

Chapter I
The Size Distribution of Wealth in the United States:
A Comparison among Three Household Surveys¹

Edward N. Wolff
December 13, 2006

I.1. Introduction

Over the past twenty years or so there has been a near explosion in the number of surveys of household wealth holdings. After a 20-year drought, during which little information was collected on household wealth, between the 1962 Survey of Financial Characteristics of Consumers (SFCC) and the 1983 Survey of Consumer Finances (with the slight exception of the 1979 Income Survey and Development Program), the problem in this area today is an embarrassment of riches. There are about a dozen surveys which cover one or more years in the period from 1983 to 1995 and are conducted on a regular basis that contain questions on household assets and liabilities. These include the Federal Reserve Board's Survey of Consumer Finances (SCF) for years 1983, 1986 (a partial re-sample of the households included in the 1983 survey), 1989, 1992, and 1995; the U.S. Bureau of the Census' Survey of Income and Program Participation (SIPP) for 1984, 1988, 1991, and 1993; and the Institute for Social Research's Panel Survey of Income Dynamics (PSID) for 1984, 1989, and 1994. Yet, this wealth of wealth data -- insofar as it has been analyzed -- has often produced contradictory and inconsistent estimates of the distribution of household wealth.

In contrast, there are now official estimates of the size distribution of household income. The U.S. Census Bureau conducts an annual survey in March, called the Current Population Survey, which provides detailed information on individual and household earnings and income. On the basis of these data, the U.S. Census Bureau constructs its estimates of both family and household income inequality. Moreover, the Current Population Surveys have been conducted in the U.S. for almost half a century. As a result, there exists a consistent time-series on household income distribution for the U.S. which covers this entire period. There is, in addition, considerable

¹ This chapter is adapted from: Edward N. Wolff, "The Size Distribution of Wealth in the United States: A Comparison among Recent Household Surveys," in James P. Smith and Robert J. Willis editors, *Wealth, Work, and Health: Innovations in Measurement in the Social Sciences*, 1999, pp. 209-232. The article has been edited for form and style and to make it consistent with the other chapters in this book.

consistency in household income estimates that are obtained from other survey sources, such as the decennial Census of Population, SIPP, and the Consumer Expenditure Survey.

Unfortunately, there do not exist comparable data on the size distribution of household wealth for the U.S. or, for that matter, for any other country in the world. There are no official household surveys conducted on an annual basis for this purpose. As a result, researchers in this field have had to make estimates of household wealth inequality from a variety of sources, which are often inconsistent and, indeed, contradictory. Compounding this problem is the fact that household wealth is much more heavily concentrated in the upper percentiles of the distribution than income. Thus, unless surveys or data sources are especially designed to cover the top wealth groups in a country, it is quite easy to produce biased estimates of the size distribution of wealth. The net result is that time-series estimates of household wealth distribution have been less reliable than those of income.

In this chapter, I present comparisons of wealth estimates derived from the SCF, SIPP, and PSID. Three time periods are highlighted: (i) the 1983 SCF, the 1984 SIPP, and the 1984 PSID; (ii) the 1989 SCF, the 1988 SIPP, and the 1989 PSID; and the 1992 SCF, the 1991 and 1993 SIPP files, and the 1994 PSID. In many ways, my work here updates the seminal and very comprehensive study (76 pages worth) of Curtin, Juster, and Morgan (1989), which investigated differences in wealth estimates drawn from the 1983 SCF, the 1984 SIPP, and the 1984 PSID. Their main conclusion is: "Measured against the standards set by previous household wealth surveys, all three of these data sets stand up quite well. They do not differ substantially among themselves when it comes to measuring total wealth and the distribution of wealth in the great bulk of the U.S. population" (p. 544).

I do not intend to try to replicate the extensive analyses of these data conducted by Curtin, Juster, and Morgan but will, instead, focus on a few issues. Moreover, where relevant, I will try to assess whether the comparative performances of these surveys has changed much since the early 1980s.

The next part of this paper (Section 2) briefly reviews some of the methodological issues involved in the estimation of household wealth from household surveys. Section 3 presents a comparison of time series trends on the overall distribution of household wealth over the period 1983-1994 from the three sources. Section 4 delves more deeply into the relative performances of the three surveys in the three periods. Concluding remarks are made in the last section of the paper.

I.2. Methodological Issues and Data Sources

An extensive treatment is provided by Curtin, Juster, and Morgan (1989) of the methodological issues involved in assessing the quality of wealth data from household surveys. Here, I will highlight two major issues: (i) the sample design; and (ii) asset and liability coverage (questionnaire design).

