.0	8.4
Third quintile	75.1	6.7	16.1	63.6	94.1	12.1	15.0
Fourth quintile	84.0	10.2	24.5	74.8	96.8	13.3	25.0
Highest quintile	91.2	18.0	43.4	85.1	97.3	21.1	45.8
Median value of holdings for asset owners							
In 1988:							
Total	\$3,494	\$10,911	\$4,510	\$43,070	\$4,416	\$10,446	\$9,016
Lowest quintile	2,318	8,794	4,404	33,361	1,693	6,016	5,165
Second quintile	2,715	10,701	4,207	39,070	2,949	5,127	7,258
Third quintile	2,320	10,549	4,160	38,535	3,998	5,321	7,075
Fourth quintile	3,050	9,385	3,266	40,673	5,420	10,579	8,111
Highest quintile	6,717	14,800	6,459	61,209	7,822	26,658	11,443
In 1984 (in 1988 dollars):							
Total	\$3,529	\$11,084	\$4,425	\$46,106	\$4,558	\$7,270	\$5,480
Lowest quintile	2,424	9,103	3,092	33,333	1,952	3,895	4,763
Second quintile	2,808	9,283	4,751	41,846	3,078	6,203	4,823
Third quintile	2,591	11,445	2,710	39,847	4,138	3,235	4,742
Fourth quintile	2,896	7,360	2,899	46,930	5,432	6,089	5,066
Highest quintile	6,414	11,965	6,102	63,058	7,675	22,655	7,016

¹Quintile upper limits for 1988 were: Lowest quintile - \$939; second quintile - \$1,699; third quintile - \$2,568; fourth quintile - \$3,883. Upper limits for 1984 were: lowest quintile - \$811; second quintile - \$1,471; third quintile - \$2,221; fourth quintile - \$3,298.

²Includes passbook savings accounts, money market deposit accounts, certificates of deposits, and interest-earning checking accounts.

³Includes money market funds, U.S. Government securities, municipal and corporate bonds, and other interest-earning assets.

percent for the lowest income group and 85 percent for the highest income group and the median equity were \$33,333 and \$63,058 (in 1988 dollars) for the lowest and highest quintiles, respectively.) Other assets with large increases in ownership rates between the lowest and highest income groups in 1988 were stocks and mutual fund shares (6 to 44 percent), IRA or KEOGH accounts (5 to 52 percent), and business equity (6 to 21 percent). These results were not significantly different from those of 1984.

The median values of these assets also increased significantly with income. The median value of stocks and mutual fund shares increased significantly from \$4,404 for the lowest income group to \$6,459 for the highest income group in 1988. Similarly, the median values of interest-earning assets at financial institutions

for the two income groups were \$2,318 and \$6,717, respectively. The strength of the relationship between median value and income as measured by the ratio of the median value for the highest income group to that of the lowest income group shows some variation by asset type. In 1984, the relationship was strongest for equity in own business, equity in motor vehicles, and interest-earning assets at financial institutions. In 1988 this relationship was strongest for equity in motor vehicles, followed by equity in own business, and then interest-earning assets at financial institutions.

The composition of net worth differed significantly by income group as shown in table D. Home equity decreased in relative importance as income increased. Indeed, home equity was the most important asset for the lower income group, accounting for 59 percent of net worth,

but it declined in importance for the upper income group, accounting for only 37 percent of net worth in 1988. (The estimate for the upper income group increased from the 32 percent in 1984.) Equity in vehicles also declined in importance between the lower and upper income groups in both years, but vehicles made up a relatively small share of net worth for both income groups (less than 6 percent). Most other assets increased in relative importance with increasing income. For example, stocks and mutual fund shares accounted for 3 percent of the net worth of the lowest income group but 9 percent of the highest income group's net worth in 1988. (This is not significantly different from 2 percent of net worth for the lowest quintile and 11 percent of net

worth in the highest quintile in 1984.) In addition, other interest-earning assets also made up a higher proportion of net worth for the high income group than for the low income group in both years.

