# Net Worth of Households: 2014

Household Economic Studies

**Current Population Reports**

By Jonathan Eggleston and Robert Munk
Issued August 2018
P70BR-155

## INTRODUCTION

Net worth (or wealth) is an important indicator of economic well-being. Considered in conjunction with income, it provides important insights into economic health.[1] In times of economic hardship, such as unemployment, illness, or divorce, financial assets are a source of liquidity to pay expenses and bills.

This brief uses the Survey of Income and Program Participation (SIPP) to examine household net worth in 2014 and compares it with net worth in 2013.[2]

## MEDIAN NET WORTH AND ASSET/LIABILITY OWNERSHIP RATES

In 2014, median household net worth was $81,850, which does not represent a statistically significant increase over the 2013 estimate of $80,640.[3] We do, however, find relatively large and statistically significant increases in the medians of select assets: retirement accounts increased by $6,060 (or 9.3 percent) and home equity increased by $6,390 (or 7.8 percent) (Table 1).

We find substantial variation in asset ownership rates (Table 1). For example, 89.7 percent of households held assets at a financial institution in 2014, while 7 percent of households owned a rental property. After assets in financial institutions, vehicle and home equity were the next most frequently held assets in 2014 at 84.1 and 63.4 percent, respectively.[4]

Around half (52.7 percent) of households had outstanding unsecured debts in 2014 (Table 1).[5] Of these households, the median value was $7,300. Credit

### WHAT IS SIPP?

The Survey of Income and Program Participation (SIPP) is a nationally representative panel survey administered by the U.S. Census Bureau that collects information on the short-term dynamics of employment, income, household composition, and eligibility and participation in government assistance programs. It is a leading source of information on specific topics related to economic well-being, family dynamics, education, wealth and assets, health insurance, child care, and food security. Each SIPP panel follows individuals for several years, providing monthly data that measures changes in household and family composition and economic circumstances over time. For more information, please visit the SIPP Web site at <www.census.gov/sipp>.

[1] For further discussion on the importance of measuring net worth, see Alfred O. Gottschalk, *Net Worth and the Assets of Households: 2002,* 2008 at <www.census.gov/prod/2008pubs/p70-115.pdf>.

[2] For more information on how the SIPP's estimate of net worth compares to other surveys, please see Jonathan Eggleston and Michael Gideon, *Evaluating Wealth Data Quality in the Redesigned 2014 Survey of Income and Program Participation,* 2017 at <www.census.gov/content/dam/Census/library/working-papers/2017/demo/SEHSD-WP2017-35.pdf>.

[3] Estimates from 2013 are adjusted for inflation and reported in 2014 dollars. All estimates include households with negative net worth.

[4] Note that interest earning and noninterest earning checking accounts are subcomponents of assets at financial institutions.

[5] Unsecured liabilities, such as student loans or credit card bills, are not backed by assets.

United States® Census Bureau
U.S. Department of Commerce
Economics and Statistics Administration
U.S. CENSUS BUREAU
*census.gov*

Table 1.
**Asset and Unsecured Liability Ownership Rates for Households and Median Value of Asset Holdings and Unsecured Liabilities Owed: 2013 and 2014**