A. Sample Design. Because household wealth is extremely skewed, the upper tail of the distribution is often considerably underrepresented in representative samples. All three data sources -- the SCF, SIPP, and PSID -- use a representative sample as their basic survey instrument. The PSID also includes a special low-income supplement, originally drawn from the 1966-67 Survey of Economic Opportunity. Of the three, only the SCF includes a high-income supplement. This is drawn from the Internal Revenue Service's Statistics of Income data file. For the 1983 SCF, for example, an income cut-off of \$100,000 of adjusted gross income is used as the criterion for inclusion in the supplemental sample. Individuals were then randomly selected for the sample within pre-designated income strata.

The advantage of the high-income supplement is that it provides a much "richer" sample of high income and therefore potentially very wealthy families. The disadvantage is that weights must be constructed to meld the high-income supplement with the core representative sample. The construction of the weights is further complicated by differential response rates among families in the high-income supplement and the cross-section sample. According to Curtin, Juster, and Morgan, only 9 percent of the families chosen for the high-income supplement in 1983 agreed to be interviewed. However, of this group, the response rate was 95 percent, compared to 71 percent for the families in the cross-section sample. Two major studies conducted by the Federal Reserve Board -- Kennickell and Woodburn (1992) for the 1989 SCF and Kennickell, McManus, and Woodburn (1996) for the 1992 SCF -- discuss the problems associated with developing these weights and propose alternative sets of weights as solutions.

The PSID also has sampling problems because it is a panel survey. The original 1968 sample had 2,930 families in the basic cross-section survey and 1,872 in the low-income supplement. The PSID has followed the individuals in the original sample over time. However, because of severe attrition in the original sample over time (by 1993, over half of the individuals in the 1968 sample had dropped out of the survey), new weights must be continually constructed for

the families that remain in each new annual survey. The SIPP is a partial panel, with each base sample of households re-surveyed every six months and remaining in the sample for two and a half years (five waves). As a result, attrition problems for the SIPP are not nearly as severe as those for the PSID.²

B. Asset and Liability Coverage. Another critical difference among the three samples is the degree of detail with regard to asset and liability information. The SCF is designed primarily as a wealth survey, whereas SIPP and the PSID are primarily income surveys, so that the SCF asks for and provides the user with much more detailed information on wealth holdings than the other two. In fact, the SCF has many hundreds of questions on assets and liabilities -- for example, balances on each checking account, savings account, credit card, consumer loan, etc. are listed separately. In contrast, the PSID includes only 11 categories in its questionnaire: (i) liquid assets, (ii) stocks, (iii) bonds, (iv) primary residence, (v) other real estate, (vi) vehicles, (vii) businesses, (viii) pension entitlements, (ix) mortgage debt, (x) vehicle debt, and (xi) other household debt. The SIPP includes 21 asset categories and 12 liabilities categories in its wealth supplement.

It is likely that the more detailed the questions asked, the better the coverage of household wealth. However, it is also the case that item non-response is much higher in the SCF than the other two samples. The Federal Reserve Board imputes information for missing items in the SCF, as does the Census Bureau for missing information in the SIPP.

I.3. Time Trends in the Size Distribution of Wealth

In this study, I use marketable wealth (or net worth), which is defined as the current value of all marketable or fungible assets less the current value of debts. Net worth is thus the difference in value between total assets and total liabilities or debt. Total assets are defined as the sum of: (1) the gross value of owner-occupied housing; (2) other real estate owned by the household; (3) the gross value of vehicles; (4) cash and demand deposits; (5) time and savings deposits, certificates of deposit, and money market accounts; (6) government bonds, corporate bonds, foreign bonds, and other financial securities; (7) the cash surrender value of life insurance plans; (8) the cash surrender value of pension plans, including IRAs and Keogh plans; (9) corporate stock, including mutual

² For the 1988 panel, for example, sample loss was 18.5 percent at the end of the fifth wave (see U.S. Bureau of the Census, 1990, p. 29).

funds; (10) net equity in unincorporated businesses; and (11) equity in trust funds. Total liabilities are the sum of: (1) mortgage debt, (2) consumer debt, including auto loans, and (3) other debt.

A. Time Trends in Medians and Means. I begin with summary statistics on median and mean net worth from the three surveys over the period 1983 to 1994. There are surprising differences among the three with regard to time trends and levels (see Table 1). According to the SIPP data, median net worth fell by about 4 percent in real terms between 1984 and 1988 and by another 14 percent from 1988 to 1993. Over the entire period, the annual rate of growth of real median household net worth was -2.1 percent. In contrast, the PSID data show almost no change in real median household wealth between 1984 and 1989 and then a 7 percent increase from 1989 to 1994. Over the entire ten years, real median net worth grew by 0.8 percent per year.