NET WORTH BY AGE

As expected, age is correlated with net worth because increasing age offers an increasing opportunity to accumulate wealth. In addition, the life-cycle hypothesis of savings suggests that asset holdings increase during work life and decline after retirement. Such a relationship between net worth and age is referred to in this

Table D. Distribution of the Value of Assets and of Net Worth, by Monthly Household Income Quintile, for Selected Asset Types: 1988 and 1984

(Excludes group quarters)

Monthly household income quintile ¹	Interest-earning assets at financial institutions ²	Other interest-earning assets ³	Stocks and mutual fund shares	Equity in own home	Equity in motor vehicles	Equity in own business or profession	IRA or KEOGH accounts	Other assets ⁴
Distribution of the value of assets								
In 1988:								
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lowest quintile	6.6	2.9	2.8	9.6	6.4	6.6	2.6	5.1
Second quintile	14.9	5.8	6.3	14.3	13.6	10.1	9.2	10.0
Third quintile	18.8	12.2	11.2	16.5	18.8	10.7	13.1	15.9
Fourth quintile	21.5	19.8	16.8	21.4	25.2	19.3	22.1	18.5
Highest quintile	38.2	59.4	62.8	38.2	36.0	53.3	52.9	50.5
In 1984:								
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lowest quintile	6.2	2.2	2.1	10.1	6.9	7.2	2.4	5.0
Second quintile	15.7	7.2	4.8	13.7	13.5	10.1	7.3	9.1
Third quintile	17.2	13.7	6.2	16.4	19.0	9.0	12.0	10.8
Fourth quintile	20.0	17.2	13.7	22.4	24.9	13.9	21.4	16.6
Highest quintile	40.9	59.8	73.1	37.3	35.7	59.7	56.9	58.4
Distribution of net worth								
In 1988:								
Total	14.1	4.2	6.5	43.1	5.8	8.8	4.2	13.3
Lowest quintile	13.3	1.7	2.6	58.8	5.3	8.2	1.6	8.5
Second quintile	17.1	2.0	3.3	50.2	6.4	7.2	3.2	10.6
Third quintile	17.0	3.2	4.7	45.3	7.0	6.0	3.5	13.3
Fourth quintile	14.7	4.0	5.3	44.8	7.1	8.2	4.5	11.4
Highest quintile	12.1	5.6	9.2	37.0	4.7	10.5	5.0	15.9
In 1984:								
Total	14.6	3.2	6.8	41.3	5.9	10.3	2.2	15.7
Lowest quintile	12.6	1.0	2.0	58.5	5.7	10.7	0.7	9.1
Second quintile	19.0	1.9	2.7	47.5	6.7	8.7	1.3	12.2
Third quintile	17.8	3.1	3.1	48.4	8.1	6.7	1.9	10.9
Fourth quintile	14.9	2.8	4.8	47.4	7.6	7.4	2.4	12.7
Highest quintile	12.5	4.0	10.5	32.4	4.4	13.0	2.6	20.6

¹Quintile upper limits for 1988 were: lowest quintile - \$939; second quintile - \$1,699; third quintile - \$2,568; fourth quintile - \$3,883. Upper limits for 1984 were: lowest quintile - \$811; second quintile - \$1,471; third quintile - \$2,221; fourth quintile - \$3,298.

²Includes passbook savings accounts, money market deposit accounts, certificates of deposits, and interest-earning checking accounts.

³Includes money market funds, U.S. Government securities, municipal and corporate bonds, and other interest-earning assets.

⁴Includes regular checking accounts, rental property, other real estate, U. S. savings bonds, unit trusts, and other financial investments.

report as the "life-cycle" pattern. Age and income, however, are also correlated. In general, income increases with age during work years and flattens out at a lower level after retirement. Median values of net worth by household income and age of the householder are shown in tables E and F. The results show the expected relationship between age and net worth. In 1988, median net worth increased significantly from \$6,078 for the youngest households to \$80,032 for households in the 55-to-64-year-old category and then declined to \$61,491 for the oldest group (75 years and over).⁸ These estimates were not different from the comparable figures for 1984 which were \$6,421, \$83,750 and \$62,865, respectively. The life-cycle relationship between age and total net worth, however, did not hold within income categories. There was no evidence that net worth decreased for the oldest age groups within any income group in either year.

⁸Cross-sectional evidence of the life-cycle relationship between net worth and age, however, does not imply the same behavior for an individual over a lifetime. Such evidence is based on average net worth holdings for different age cohorts at a point in time. If the cohorts have different lifetime net worth profiles, it is possible to observe cross-sectional evidence of a life-cycle relationship between net worth and age when, in fact, net worth increases over the lifetime of each cohort.

