The Wealth of Households: 2017

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INTRODUCTION

Wealth enables some of life's milestones: car ownership, home ownership, and retirement. And during financial hardships, wealth enables households to pay expenses. Therefore, wealth provides key insights into a household's economic well-being.

This brief examines household wealth at the end of 2017 using the U.S. Census Bureau's Survey of Income and Program Participation (SIPP).[1]

THE DISTRIBUTION OF HOUSEHOLD WEALTH

As the difference between the value of assets owned and debt owed, wealth can vary dramatically. For example, a household with few assets and a heavy debt load may have negative wealth in the tens of thousands of dollars. A household that owns its own home and has multiple retirement accounts may have positive wealth in the hundreds of thousands of dollars.

[1] All estimates include households with negative wealth. The U.S. Census Bureau's Disclosure Review Board and Disclosure Avoidance Officers have reviewed this data product for unauthorized disclosure of confidential information and have approved the disclosure avoidance practices applied to this release. CBDRB Approval: CBDRB-FY20-POP001-0171.

Key Concepts and Definitions

A **household** consists of a group of people occupying a housing unit together (group quarters such as dormitories, institutions, or nursing homes are excluded from our analysis). The householder is a person who owns or rents the housing unit (whose name appears on the deed or lease).

Wealth is the value of assets owned minus the debts owed. Therefore, wealth can be negative. The major assets not covered in this measure are equities in pension plans and the value of home furnishings.

Household wealth percentile is the dollar amount below which a given percentage of households fall. For example, the 90th percentile of household wealth is the value that 90 percent of households' wealth is less than. The 50th percentile is also referred to as the median.

What Is SIPP?

The Survey of Income and Program Participation (SIPP) is a nationally representative panel survey administered by the U.S. Census Bureau. It 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 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 measure changes in household and family composition and economic circumstances over time. For more information, visit the SIPP Web site at <www.census.gov/sipp>.

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Table 1.
The Value of Household Wealth by Percentile: 2017

Percentile	2017 dollars
10th	–5,724
25th	5,608
50th	104,000
75th	427,700
90th	1,212,000

Source: U.S. Census Bureau, Survey of Income and Program Participation, Survey Year 2018.

Table 1 presents the value of household wealth by percentile. The median household wealth in 2017 was $104,000. The 10th percentile of household wealth was –$5,724, meaning over 10 percent of households had negative wealth. The 90th percentile of household wealth was $1,212,000, meaning over 10 percent of households had wealth exceeding $1 million.

ASSET OWNERSHIP RATES AND VALUES

Household wealth can have many subcomponents and comprises individual assets, secured debts, and unsecured debts. Because the SIPP measures many different asset types, we present asset ownership rates and the median asset values for asset owners in Table 2. In calculating the median asset value, we subtract any secured debts—debts that are backed by an asset—held against it. For example, we subtract the mortgage balance from the value of a home to calculate home equity.

Assets at financial institutions, such as checking and savings accounts, and vehicle equity are the most commonly held assets. In 2017, 93.7 percent of households held assets at financial institutions, and 83.1 percent of households owned vehicles. For these two asset classes, the median asset values are relatively low. The median value of assets at financial institutions and the median value of vehicles, which are not statistically different from each other, were $5,803 and $6,817, respectively.

The assets with the highest median values are primary home equity and rental property equity. The median value for home equity and the median equity in rental properties, which are not statistically different from each other, were $118,000 and $120,000, respectively. Primary residences were the third-most-common asset class, owned by 61.8 percent of households during the year.