For the SCF, I show two sets of estimates. The first (Panel C) are based on the original data in the SCF files. The only change I have made is to use a somewhat different set of weights for the 1992 SCF data based on my analysis of some anomalies in the size distribution of income in the survey which arise from the weights provided by the Federal Reserve Board (see, Wolff, 1996, for details). According to these estimates, real median net worth increased by 6 percent between 1983 and 1989 and then fell by 8 percent from 1989 to 1992. Over the full nine years, real median wealth fell by 0.3 percent per year. If I use the original weights in the 1992 SCF, then there is almost no change in real median wealth between 1983 and 1992. Moreover, if I limit the 1983 SCF sample to the base cross-section sample only (1983-CS), median net worth is almost identical to the full sample estimate.³

The second set of SCF estimates (Panel D of Table 1) is based on my adjustments to the original asset and liability values in the surveys. This takes the form of the alignment of asset and liability totals from the survey data to the corresponding national balance sheet totals. In most cases, this entails a proportional adjustment of underreported values of balance sheet items in the survey data (see Wolff, 1987, 1994, and 1996 for details).⁴ The time trends in median net worth are similar to those calculated from the original entries. Median net worth increased by 7 percent

³ The 1983 SCF provides a variable to differentiate between observations in the cross-section and high-income supplements. Unfortunately, it is not possible to isolate the two samples in the later 1989 and 1992 SCF.

⁴ It should be noted that in Table 1, as in the rest of the paper, my definition of net worth includes the value of vehicles. As a consequence, the results from the SCF data here differ from those reported in my previous three papers, which exclude vehicles in the definition of net worth.

between 1983 and 1989 and then fell by 11 percent from 1989 to 1992, for an annual growth rate of -0.6 percent over the nine years.

Results on time trends in real mean household net worth also vary among the three samples. The SIPP data show that it rose by 3 percent from 1984 to 1988 and then fell by 11 percent from 1988 to 1993, for an overall annual growth rate of -1.0 percent. The PSID shows mean net worth rising in real terms by 9 percent between 1984 and 1989 and then falling by 2 percent from 1989 to 1994, for an overall annual growth rate of 0.7 percent. The original SCF data (with my adjusted weights for 1992) show mean wealth rising by 14 percent between 1983 and 1989 and then by only 3 percent between 1989 and 1992, for an overall growth of 1.7 percent per year over the whole period. If the original weights are used for the 1992 data, then mean net worth is found to decline by 9 percent over the last three years, for a 1.4 percent annual growth rate over the 1983-92 period. My adjusted data show a 15 percent growth in mean wealth in 1983-89 followed by 3 percent decline in 1989-92, for an overall annual rate of growth of 1.3 percent over the entire 1983-92 period.

It is quite striking that there is virtually no consistency among the three samples with regard to time trends in either median or mean household net worth. The SIPP data show a very large decline in the median between the mid-1980s and the mid-1990s, the PSID an increase, and the SCF a very small decline. With regard to mean wealth, the SIPP data show a decline over this period whereas the PSID indicates a moderate gain and the SCF a large increase, though both the PSID and the SCF show all the growth occurring during the first sub-period. Part of the difference in results might be attributable to slight differences in the periods covered by the three surveys but this factor does not seem nearly sufficient to account for the very large differences in time trends.

B. Time Trends in the Size Distribution of Wealth. Tables 2 and 3 continue to investigate differences in time trends among the three samples by focusing on changes in the size distribution of net worth. Table 2 compares the SIPP and the SCF. The wealth class groupings are based on published data from the SIPP and are fixed over time in nominal values (see the footnotes to the table for references). On the basis of Gini coefficients calculated from the nine wealth intervals, the SIPP data show no change in overall inequality between 1984 and 1988, a rise from 0.69 to 0.71 from 1988 to 1991 and then a subsequent decline to 0.69 in 1993, about the same level as in 1984 and 1988. The pattern is somewhat different on the basis of my adjusted SCF data. This source

shows an increase in the Gini coefficient over the period 1983 to 1989, from 0.76 to 0.78, followed by a decline to 0.77 in 1992. The 1992 level of inequality is greater than the 1983 level.

The SIPP data show the proportion of households in the top three wealth classes (\$100,000 and above) rising steadily over time, whereas the SCF data indicate a sharp increase in this proportion between 1983 and 1989 and then little change between 1989 and 1992. Moreover, according to the SIPP data, the share of wealth owned by the top three wealth classes increased between 1984 and 1991 and then remained relatively unchanged in 1993. The SCF data show a similar pattern, with a large jump in this share over the 1983-89 period and virtually no change between 1989 and 1992. On the basis of the SIPP data, the percentage of households with zero or negative net worth rose slightly between 1984 and 1991 (from 11.0 to 12.6) and then declined slightly in 1993 (to 11.5). Calculations from the SCF indicate a very sharp increase in the proportion of these households between 1983 and 1989 (from 7.7 to 11.2 percent) followed by a decline to 9.9 percent.