The distribution of net worth by age was different from the distribution of income by age. In 1988, the median monthly household income of the under 35 age group was about twice that of the 75 and over group (\$2,000 versus \$977), but the older group had a median net worth approximately ten times that of the younger group (\$61,491 versus \$6,078). (The net worth of the oldest and youngest group were not significantly different in 1984 from 1988 — \$62,865 versus \$6,421.) Although the older group had higher equity in their own homes, the difference in the distribution of net worth and income was not caused by higher home equity. The exclusion of home equity narrowed but did not change the relationship between the two groups; when home equity was excluded, the oldest group had a net worth approximately six times that of the youngest group (\$18,819 versus \$3,258 in 1988, not significantly different from \$19,469 versus \$3,269 in 1984).

The composition of net worth by age for the two years is shown in table G. It is evident that the composition of net worth, as measured by the survey, differs by the age of the householder. In both years, home equity was the major asset holding for the under 45 age group, but was somewhat less important for older householders. Home equity constituted about 45 percent of net

Table E. Median Net Worth, by Age of Householder and Monthly Household Income Quintile: 1988

(Excludes group quarters)

Monthly household income	Total	Less than 35 years	35 to 44 years	45 to 54 years	55 to 64 years	65 years and over			
						Total	65 to 69 years	70 to 74 years	75 years and over
All households (thousands)	91,554	25,379	19,916	13,613	13,090	19,556	6,331	5,184	8,041
Median income	\$1,983	\$2,000	\$2,500	\$2,604	\$2,071	\$1,211	\$1,497	\$1,330	\$977
Median net worth	35,752	6,078	33,183	57,466	80,032	73,471	83,478	82,111	61,491
Excluding home equity	9,840	3,258	8,993	15,542	26,396	23,856	27,482	28,172	18,819
Net worth by income quintile: ¹									
Lowest quintile:									
Households (thousands)	18,299	4,642	2,270	1,630	2,467	7,290	1,800	1,647	3,842
Median net worth	\$4,324	\$652	\$848	\$2,803	\$16,545	\$25,220	\$23,679	\$28,880	\$25,291
Excluding home equity	1,152	448	441	897	1,541	3,536	3,055	3,058	4,474
Second quintile:									
Households (thousands)	18,253	5,460	3,112	1,894	2,407	5,380	1,615	1,534	2,230
Median net worth	\$19,694	\$2,551	\$7,536	\$17,159	\$51,641	\$76,050	\$73,712	\$77,355	\$76,253
Excluding home equity	5,454	1,823	2,345	4,046	13,319	28,168	25,962	26,958	31,853
Third quintile:									
Households (thousands)	18,378	6,186	4,007	2,325	2,480	3,380	1,356	924	1,100
Median net worth	\$28,044	\$6,440	\$20,008	\$38,295	\$84,627	\$141,811	\$122,848	\$142,501	\$159,032
Excluding home equity	8,418	3,393	5,045	9,082	27,627	57,026	47,032	57,022	77,922
Fourth quintile:									
Households (thousands)	18,310	5,694	5,025	3,049	2,583	1,959	850	578	530
Median net worth	\$46,235	\$15,420	\$39,983	\$65,794	\$96,066	\$201,562	\$180,802	\$217,572	\$222,320
Excluding home equity	14,376	6,933	11,539	18,809	36,531	100,480	86,319	121,341	121,816
Highest quintile:									
Households (thousands)	18,314	3,397	5,502	4,715	3,152	1,548	710	500	338
Median net worth	\$111,770	\$37,817	\$88,293	\$130,867	\$198,987	\$343,015	\$301,719	\$370,695	\$390,649
Excluding home equity	40,688	16,572	30,766	45,799	91,888	208,789	171,183	245,396	252,058

¹Quintile upper limits for 1988 were: lowest quintile - \$939; second quintile - \$1,699; third quintile - \$2,568; fourth quintile - \$3,883.