| Asset or debt type | Percent of households that own asset or debt type | | | Median value of asset or debt for asset or debt holders (2014 dollars)[1] | | |
|---|---|---|---|---|---|---|
| | 2013 | 2014 | Change | 2013 | 2014 | Change |
| **Net worth** | **X** | **X** | **X** | **80,640** | **81,850** | **1,210** |
| **Value of Asset Holdings** | | | | | | |
| Assets at financial institutions | 89.2 | 89.7 | *0.5 | 4,030 | 4,000 | 30 |
| Vehicles | 84.7 | 84.1 | *0.6 | 7,040 | 6,504 | *536 |
| Equity in own home | 63.2 | 63.4 | 0.2 | 81,610 | 88,000 | *6,390 |
| Retirement accounts[2] | 52.0 | 51.0 | *1.0 | 58,940 | 65,000 | *6,060 |
| Stocks and mutual funds | 20.0 | 18.4 | *1.6 | 32,440 | 36,230 | 3,790 |
| Business Assets | 14.0 | 14.5 | 0.5 | [3]X | 5,000 | 0.0 |
| Bonds | 9.3 | 8.2 | *1.1 | 2,519 | 3,000 | 481 |
| Other real estate | 8.0 | 7.1 | *0.9 | 51,390 | 50,000 | 1,390 |
| Rental property | 7.5 | 7.0 | *0.5 | 80,610 | 83,650 | 3,040 |
| Other assets holdings[4] | 26.3 | 26.2 | 0.1 | 15,320 | 15,000 | 320 |
| **Unsecured Liabilities** | | | | | | |
| All unsecured liabilities | 54.6 | 52.7 | *1.9 | 8,061 | 7,300 | *761 |
| Credit card and store bills | 41.8 | 40.4 | *1.4 | 3,023 | 3,000 | *23 |
| Student loan and education-related expenses | 19.7 | 18.9 | *0.8 | 18,140 | 18,000 | 140 |
| Other unsecured liabilites[5] | 18.5 | 16.3 | *2.2 | 3,023 | 3,000 | 23 |

* Statistically significant at the 10 percent level.
X Not applicable.
[1] Asset values are net of debts held against them, otherwise known as equity. Net worth is also net of all unsecured liabilities.
[2] IRA, Keogh, Thrift Savings Plans, and 401K accounts.
[3] We do not report the Wave 1 business assets because a correction in the imputation method led to a break in series for estimated business assets. See the user note for more details at <www.census.gov/programs-surveys/sipp/tech-documentation/user-notes/2014-user-notes.html>.
[4] Includes annuities, trusts, cash life insurance policies, educational savings accounts, mortgages held for sale of real estate, amount due from sale of business property, and other financial assets.
[5] Includes medical bills not covered by insurance, loans obtained through a bank or credit union, money owed to private individual, debt held against mutual funds or stocks, and all other debts.
Source: U.S. Census Bureau, Survey of Income and Program Participation, 2014 Panel, Waves 1 and 2.

## KEY CONCEPTS AND DEFINITIONS

A **household** consists of a group of people occupying a housing unit together (group quarters such as dorms, institutions, or nursing homes are excluded from our analysis).

**Net worth** (or wealth) is the value of assets owned minus the liabilities (debts) owed. Therefore, net worth can be negative. The major assets not covered in this measure are equities in pension plans and the value of home furnishings.

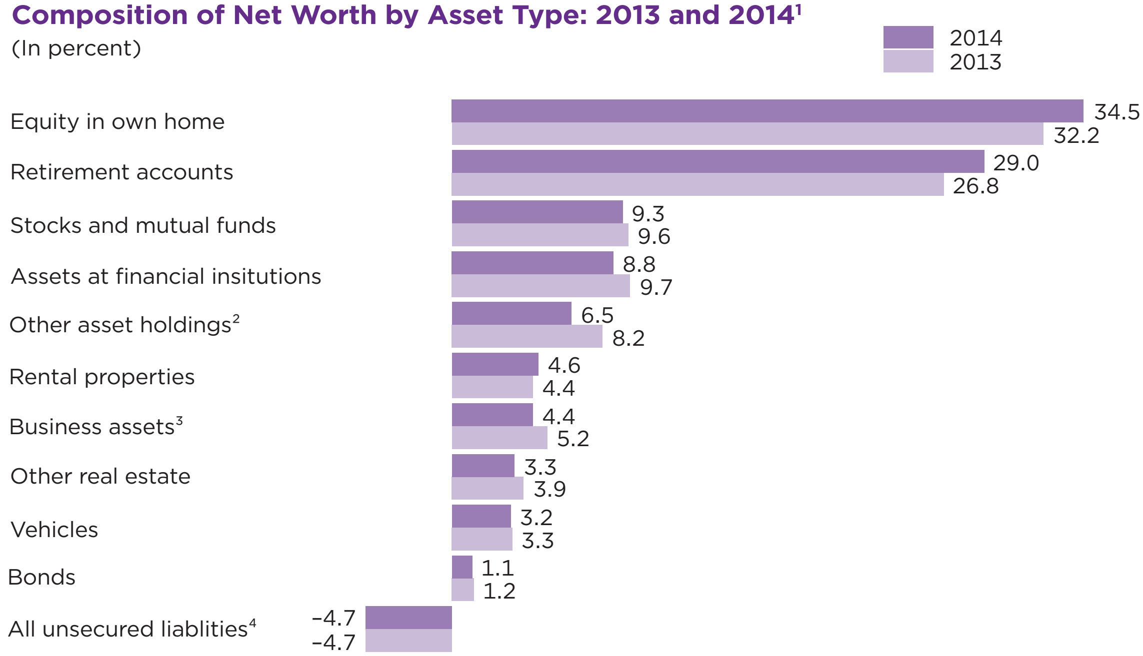
**Median household net worth** is the dollar amount that divides households into two equal groups—one having net worth less than the median amount and the other having net worth above the median amount.