Table 3 shows comparisons of the size distribution of wealth by quintile and upper percentiles between the PSID and the SCF. The overall Gini coefficients, calculated from the seven intervals shown in the table, reveal somewhat different trends. The PSID data show a very small increase in overall wealth inequality between 1984 and 1989, from 0.739 to 0.742, followed by a moderate decline in 1994, to a value of 0.732. The SCF calculations show a sharp rise in inequality from 1983 to 1989 (0.757 to 0.787) followed by a modest decline in 1992 (to 0.780). However, while the PSID data indicate that wealth inequality was lower in 1994 than in 1984, the SCF shows a higher level of inequality in 1992 compared to 1983.

The time trends by percentile group are even more dissimilar between the two samples. According to the PSID data, the share of wealth owned by the top five percent of households declined continuously between 1984 and 1994, from 50 to 44 percent, while the share of the top ten percent remained constant between 1984 and 1989, at 62 percent, and then fell in 1994, to 59 percent. In contrast, from the SCF, the share of both the top five and the top ten percent rose between 1983 and 1989 (from 55 to 57 percent and from 67 to 69 percent, respectively) and then increased again in 1992 (to 59 and 70 percent, respectively). Moreover, the PSID data show that the share of wealth held by each of the middle three quintiles rose between 1984 and 1994 and that of the top quintile declined, while the SCF results indicate that the shares of the middle three quintiles declined between 1983 and 1992 and the share of the top quintile increased.

In sum, all three surveys show some kind of increase in wealth inequality between the mid-1980s and the late 1980s or early 1990s, (though the increase is much more extreme for the SCF than SIPP and larger for SIPP than the PSID) followed by a decline in the mid-1990s. However, the SIPP data show about the same level of inequality in the mid-1990s as in the mid-1980s, the SCF shows higher inequality in the 1990s, and the PSID shows a lower level of inequality in the later period. Moreover, the SCF shows a much larger increase of wealth shares in the top wealth classes than SIPP between the mid-1980s and the mid-1990s, and according to the SCF the shares of the top five, ten, and twenty percent increased over this period while the PSID data show declines.

C. Year-by-Year Comparisons of the Size Distribution of Wealth. In the next three tables, Tables 4 to 6, I confront the estimates of the size distribution of wealth derived from each of the three sources in each period. As will become apparent, estimates derived from the three surveys differ substantially with regard to mean net worth and the degree of wealth concentration.

Table 4 compares estimates for 1983-84. The SIPP data report a much higher percentage of families with negative or zero net worth in 1984 and a much smaller percentage of families with net worth in the top wealth class compared to the 1983 SCF. Indeed, the share of households in the top group is more than double in the SCF than the SIPP and almost 80 percent higher in the SCF when it is restricted to the base cross-section sample alone (SCF-CS). Median wealth computed from the 1983 SCF is somewhat higher than the SIPP estimate (a difference of 9 to 17 percent, depending on the SCF version). However, mean wealth is considerably high in the SCF than in the SIPP data -- 63 percent higher on the basis of the original entries in the SCF (SCF-O), 71 percent on the basis of my adjusted asset and liability figures in the SCF (SCF-A), and 32 percent higher in the cross-section component of the SCF (SCF-CS).

The mean value of the open-ended wealth interval is also considerably higher in the full SCF samples (1.7 million) compared to the SIPP (1.1 million) and somewhat higher in SCF-CS (1.2 million). The corresponding estimates of overall inequality, based on a Gini coefficient computed from the nine wealth intervals, is, not surprisingly, higher in the two full SCF samples (0.76 and 0.77) than in SIPP (0.69) and also somewhat higher in SCF-CS (0.72). It seems apparent that both the addition of a high-income supplement to the sampling frame in the SCF and the more detailed asset and liability questions in the SCF than in the SIPP contribute to the higher estimates of mean net worth and overall inequality.

The last three columns of Table 3 show the corresponding estimates made by Curtin, Juster, and Morgan. Fortunately, they line up very closely with my own estimates for the SIPP and the SCF data. Estimates made by Curtin, Juster, and Morgan from the 1984 PSID are also shown. Though median wealth computed in the PSID is somewhat lower than the corresponding SIPP figure, estimates of mean wealth, the mean value of the open-ended wealth class, and overall inequality are higher in the PSID than the SIPP data and line up rather closely with my own estimates derived from SCF-CS sample.