Table F. Median Net Worth, by Age of Householder and Monthly Household Income Quintile: 1984 in 1988 dollars

(Excludes group quarters)

Monthly household income	Total	Less than 35 years	35 to 44 years	45 to 54 years	55 to 64 years	65 years and over			
						Total	65 to 69 years	70 to 74 years	75 years and over
All households (thousands)	86,871	25,788	17,404	12,605	12,924	18,151	5,688	5,014	7,468
Median income	\$1,970	\$1,944	\$2,592	\$2,764	\$2,079	\$1,179	\$1,505	\$1,178	\$958
Median net worth	37,012	6,421	40,264	64,346	83,750	68,600	75,992	68,514	62,865
Excluding home equity	8,800	3,269	8,538	14,480	25,228	21,557	24,757	21,321	19,469
Net Worth by Income Quintile: ¹									
Lowest quintile:									
Households (thousands)	17,369	4,684	2,017	1,460	2,337	6,871	1,439	1,873	3,559
Median net worth	\$5,130	\$ 445	\$1,456	\$3,775	\$23,832	\$25,088	\$21,400	\$23,006	\$28,118
Excluding home equity	1,112	136	461	613	2,013	3,193	2,394	2,325	3,927
Second quintile:									
Households (thousands)	17,353	5,595	2,367	1,601	2,472	5,318	1,673	1,566	2,079
Median net worth	\$21,248	\$2,712	\$10,391	\$21,041	\$58,291	\$73,814	\$66,079	\$71,699	\$80,801
Excluding home equity	5,320	1,721	2,388	3,196	12,782	26,200	15,281	25,000	38,695
Third quintile:									
Households (thousands)	17,395	6,498	3,462	2,050	2,403	2,982	1,225	836	921
Median net worth	\$29,459	\$8,103	\$27,418	\$43,400	\$77,502	\$109,998	\$95,727	\$126,732	\$135,866
Excluding home equity	7,938	4,061	6,029	8,871	21,575	51,827	43,489	54,505	70,103
Fourth quintile:									
Households (thousands)	17,376	5,381	4,584	3,083	2,586	1,743	764	425	554
Median net worth	\$49,947	\$16,600	\$48,397	\$64,980	\$101,581	\$194,876	\$182,054	\$205,710	\$204,625
Excluding home equity	12,406	6,333	9,834	13,972	34,180	97,677	89,252	95,681	128,295
Highest quintile:									
Households (thousands)	17,378	3,630	4,974	4,410	3,127	1,237	567	314	355
Median net worth	\$98,411	\$34,268	\$83,009	\$117,573	\$193,092	\$273,982	\$249,419	\$324,356	\$315,423
Excluding home equity	35,774	13,947	26,402	41,720	83,198	185,844	157,296	213,943	204,620

¹Quintile upper limits for 1984 were: lowest quintile - \$811; second quintile - \$1,471; third quintile - \$2,221; fourth quintile - \$3,298.

Table G. Distribution of Net Worth, by Age of Householder and Asset Type: 1988 and 1984

(Excludes group quarters)

Asset type	1988						1984					
	Total	Less than 35 years	35 to 44 years	45 to 54 years	55 to 64 years	65 years and over	Total	Less than 35 years	35 to 44 years	45 to 54 years	55 to 64 years	65 years and over
Total net worth	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Interest-earning assets at financial institutions	14.1	10.8	9.0	9.4	12.0	22.4	14.6	11.6	8.6	8.7	13.0	24.7
Other interest-earning assets	4.2	2.8	2.5	2.7	3.7	6.8	3.2	1.7	2.4	1.6	3.6	4.9
Checking accounts	0.6	1.2	0.6	0.5	0.5	0.5	0.6	1.2	0.7	0.6	0.4	0.6
Stocks and mutual fund shares	6.5	4.3	5.3	5.2	7.0	8.2	6.8	5.2	5.5	4.4	8.6	8.5
Own home	43.1	45.1	49.2	43.2	41.0	40.4	41.3	45.5	48.7	39.4	39.8	37.9
Rental property	7.9	6.8	6.7	11.3	8.0	6.7	9.0	5.2	8.1	10.3	10.6	8.1
Other real estate	4.3	5.2	5.2	4.9	5.0	2.6	4.4	4.5	5.1	4.8	5.0	3.0
Vehicles	5.8	15.6	7.6	5.7	4.7	3.1	5.9	16.1	7.6	5.6	4.4	3.4
Business or profession	8.8	14.6	12.0	11.9	9.4	3.0	10.3	17.4	13.4	14.5	9.0	4.2
U.S. savings bonds	0.6	0.5	0.4	0.4	0.8	0.6	0.5	0.3	0.2	0.4	0.6	0.7
IRA or KEOGH accounts	4.2	3.4	4.2	4.2	6.4	2.8	2.2	1.6	2.1	2.6	3.2	1.2
Other financial investments ¹	3.0	1.5	1.7	3.9	3.1	3.5	4.9	2.4	2.7	11.0	3.9	3.4
Unsecured liabilities ²	-2.9	-11.8	-4.3	-3.2	-1.7	-0.5	-3.5	-12.6	-5.3	-3.9	-2.1	-0.6

¹Includes mortgages held from sale of real estate, amount due from sale of business, unit trusts, and other financial investments.