Retirement accounts were also a major source of wealth, with

Table 2.
Asset and Unsecured Debt Ownership Rates for Households and Median Values of Asset Holdings and Unsecured Debts Owed: 2017

Asset or debt type	Percent of households that own asset or debt type	Standard error	Median value of asset or debt for asset or debt holders (2017 dollars)[1]	Standard error (2017 dollars)
Wealth	**X**	**X**	**104,000**	**2,049**
Value of Asset Holdings				
Assets at financial institutions	93.7	0.1	5,803	202
Vehicles	83.1	0.2	6,817	90
Equity in own home	61.8	0.2	118,000	2,862
Retirement accounts[2]	57.3	0.3	65,000	1,244
Stocks and mutual funds	22.2	0.2	40,000	1,036
Business assets	15.3	0.2	8,000	1,207
Bonds	8.8	0.2	2,550	425
Other real estate	9.3	0.2	65,000	6,343
Rental property	7.7	0.2	120,000	4,856
Other assets holdings[3]	25.0	0.3	19,000	1,548
Unsecured Debts				
All unsecured debts	60.4	0.3	8,600	384
Credit card and store bills	46.1	0.3	3,500	16
Student loan and education-related expenses	22.0	0.3	20,000	541
Medical debts	19.0	0.3	2,000	0
Other unsecured debts[4]	10.0	0.2	4,500	721

X Not applicable.
[1] Asset values are net of debts held against them, otherwise known as equity. Wealth is also net of all unsecured debts.
[2] IRA, Keogh, Thrift Savings Plans, and 401K accounts.
[3] 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.
[4] Includes loans obtained through a bank or credit union, money owed to private individuals, debt held against mutual funds or stocks, and all other debts.
Source: U.S. Census Bureau, Survey of Income and Program Participation, Survey Year 2018.

a median value of $65,000. Additionally, they were the fourth-most-common asset class, owned by 57.3 percent of households.

UNSECURED DEBT OWNERSHIP RATES AND VALUES

Table 2 also presents the ownership rates and values of unsecured debts (e.g., credit card or medical debt). Unsecured debts differ from secured debts in that they have no asset backing them. A lender cannot repossess someone's education if they fail to pay a student loan, the way an auto lender might repossess a car. So Table 2 gives a more complete picture of the debts held by households.

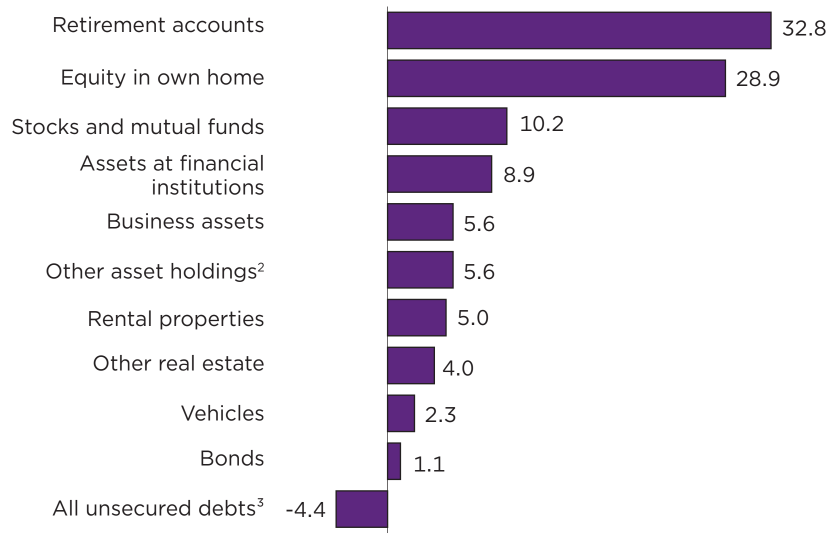
Around 60 percent of households had some unsecured debt during the year. Credit card debt was the most common form of unsecured debt, held by 46.1 percent of households. The category with the highest median debt was student loans, at $20,000.

The SIPP is unique among nationally representative surveys of wealth in that it asks separate questions about whether individuals held medical debt and the amount of debt they held. In 2017, 19 percent of households held medical debt, and, among households with medical debt, the median amount owed was $2,000.

THE COMPOSITION OF HOUSEHOLD WEALTH

Median asset values vary across asset types, meaning that some common assets are a small part of overall wealth (Table 2). Therefore, to understand the composition of wealth, we decompose it by asset type in Figure 1.