Table 5 shows a similar set of comparisons between SIPP and the SCF for 1988-89 and 1992. As will be apparent, the deviation between the SCF and the SIPP data has grown over time. The percentage of households in the top wealth class is again more than double in the 1989 SCF on the basis of the both the original asset and liability information (SCF-O) and my adjusted values (SCF-A) than in the 1988 SIPP. Mean wealth estimated from both the 1989 SCF-O and the SCF-A samples is now double that of the corresponding estimate from the 1989 SIPP data. Even median wealth is considerably higher in the SCF sample than the SIPP (32 percent greater on the basis of SCF-O and 42 percent greater on the basis of SCF-A). The mean wealth of the highest wealth class derived from the SCF is now double that reported in the SIPP data. Moreover, the difference in Gini coefficients calculated from the SCF and SIPP data has grown from about 0.075 in 1983/84 to 0.09 in 1989.

Results for 1992 are very similar to those for 1989. The various estimates of median net worth derived from the 1992 SCF are about 30 percent greater than the median reported in the 1992 SIPP, mean wealth is about double, and the mean value of the open-ended wealth class also about double. The Gini coefficient estimated from the SCF data ranges from 0.76 to 0.78, compared to a value of 0.70 computed from the SIPP data.

Table 6 compares the size distribution of wealth derived from the SCF and the PSID data files by quintile. The mean values of net worth by quintile derived from the 1984 PSID and the 1983 SCF match up very closely for the bottom four quintiles. However, for the top quintile, the top ten percent, and the top five percent, the mean values computed from the two full-sample SCF files (SCF-O and SCF-A) are 40-50 percent higher than the corresponding values from the PSID. In contrast, mean values by quantile match up almost exactly between the PSID data and the 1983 SCF-CS sample (the cross-section data only). The Gini coefficient calculated from these seven

intervals is about 0.02 higher in the 1983 SCF-O and SCF-A samples than the PSID but actually 0.02 points higher in the PSID than the SCF-CS sample.

Differences between the two data sources are more marked in the 1989 data. Mean values of net worth are again close for the bottom four quintiles, but in this case differ by 49-58 percent for the top quintile, by 58-69 percent for the top ten percent, and by 72-83 percent for the top five percent. Mean net worth is 45 percent greater in the 1989 SCF-O file than the 1989 PSID and 55 percent greater in the SCF-A file, and the difference in Gini coefficients between the SCF and the PSID has now grown to 0.045 points.

The 1992/94 match between the PSID and the SCF is even worse than the 1989 comparison. Mean values for the bottom four quintiles are again close but the mean value of the top quintile is about 64 percent higher in the SCF data on the basis of my adjusted weights than the PSID file, about 80 percent higher for the top ten percent, and about 99 percent higher for the top five percent (the mean values are somewhat closer between the PSID data and the 1992 SCF-OW -- the SCF data using the original weights). Median wealth is somewhat lower in the PSID data but mean wealth is 52 percent greater in the SCF data (on the basis of my adjusted weights). The difference in Gini coefficients calculated from the PSID and the SCF datasets has grown slightly to 0.048 points.

I.4. Comparison of Ownership Rates and Means by Asset Type

In order to obtain more information on the source of the deviation in results between the SCF and the other two datasets, I next investigate differences among the three sources by asset type. Table 7 shows the first set of comparisons -- between the PSID and the SCF data. The percent of households reporting ownership of the various assets listed in Table 7 generally line up closely between the PSID and SCF data. The exceptions are liquid assets, for which the SCF figures are about 8-10 percentage points higher, and stock ownership, for which the PSID figures are higher. However, the latter may be due to definitional differences between the two data sources (in particular, to the fact that the PSID categorizes stocks held in IRAs and other pension funds in the stocks and mutual funds category). The SCF also reports a larger percentage of households holding "other assets" than the PSID, though, here too, definitional differences and also the greater coverage of a wide assortment of assets in the SCF questionnaires may be largely responsible. The SCF figures also show a higher percentage of households holding non-mortgage debt in each of the

three years than the PSID, a result that may also be attributable to the more extensive coverage of household liabilities in the SCF questionnaire than in the PSID.

A comparison of mean values of assets for asset owners only is shown in Panel B of Table 7. As noted above, average net worth calculated from the SCF data is higher than the corresponding PSID figure -- about 40 percent higher in 1983/4 and 50 percent higher in 1989 and 1992/4. However, mean values line up very closely between the two surveys for own home and vehicles. Average holdings of liquid assets are found to be higher in the SCF data -- the exact difference depends on the treatment of pension assets in the PSID. The ratio in net equity in other real estate between the SCF and the PSID is 1.7 in 1983/4 but about 1.0 in the other two years. Mean net equity in unincorporated business is 50 percent higher in the SCF data in 1983/4 and double that of the PSID in the two later years.