²Since net worth is the value of assets less liabilities, unsecured liabilities are subtracted from the distribution of net worth and are shown as negative.

Table H. Median Net Worth, by Race and Hispanic Origin of Householder and Monthly Household Income Quintile: 1988 and 1984

(Excludes group quarters)

Monthly household income	Total		White		Black		Hispanic origin ¹	
	1988	1984 (In 1988 dollars)	1988	1984 (In 1988 dollars)	1988	1984 (In 1988 dollars)	1988	1984 (In 1988 dollars)
All households (thousands)	91,554	86,871	79,169	75,419	10,278	9,515	5,916	4,173
Median income	\$1,983	\$1,970	\$2,064	\$2,070	\$1,305	\$1,309	\$1,582	\$1,617
Median net worth	35,752	37,012	43,279	44,396	4,169	3,807	5,524	5,548
Mean net worth	92,017	89,601	101,329	98,248	23,651	22,990	38,918	40,838
Net Worth by Income Quintile: ²								
Lowest quintile:								
Households (thousands)	18,299	17,369	14,049	13,455	3,840	3,562	1,621	1,087
Median net worth	\$4,324	\$5,130	\$8,839	\$9,533	\$0	\$0	\$377	\$107
Mean net worth	32,220	32,037	38,664	38,147	10,104	9,724	14,312	14,511
Second quintile:								
Households (thousands)	18,253	17,353	15,563	14,747	2,313	2,229	1,377	1,056
Median net worth	\$19,694	\$21,248	\$26,229	\$28,361	\$2,408	\$2,720	\$2,922	\$2,620
Mean net worth	56,536	53,489	62,889	58,829	17,458	21,060	24,088	18,267
Third quintile:								
Households (thousands)	18,378	17,395	16,154	15,333	1,840	1,672	1,233	788
Median net worth	\$28,044	\$29,459	\$32,802	\$33,648	\$8,461	\$7,696	\$6,695	\$9,487
Mean net worth	72,099	62,491	77,725	67,345	27,304	22,756	35,884	39,493
Fourth quintile:								
Households (thousands)	18,310	17,376	16,446	15,777	1,446	1,242	925	755
Median net worth	\$46,253	\$49,947	\$50,372	\$53,372	\$20,215	\$19,567	\$21,049	\$22,115
Mean net worth	94,689	87,091	100,065	91,054	38,199	38,074	49,255	47,522
Highest quintile:								
Households (thousands)	18,314	17,378	16,959	16,108	839	810	761	486
Median net worth	\$111,770	\$98,410	\$119,057	\$101,645	\$47,160	\$45,708	\$58,731	\$62,335
Mean net worth	204,449	212,838	212,230	221,002	69,642	63,982	110,569	140,522

¹Persons of Hispanic origin may be of any race.

²Quintile upper limits for 1988 were: lowest quintile - \$939; second quintile - \$1,699; third quintile - \$2,568; fourth quintile - \$3,883. Upper limits for 1984 were: lowest quintile - \$811; second quintile - \$1,471; third quintile - \$2,221; fourth quintile - \$3,298.

worth for householders under 35, not significantly different from 49 percent for householders 35 to 44 years old. Home equity represented about 40 percent of net worth for 65 and older householders in each year, not significantly different from the under 35 age group. In addition, equity in motor vehicles declined significantly with increasing age for both years, from 16 percent of net worth for the youngest group to 3 percent for the 65 or older group. Other asset types, however, increased between the youngest and oldest groups as a share of net worth. Interest-earning assets at financial institutions increased significantly in importance from about 12 percent of net worth for the youngest group to approximately 25 percent for householders 65 or older in 1984 and from 11 percent for the youngest group to 22 percent for the oldest group in 1988. Stocks and mutual fund shares also increased significantly from 4 percent of net worth for the youngest group to 8 percent for the oldest group for 1988, not significantly different from the 1984 results.