Figure 1.
Composition of Wealth by Asset Type: 2017[1]
(In percent)



[1] Excludes households in the top 1 percent of wealth.
[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] Because wealth is assets minus debts, unsecured debts are subtracted from the distribution of wealth and are shown as negative.
Source: U.S. Census Bureau, Survey of Income and Program Participation, Survey Year 2018.

In 2017, home equity and retirement accounts composed the majority of household wealth, at 61.7 percent. Specifically, 32.8 percent of household wealth was held in retirement accounts, and home equity accounted for 28.9 percent of household wealth.

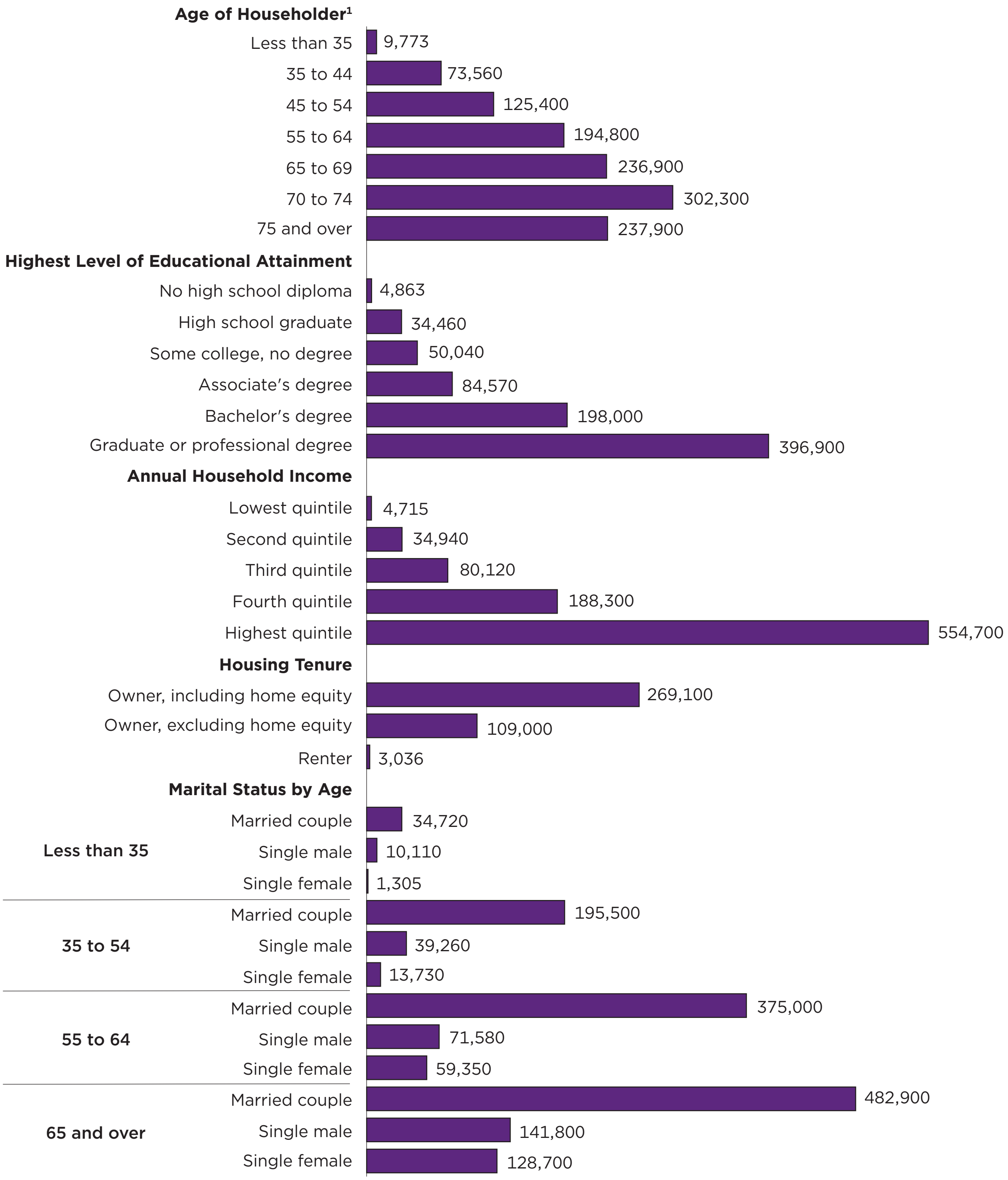
Despite being the two most commonly held assets, assets at financial institutions and vehicle equity accounted for a relatively small portion of household wealth. Vehicle equity was 2.3 percent of household wealth, and assets at financial institutions were 8.9 percent of household wealth.