The ratio of corporate stock holdings declines from 2.4 in 1983/4 to 1.6 in 1989 and then to almost unity in 1992/4. This trend for 1989 to 1992/4 is particularly surprising. The SCF data, for example, show that the average value of corporate stock among stock owners rose by 16 percent in nominal terms between 1989 and 1992, while the Standard and Poor 500 index increased by 29 percent -- an potential fluke in the SCF data. On the other hand, the PSID data show that average stock holdings among holders actually doubled between 1989 and 1994, while the Standard and Poor 500 index went up by 43 percent -- also a questionable result. Both results deserve a closer look.

Table 8 shows similar comparisons between the SIPP and SCF data. The patterns are similar. The SCF and SIPP data are quite close with regard to the percentage of households owning for own homes, motor vehicles, and liquid assets held at financial institutions. Figures for ownership rates of non-home real estate (rental property and other real estate equity in the SIPP), own business or profession, and stocks and mutual funds are also remarkably similar. The SCF data show almost the same rate of ownership of other interest-earnings assets (corporate bonds and the like) in 1983/84 but much higher rates for 1988/89 and 1992. Interestingly, the SIPP data indicate that almost twice as many households held IRAs or other pension accounts in 1984 than the corresponding SCF data, about the same ownership rate in 1988/89 and a much lower ownership rate in 1992 than the SCF.

Overall net worth reported in the SCF data was about twice as great as that recorded in the SIPP data (see Panel B). The two sources, however, are very close for mean values of own homes,

vehicles and U.S. savings bonds. The major differences appear to occur for interest-bearing assets (both time and savings accounts and bonds and other securities), IRA and Keogh accounts, non-home real estate, and, especially, the net equity in unincorporated businesses and stocks and mutual funds, where the SCF asset values are double or more than double the corresponding SIPP values.

Table 9 shows comparative values of mean net worth derived from the SIPP and SCF data for selected demographic groups. The pattern is quite striking. The SIPP figures are closer to the corresponding SCF figures the poorer the group. This pattern is clearest when wealth figures are compared by family income quintiles. The SIPP and SCF mean values are almost identical for the bottom two income quintiles. For the third and fourth, the SCF averages are about 30 percent greater than the SIPP data indicate, and for the top income quintile, the estimated mean wealth in the 1992 SCF data is 3.4 times as great as in the SIPP data.

The same relationships hold by education group, where the SIPP and SCF mean net worth values are almost identical for households with less than 12 years of schooling, the SCF values are 30-40 percent greater for high school graduates, 60-90 percent greater for those with one to three years of college, and 2.5 times as great for college graduates than the corresponding SIPP data. Likewise, the deviation between the SCF and SIPP mean net worth figures increases with the age of the household almost monotonically until the peak wealth age group (65-69 years in 1983 and 55-64 years in 1992) and then declines.

I.5. Concluding Remarks

If we use the SCF as the benchmark for estimates of the size distribution of household wealth, the main finding is that both SIPP and the PSID did a better job in matching up with the SCF estimates in the mid-1980s than in the late 1980s or the early to mid-1990s. Both SIPP and the PSID were more successful in capturing the relatively big wealth holders in 1984 than in 1988 or in 1992/94.

A second major finding is that both the difference in sampling frame between the SCF and the other two data sources -- in particular, the addition of a high income supplement in the SCF -- and the more detailed questionnaire used in the SCF than the other two contributed to the higher estimates of mean wealth and overall wealth inequality. This is apparent from the 1983/84 comparisons, where the SCF-CS estimates lie almost exactly in between the SIPP estimates and the

figures derived from the full SCF sample. However, the 1984 PSID estimates line up more closely with the 1983 SCF-CS than do the calculations from the 1984 SIPP.

As a consequence, time trends derived from the three sources are radically dissimilar. The SIPP data show both median and mean net worth in real terms declining continuously between 1984 and 1993; the PSID indicates that median wealth remained almost constant between 1984 and 1989 and then increased in 1994, while mean wealth increased in the 1980s but declined in the 1990s; and the SCF data (both the original data and my adjusted data) show both median and mean wealth rising from 1983 to 1989 and then falling in 1992.

The inequality patterns also differ. On the basis of the SIPP data, inequality, as measured by the Gini coefficient, was the same in 1988 as in 1984, rose in 1991, and then fell in 1993 to the same level as in 1984. According to the PSID, wealth inequality rose slightly between 1984 and 1989 and then fell in 1994, to a level below that in 1984. On the basis of the SCF data (my adjusted version), inequality increased between 1983 and 1989 and then declined in 1992, though its level was higher than in 1983. It is quite striking that each of these three data sources gives a very different story of wealth changes between the mid-1980s and mid-1990s.