NET WORTH BY RACE AND HISPANIC ORIGIN

Net worth holdings also differed by the race and ethnicity of the householder. Table H shows median net worth by race and Hispanic origin. The largest differential in wealth holdings occurred between White and Black householders. In 1988, White householders had a median net worth of \$43,279, while the figure for Black householders was \$4,169. Households with a householder of Hispanic origin had median holdings of \$5,524. (The median net worth of Black householders and householders of Hispanic origin were not significantly different.) These estimates of median net worth in 1988 were not significantly different from the comparable 1984 estimates (in 1988 dollars).

In both years when income was held constant, White householders had significantly higher levels of median net worth than Black householders. However, in both years, the relative differences in median net worth were smaller for upper income households than for households in general; in the highest income quintile the

Table I. Number of Households and Median Net Worth, by Race and Hispanic Origin of Householder, and Age of Householder: 1988 and 1984

(Excludes group quarters)

Median net worth by age of householder	Total		White		Black		Hispanic origin ¹	
	1988	1984	1988	1984	1988	1984	1988	1984
Number of Households (thousands)								
All households	91,554	86,871	79,169	75,419	10,278	9,515	5,916	4,173
Under 35 years.....	25,379	25,788	21,616	21,884	3,112	3,207	2,180	1,742
35 to 44 years	19,916	17,404	16,909	14,925	2,431	1,193	1,535	967
45 to 54 years	13,613	12,605	11,587	10,760	1,607	1,469	887	571
55 to 64 years	13,090	12,924	11,447	11,470	1,397	1,250	774	517
65 years and over	19,556	18,151	17,610	16,379	1,731	1,596	541	441
Median Net Worth²								
All households	\$35,752	\$37,012	\$43,279	\$44,396	\$4,169	\$3,807	\$5,524	\$5,548
Under 35 years.....	6,078	6,420	7,627	8,358	789	617	2,556	1,984
35 to 44 years	33,183	40,264	39,874	46,694	4,487	3,881	6,606	12,300
45 to 54 years	57,466	64,346	67,047	73,339	10,155	15,028	20,105	15,916
55 to 64 years	80,032	83,750	92,858	90,795	20,497	25,653	25,680	24,007
65 years and over	73,471	68,600	81,648	74,773	22,210	15,972	40,371	21,837

¹Persons of Hispanic origin may be of any race.

²1984 median net worth is in 1988 dollars.

White to Black ratios of net worth were not significantly different (2.2 in 1984 and 2.5 in 1988) while in the third quintile the ratios are significantly greater than the highest quantities— 4.4 in 1984, and 3.9 in 1988. Finally, in the lowest quintile, in 1988 the median net worth for White householders was \$8,839 while that of Black householders in this quintile was significantly lower, \$0. This \$0 median was the result of half (or more) of Black households in the lowest quintile having had median net worth that was either negative or zero; though some Black households in this lowest income quintile did have positive net worth. This relationship also existed in 1984 where the net worth of White households in this quintile was \$9,533 (in 1988 dollars) but that of Black households was also \$0.

For skewed distributions, median and mean values differ. The distribution of net worth is skewed, with a concentration of values at the low end of the distribution and a tail of high values. The larger proportion of values at the low end of the distribution lowers the median value, while a few large net worth values increase the mean value. For net worth, therefore, the median is considered a more stable measure of central tendency.

When comparing net worth for specific subgroups of the population, the ratio of net worth for one group to that of another group differs according to whether the ratio is expressed in terms of either of these two measures, means or medians. This difference arises because the shapes of either of the net worth distributions are not the same for all subgroups of the population. The distribution of net worth of Black householders was more skewed toward low net worths than the distribution of White householders. As a result, the

differences in net worth by race are larger when measured using medians. It should be noted that, in the highest income category, both mean and median net worth have large variability because the distribution of wealth is concentrated in the highest quintile, where the SIPP sample has a small number of cases.

For 1988, in the lowest quintile, the mean net worth for White households was \$38,664, but for Black households was \$10,104 (not significantly different from the 1984 mean net worths of \$38,147 and \$9,724) resulting in a ratio of almost 4.0 in both years. In the highest quintile, the 1988 ratio of White to Black mean net worth was 3.0.

The ratio for median net worth for White households to Black households for 1988 for the lowest quintile was \$8,839 to \$0. For the highest quintile the ratio of White to Black median net worth was 2.5.