MEDIAN WEALTH BY HOUSEHOLD CHARACTERISTICS

Figure 2 depicts how median wealth varies by demographic and economic characteristics of the household in the 2018 Panel of the SIPP.

Households generally accumulate more wealth as they age. For households in which the householder was less than 35 years old, median wealth was $9,773. For households in which the

Figure 2.
Median Wealth by Household Characteristics: 2017
(In 2017 dollars)



[1] Householder is a person who owns or rents the housing unit (whose name appears on the deed or lease).
Source: U.S. Census Bureau, Survey of Income and Program Participation, Survey Year 2018.

householder was between 70 and 74 years old, median household wealth was $302,300, or about three times the value of overall median wealth ($104,000). Figure 2 also provides evidence that aging households eventually draw down their wealth. For households in which the householder was at least 75 years old, median household wealth was $237,900, or about three quarters of the median household wealth for householders between 70 and 74.

Higher education is associated with more wealth. Median wealth among households in which the most educated member held a high school diploma was $34,460, or about seven times greater than households in which no member had a high school diploma. Households in which the most educated member had a bachelor's degree had a median wealth of $198,000, or about six times greater than households in which the most educated member held a high school diploma.

Households with higher annual income tend to have more wealth. When we separate households into five income groups of equal size, a meaningful wealth difference can be found between the highest, the middle, and the lowest income households. For example, the median wealth of the 20 percent of households with the least income (the lowest quintile) was 5.9 percent of the median wealth of the 20 percent of households with the middle income (the third quintile). And the median wealth of the third income quintile was 14.4 percent of the median wealth of the 20 percent of households with the highest income (the highest quintile).

Home owners tend to be wealthier than renters. Households that owned their home had a median wealth about 88.6 times larger than those that rented. But even if we exclude home equity from total wealth, the median wealth of households that own their home was 35.9 times that of the median household that rented. So the difference in median wealth between households that own and households that rent is not fully accounted for by home equity.

The median wealth of married householders is greater at all age levels than that of unmarried householders. For example, married householders under the age of 35 had a median wealth 26.6 times larger than that of unmarried female householders and 3.4 times larger than that of unmarried male householders. This suggests that the gaps in median wealth cannot solely be attributed to the presence of an additional working adult in the household.

We also see gender differences for some age cohorts. In the less than 35 and 35 to 54 age cohorts, the median wealth of unmarried female householders is less than the median wealth of unmarried male householders. For example, unmarried female householders under the age of 35 had a median wealth of $1,305, 12.9 percent of their unmarried male counterparts' wealth. But among the oldest two cohorts—55 to 64 and 65 and over—the difference in median wealth among unmarried men and women is not statistically significant.

SUMMARY

Estimates presented in this brief illustrate the wide variation in household wealth and, therefore, household economic well-being. Assets at financial institutions and vehicle equity are the most commonly held assets but only account for a relatively small portion of household wealth. Retirement accounts and home equity comprise the majority of household wealth. Additionally, the estimates demonstrate significant variation in median wealth by demographic and economic characteristics, namely age, education, income, home ownership, and marital status.

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 can be found on the main SIPP Web site: <www.census.gov/sipp/>, SIPP Users' Guide: <www.census.gov/programs-surveys/sipp/guidance/users-guide.html>, and SIPP Source and Accuracy Statements: <www.census.gov/programs-surveys/sipp/tech-documentation/source-accuracy-statements.html>.

CONTACTS

For more information on the SIPP, including data and methodology, please contact the SIPP Coordination and Outreach staff 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

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