card and store bills were the most common unsecured liability in 2014 with a median value of $3,000 for households with some credit card debt. About one in every five households (18.9 percent) had outstanding student loans. For those having student loans, the median value of household student debt was $18,000 in 2014.

## THE COMPOSITION OF HOUSEHOLD NET WORTH

Median asset values also vary substantially across asset types, implying that some commonly held assets are a small portion of the overall net worth (Table 1). For example, in 2014, median home equity was $88,000 among households with equity, while the median value of assets at financial institutions was $4,000. Home equity accounted for the largest portion of net worth in 2014 and 2013 (Figure 1), despite being the third most commonly held asset (Table 1). Moreover, a relatively small number of assets constituted the majority of household wealth. For example, two asset categories—equity

Figure 1.
**Composition of Net Worth by Asset Type: 2013 and 2014**[1]
(In percent)




[1] Excludes households in the top 1 percent of net worth.
[2] Includes annuities, trusts, cash life insurance policies, educational savings accounts, mortgages held for sale of real estate, amount due from sale of business property, and other financial assets.
[3] The decrease in business assets is primarily the result of a correction in the imputation method that led to a change in estimated business assets. See the user note for more detail: <www.census.gov/programs-surveys/sipp/tech-documentation/user-notes/2014-usernotes.html>.
[4] Because net worth is measured as assets minus liabilities, unsecured liabilities are subtracted from the distribution of net worth and are shown as negative.
Source: U.S. Census Bureau, Survey of Income and Program Participation, 2014 Panel, Waves 1 and 2.

in own home and retirement accounts—accounted for 63.5 percent of household net worth in 2014 (Figure 1).

## SOURCE AND ACCURACY

Statistics from surveys are subject to sampling and nonsampling error. All comparisons presented in this report have taken sampling error into account and are significant at the 90 percent confidence level unless otherwise noted. This means the 90 percent confidence interval for the difference between the estimates being compared does not include zero. Nonsampling errors in surveys may be attributed to a variety of sources, such as how the survey was designed, how respondents interpret questions, how able and willing respondents are to provide correct answers, and how accurately the answers are coded and classified. To minimize these errors, the Census Bureau employs quality control procedures throughout the production process, including the overall design of surveys, wording of questions, review of the work of interviewers and coders, and the statistical review of reports.

Additional information on the SIPP can be found at the following Web sites: <www.census.gov/sipp/> (main SIPP Web site) and <www.census.gov/programs-surveys/sipp/guidance/users-guide.html> (SIPP User's Guide).

## CONTACTS

Additional information on wealth statistics can be found by contacting the SIPP survey team at <census.sipp@census.gov> or 1-888-245-3076. For further information on the content of this report, contact Robert Munk of the Census Bureau's Social, Economic, and Housing Statistics Division at <Robert.O.Munk@census.gov> or 301-763-8922.

## SUGGESTED CITATION

Eggleston, Jonathan and R. Munk, "Net Worth of Households: 2014," *Current Population Reports,* P70BR-155, U.S. Census Bureau, Washington, DC, 2018.