Table I examines the differences in median net worth further by examining median net worth by age of householder and by race and Hispanic origin. In general, Black householders were younger than White householders. In 1988, 54 percent of Black householders were less than 45 years old compared to 49 percent of White householders. In the older age category (65 years and over), there were 22 percent of White householders compared to only 17 percent of Black householders. In general, younger householders have had less opportunity to accrue the net worth of their older counterparts.

The composition of wealth also differed by race of the householder as shown in table J. In both 1988 and 1984, compared with White householders, Black householders held a significantly greater percentage of their net worth in durable goods such as housing (68 percent

Table J. Distribution of Net Worth, by Race and Hispanic Origin of Householder and Asset Type: 1988 and 1984

(Excludes group quarters)

Asset Type	Total		White		Black		Hispanic origin ¹	
	1988	1984	1988	1984	1988	1984	1988	1984
Total net worth.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Interest-earning assets at financial institutions.....	14.1	14.6	14.3	14.8	8.2	6.8	9.5	9.5
Other interest-earning assets.....	4.2	3.2	4.3	3.3	.5	.7	.8	1.0
Checking accounts.....	.6	.6	.5	.6	.9	1.0	.7	.6
Stocks and mutual fund shares.....	6.5	6.8	6.7	7.1	1.1	.8	1.8	2.2
Own home.....	43.1	41.3	42.2	40.4	67.6	64.9	58.2	50.4
Rental property.....	7.9	9.0	7.9	8.6	7.8	12.5	9.6	10.6
Other real estate.....	4.3	4.4	4.3	4.4	3.0	2.4	5.8	3.3
Vehicles.....	5.8	5.9	5.5	5.8	10.8	10.8	8.4	7.7
Business or profession.....	8.8	10.3	8.9	10.5	3.9	6.7	6.3	17.3
U.S. savings bonds.....	.6	.5	.6	.5	.5	.2	.3	.2
IRA or KEOGH accounts.....	4.2	2.2	4.3	2.2	1.6	.9	2.9	1.0
Other financial investments ²	3.0	4.9	3.1	5.1	1.5	.9	1.1	3.4
Unsecured liabilities ³	-2.9	-3.5	-2.8	-3.3	-7.5	-8.5	-5.5	-7.3

¹Persons of Hispanic origin may be of any race.

²Includes mortgages held from sale of real estate, amount due from sale of business, unit trusts, and other financial investments.

³Since net worth is the value of assets less liabilities, unsecured liabilities are subtracted from the distribution of net worth and are shown as negative.

Table K. Median Net Worth, by Type of Household and Age of Householder: 1988 and 1984

(Excludes group quarters)

Type of household by age of householder	1988				1984 (in 1988 dollars)			
	Number of households (thous.)	Median monthly household income	Median net worth		Number of households (thous.)	Median monthly household income	Median net worth	
			Total	Excluding equity in own home			Total	Excluding equity in own home
Married-couple households.....	51,697	\$2,566	\$57,134	\$16,293	50,690	\$2,560	\$56,677	\$14,015
Less than 35 years.....	13,357	2,430	12,041	4,705	13,904	2,403	14,077	4,967
35 to 54 years.....	21,437	3,173	60,611	16,922	20,540	3,101	64,242	15,100
55 to 64 years.....	8,186	2,589	120,158	42,737	8,382	2,584	105,187	37,670
65 years and over.....	8,736	1,733	124,419	45,890	7,865	1,680	98,128	39,270
Male householders.....	14,383	1,661	13,053	5,454	12,567	1,658	11,188	5,080
Less than 35 years.....	5,592	1,790	4,959	3,395	5,391	1,739	4,061	3,080
35 to 54 years.....	4,857	1,999	17,055	6,099	3,548	2,079	20,607	6,946
55 to 64 years.....	1,586	1,430	34,722	10,682	1,397	1,437	42,293	10,702
65 years and over.....	2,346	1,023	48,883	15,914	2,231	1,018	47,504	14,448
Female householders.....	25,437	1,109	13,571	3,633	23,614	1,064	15,785	3,333
Less than 35 years.....	6,430	1,187	1,378	978	6,493	1,162	1,349	973
35 to 54 years.....	7,236	1,616	10,945	2,936	5,920	1,511	15,111	2,320
55 to 64 years.....	3,336	1,209	40,796	7,004	3,146	1,222	40,859	7,204
65 years and over.....	8,471	780	47,233	10,693	8,055	784	48,386	11,622

versus 42 percent in 1988 and 65 percent versus 40 percent in 1984) and motor vehicles (11 percent versus 6 percent in both years), and a significantly lower percentage in financial assets such as stocks and mutual fund shares (1 percent versus 7 percent in both years) and deposits at financial institutions (8 percent versus 14 percent in 1988 and 7 percent versus 15 percent in 1984).

