Net Worth of Households: 2015

Current Population Reports

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INTRODUCTION

Net worth (or wealth) is an important indicator of economic well-being that provides valuable insights into a household's economic health.[1] For example, during financial hardships, such as unemployment, illness, or divorce, wealth is a source of liquidity to pay expenses and bills.[2]

This brief uses the Survey of Income and Program Participation (SIPP) to examine household net worth in 2015 and compares it with net worth in 2014.[3]

MEDIAN NET WORTH AND ASSET/LIABILITY OWNERSHIP RATES

In 2015, we saw meaningful and statistically significant increases in net worth and select asset holdings relative to 2014.[4] Median net worth increased by 6.8 percent from $82,450 to $88,050 between 2014 and 2015. For many households, this increase was likely in large part due to a 8.1 percent (or $7,160) increase in median home equity (Table 1).

[1] For further discussion on the importance of measuring net worth, see Alfred O. Gottschalck, *Net Worth and the Assets of Households: 2002*, 2008, <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, <www.census.gov/content/dam/Census/library/working-papers/2017/demo/SEHSD-WP2017-35.pdf>.

[3] The 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-FY19-ROSS-B0131.

[4] Estimates from 2014 are adjusted for inflation and reported in 2015 dollars. All estimates include households with negative net worth.

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 that amount and the other having net worth above that amount.

The calculation of net worth includes two types of liabilities: **secured liabilities** (or secured debt), which is debt backed by an asset (such as a home loan or car loan), and **unsecured liabilities** (or unsecured debt), which is debt not backed by an asset (such as student loans or credit card bills).

We find substantial variation in asset ownership rates (Table 1). During 2015, 90.9 percent of households held assets at a financial institution, while 7.0 percent of households owned a rental property. After assets in financial intuitions, vehicle and home equity were the most frequently held assets for 2015 at 83.4 and 63.0 percent, respectively.[5]

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

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Around half—53.4 percent—of households had outstanding unsecured debts in 2015 (Table 1).[6] The median outstanding debts for these households was $7,500. Credit card and store bills were the most common unsecured liability in 2015 with a median value of $3,000 for households with some credit card debt. About one in every five households (19 percent) had outstanding student loans. For those having student loans, the median value of household student debt was $20,000 in 2015.

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

What Is SIPP?

The Survey of Income and Program Participation (SIPP) is a nationally representative panel survey administered by the 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>.

THE COMPOSITION OF HOUSEHOLD NET WORTH

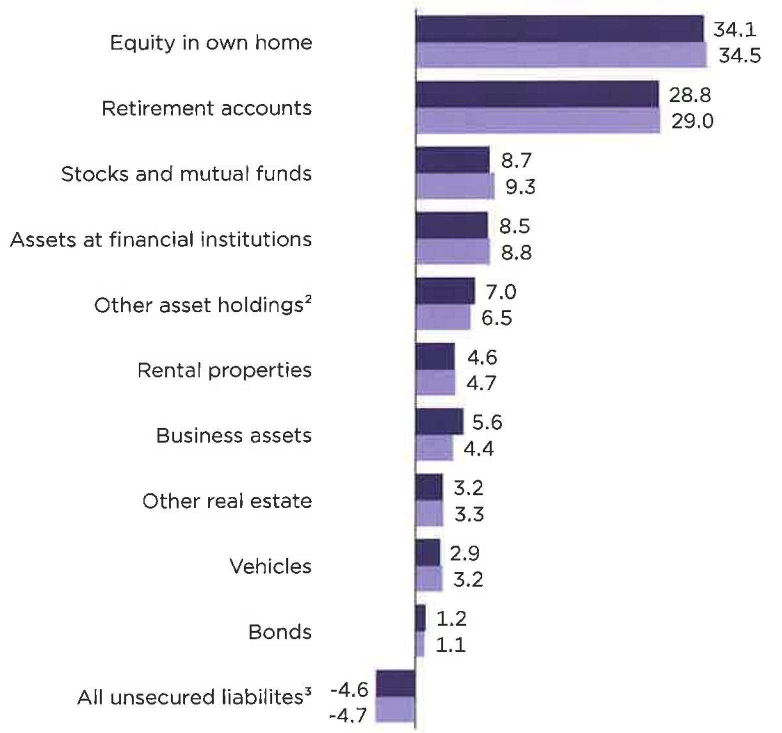
Median asset values also vary substantially across asset types, implying that some commonly held assets are a small portion of the overall net worth (Table 1). For example, in 2015, median home equity was $95,800 among households with equity, while the median value of assets at financial institutions was $4,600.

Table 1.
Asset and Unsecured Liability Ownership Rates for Households and Median Value of Asset Holdings and Unsecured Liabilities Owed: 2014 and 2015

Asset or debt type	Percent of households that own asset or debt type			Median value of asset or debt for asset or debt holders (2015 dollars)[1]		
	2014	2015	Difference	2014	2015	Difference
Net worth	**X**	**X**	**X**	**82,450**	**88,050**	***5,600**
Value of Asset Holdings						
Assets at financial institutions	89.7	90.9	*1.2	4,029	4,600	*571
Vehicles	84.1	83.4	*0.7	6,551	6,517	34
Equity in own home	63.4	63.0	*0.4	88,640	95,800	*7,160
Retirement accounts[2]	51.0	52.9	*1.9	65,470	67,400	1,930
Stocks and mutual funds	18.4	18.3	0.1	36,500	35,000	1,500
Business assets	14.5	15.2	*0.7	5,036	5,000	36
Bonds	8.2	8.4	0.2	3,022	3,000	22
Other real estate	7.1	7.6	*0.5	50,360	50,000	360
Rental property	7.0	7.0	0.0	84,260	100,000	*15,740
Other assets holdings[3]	26.2	27.2	*1.0	15,110	17,000	1,890
Unsecured Liabilities						
All unsecured liabilities	52.7	53.4	0.7	7,353	7,500	147
Credit card and store bills	40.4	41.9	*1.5	3,022	3,000	22
Student loan and education-related expenses	18.9	19.0	0.1	18,130	20,000	1,870
Other unsecured liabilites[4]	16.3	16.1	0.2	3,022	3,000	22

* 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] 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 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 2 and 3.

Figure 1.
Composition of Net Worth by Asset Type: 2014 and 2015[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] Because net worth is 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 2 and 3.

Home equity accounted for the largest portion of net worth in 2015 and 2014 (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 in own home and retirement accounts—accounted for 62.9 percent of household net worth in 2015 (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: <www.census.gov/sipp/> (main SIPP Web site) and <www.census.gov/programs-surveys/sipp/guidance/users-guide.html> (SIPP Users' Guides).

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

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