The comparisons made in the last three tables in this paper provide some indications for why the SIPP and PSID wealth data seem to have steadily deteriorated since the early 1980s (relative to the SCF). The SIPP and the PSID data do a very good job in capturing the major forms of wealth held by the middle class -- particularly, own home, vehicles, savings bonds, some forms of liquid assets and pension accounts (such as IRAs). The shortfall occurs for investment type assets, such as unincorporated business equity, stocks and mutual funds, corporate bonds and other securities, and non-home real estate, and these are held mainly by the rich. Moreover, a comparison of the SIPP and SCF data by demographic group reveals that the SIPP data do a reasonable job of capturing the wealth of the bottom four income quintiles but grossly underestimate the wealth of the top quintile. Moreover, the relative shortfalls of the SIPP and the PSID both by asset type and, in the case of SIPP, by demographic group have not altered very much over time. Rather, the worsening performance of these two datasets over time appears due to the fact that almost all the growth of wealth between the mid-1980s and mid-1990s has accrued to the rich and has taken the form of investment-type assets held by the rich.

There are two provisos to these overall conclusions. First, the years do not match up exactly between the SCF data and the SIPP and PSID results. Thus, part of the difference in results may be

due to changes in the size distribution of wealth between years (in particular, between 1983 and 1984, between 1988 and 1989, and between 1992 and 1994). However, on the basis of past analysis, it seems unlikely that the size distribution of wealth can change sharply enough over such short periods to account for the total or even a significant part of the difference in results on both the overall inequality of wealth and median and mean net worth between data sources.

Second, it is possible that the definition of household wealth may differ somewhat among the three data sources. According to the list of assets and liabilities included with the three sources, there do not appear to be any glaring differences. However, it still may be the case that certain assets, such as trust funds; IRAs, Keoghs, 401(k), and other defined contribution pensions plans; loans from the family to the family business and vice versa; and the valuation of antiques, art, and other collectibles may be handled differently in the three datasets.

On a policy note, if the SCF data can be taken as a reliable benchmark, then I would urge both the U.S. Bureau of the Census and the Survey Research Center to analyze more carefully their sampling frame and the accuracy of their responses in order to understand why the quality of their wealth data appears to have deteriorated over time. With regard to the latter, this may take the form of direct interviews with a subsample of respondents in conjunction with detailed record checking on the part of the interviewer.

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**Table 1. Summary Statistics on Median and Mean Net Worth,
From the SIPP, PSID, and SCF, 1983-94**
(all figures are in 1993 dollars)

| Source and Year | Median Net Worth | Mean Net Worth | Number of Households (1,000s) |
|--|------------------------|----------------------|-------------------------------------|
| <u>A. SIPP^a</u> | | | |
| 1984 | 45,432 | 109,500 | 86,790 |
| 1988 | 43,670 | 112,396 | 91,554 |
| 1991 | 40,846 | 107,885 | 94,692 |
| 1993 | 37,587 | 99,772 | 96,468 |
| Growth rate, 1984-1993 [percent per year] | -2.11 | -1.03 | 1.17 |
| <u>B. PSID^b</u> | | | |
| 1984 | 42,333 | 133,262 | |
| 1989 | 42,882 | 145,650 | |
| 1994 | 45,836 | 143,010 | |
| Growth rate, 1984-1994 [percent per year] | 0.80 | 0.71 | |
| <u>C. SCF: Original Entries^c</u> | | | |
| 1983 | 51,780 | 185,668 | |
| 1989 | 55,125 | 211,462 | |
| 1992-Adjusted Weights | 50,600 | 216,952 | |
| Growth rate, 1983-1992 [percent per year] | -0.26 | 1.73 | |
| <u>Addendum:</u> | | | |
| 1983-CS | 51,872 | 150,299 | |
| 1992-Original Weights | 51,582 | 191,942 | |
| <u>D. SCF: My Adjustments^d</u> | | | |
| 1983 | 55,287 | 195,624 | 83,893 |
| 1989 | 59,129 | 225,332 | 93,010 |
| 1992-Adjusted Weights | 52,419 | 218,849 | 95,463 |
| Growth rate, 1983-1992 [percent per year] | -0.59 | 1.25 | 1.44 |

a. Sources: 1984 - U.S. Bureau of the Census (1986), Tables 1 and 3; 1988 - U.S. Bureau of the Census (1990), Tables 1 and 3; 1991 - "Asset Ownership of Households: 1993", P70-47, on the Internet, Tables 4a and 5a; and 1993 - "Asset Ownership of Households: 1993", P70-47, on the Internet, Tables 4 and 5

b. Source: Hurst, Luoh, and Stafford (1998), p. 277.

c. Own computations from the 1983, 1989, and 1992 SCF. Net worth includes vehicles. The 1992 figures are based on my adjusted weights. See Wolff (1996) for details. 1983-CS refers to the cross-sectional sample only (that is, the full sample excluding the high-income supplement).

d. Own computations from the 1983, 1989, and 1992 SCF. Net worth includes vehicles. Asset and liability entries are fully aligned to national balance sheet totals. The 1992 figures are based on my adjusted weights. See Wolff (1987), Wolff (1994), and Wolff (1996) for details.