NET WORTH BY TYPE OF HOUSEHOLD

The net worth holdings of married-couple, female- and male-maintained households by age of the householder for 1984 and 1988 are shown in table K. Married-couple households were the largest category of households and, overall, had the largest median net worth holdings in both years (\$57,134 in 1988 and \$56,677 in 1984, not

Table L. Number of Households and Median Net Worth, by Race and Hispanic Origin of Householder, and Type of Household: 1988 and 1984

(Excludes group quarters)

Type of householder	Total		White		Black		Hispanic origin ¹	
	1988	1984	1988	1984	1988	1984	1988	1984
Number of Households (thousands)								
All households.....	91,554	86,871	79,169	75,419	10,278	9,515	5,916	4,173
Married-couple households.....	51,697	50,690	46,766	45,950	3,630	3,510	3,281	2,446
Male householders.....	14,383	12,567	12,051	10,626	1,927	1,607	1,011	602
Female householders.....	25,437	23,614	20,352	18,843	4,721	4,397	1,625	1,125
Median Net Worth²								
All households.....	\$35,752	\$37,012	\$43,279	\$44,396	\$4,169	\$3,807	\$5,524	\$5,548
Married-couple households.....	57,134	56,677	62,386	61,368	17,635	14,931	15,691	12,323
Male householders.....	13,053	11,188	16,584	13,518	1,457	3,381	2,973	3,191
Female householders.....	13,571	15,785	22,099	25,476	757	729	736	481

¹Persons of Hispanic origin may be of any race.

²1984 median net worth is in 1988 dollars.

significantly different from one another). Female-maintained households had a lower median net worth of \$13,571 in 1988 (\$15,785 in 1984), approximately one-fourth that of married couple households, while male-maintained households had the lowest net worth of \$13,053 in 1988 (\$11,188 in 1984), approximately one-fifth that of married-couple households. (The net worth of female- and male-maintained households were not different in 1988, though they were in 1984.) In 1988 married-couple households had a median monthly income of \$2,566. Male and female-maintained households had median monthly incomes of \$1,661 and \$1,109, respectively. These income estimates were not significantly different from the comparable 1984 estimates.

When net worth levels are compared within age groups, households maintained by a female less than 55 years of age had significantly lower net worth than their male counterparts in both years. (For the 55 to 64 years and 65 years and over age groups, these differences were not statistically significant in either year.) The age and household group with the lowest net worth was that of female householders under 35 years of age (\$1,378 in 1988).

To examine whether the difference in net worth was the result of higher home equity for elderly households, median net worth was calculated excluding home equity. In general, the same conclusions held. Households maintained by a male less than 55 years of age tended to have higher net worth as compared with female householders of the same age. (For householders 55 years of age and over the differences were not statistically significant.)

Finally, the distribution of types of households (married-couple, male householder, or female householder) among White, Black, and Hispanic origin households may also explain part of the difference in median net worth between White and Black households. As seen in table L, both 1988 and 1984 Black households

had approximately one tenth of the median net worth of White households. This difference may be partially explained by the fact that in both years only 35 percent of Black households were married-couple households, whereas approximately 60 percent of White households were married-couple households. Married-couple households had the largest median net worth for all households— whether White, Black, or Hispanic origin.

NET WORTH BY EMPLOYMENT STATUS

In 1988 the median net worth for all households was \$35,752 (see table 2). However, for households whose householder was under 65 years old and who had a job for the entire four-month reference period, median net worth was \$30,770. If the householder had no job during the reference period but spent time looking for work or on layoff, the median net worth was a significantly lower \$2,225. If the householder had no labor force activity (did not work, did not look for work, and was not on layoff), the median net worth was \$15,991. These estimates are not significantly different from the corresponding 1984 (in 1988 dollars) estimates of \$34,048 for householders with a job the entire reference period, \$1,076 for householders with no job but who looked for work or were on layoff the entire period, and \$20,287 for householders with no labor force activity during the reference period.

USER COMMENTS

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