Table 2. Trends in the Size Distribution of Household Wealth: Comparison of the SIPP, 1984-1993, and the SCF, 1983-1992
(figures are in current dollars)

| A. SIPP Data^a | 1984 | | 1988 | | 1991^b | | 1993 | |
|-------------------------------------|--------------|------------------|--------------|------------------|-------------------------|------------------|--------------|-----------------|
| | Size Dist. | Size Dist. | Size Dist. | Size Dist. | Size Dist. | Size Dist. | Size Dist. | Size Dist. |
| Wealth Class (Current \$) | House-holds | Net Worth | House-holds | Net Worth | House-holds | Net Worth | House-holds | Net Worth |
| Negative or zero | 11.0 | -0.5 | 11.1 | -0.6 | 12.6 | -1.1 | 11.5 | -0.8 |
| \$1 to \$4,999 | 15.3 | 0.4 | 15.1 | 0.3 | 14.2 | 0.3 | 13.7 | 0.3 |
| \$5,000 to \$9,999 | 6.4 | 0.6 | 6.2 | 0.5 | 6.5 | 0.5 | 6.3 | 0.4 |
| \$10,000 to \$24,999 | 12.4 | 2.6 | 11.5 | 2.1 | 11.2 | 1.9 | 10.8 | 1.8 |
| \$25,000 to \$49,999 | 14.5 | 6.7 | 13.0 | 5.2 | 12.2 | 4.5 | 12.2 | 4.4 |
| \$50,000 to \$99,999 | 19.3 | 17.5 | 16.7 | 13.1 | 15.1 | 11.0 | 16.5 | 11.7 |
| \$100,000 to \$249,999 | 15.3 | 29.6 | 17.5 | 30.1 | 17.6 | 27.7 | 18.5 | 28.6 |
| \$250,000 to \$499,999 | 4.0 | 17.2 | 6.0 | 22.2 | 7.0 | 24.2 | 6.9 | 23.1 |
| \$500,000 and over | 1.9 | 25.9 | 2.8 | 27.1 | 3.5 | 31.1 | 3.6 | 30.5 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Overall Mean Net Worth | | \$78,734 | | \$92,017 | | \$107,885 | | \$99,772 |
| Gini Coefficient^c | | 0.691 | | 0.691 | | 0.711 | | 0.693 |
| B. SCF Data^d | 1983 | | 1989 | | 1992 | | | |
| Wealth Class (Current \$) | House-holds | Net Worth | House-holds | Net Worth | House-holds | Net Worth | | |
| Negative or zero | 7.7 | -0.1 | 11.2 | -1.2 | 9.9 | -0.3 | | |
| \$1 to \$4,999 | 15.7 | 0.2 | 12.3 | 0.1 | 11.6 | 0.1 | | |
| \$5,000 to \$9,999 | 6.1 | 0.3 | 4.8 | 0.2 | 5.5 | 0.2 | | |
| \$10,000 to \$24,999 | 12.2 | 1.5 | 10.1 | 0.9 | 10.5 | 0.8 | | |
| \$25,000 to \$49,999 | 14.6 | 4.0 | 11.2 | 2.2 | 12.0 | 2.1 | | |
| \$50,000 to \$99,999 | 17.7 | 9.4 | 15.5 | 5.9 | 15.0 | 5.1 | | |
| \$100,000 to \$249,999 | 16.3 | 18.7 | 20.3 | 16.6 | 20.7 | 15.4 | | |
| \$250,000 to \$499,999 | 5.5 | 14.4 | 8.2 | 14.8 | 7.5 | 12.2 | | |
| \$500,000 and over | 4.2 | 51.5 | 6.3 | 60.6 | 7.3 | 64.2 | | |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | | |
| Overall Mean Net Worth | | \$134,839 | | \$193,365 | | \$212,488 | | |
| Gini Coefficient^c | | 0.760 | | 0.781 | | 0.770 | | |

a. Sources: 1984 - U.S. Bureau of the Census (1986), Tables 1 and 3; 1988 - U.S. Bureau of the Census (1990), Tables 1 and 3; 1991 - "Asset Ownership of Households: 1993", P70-47, on the Internet, Tables 4a and 5a; and 1993 - "Asset Ownership of Households: 1993", P70-47, on the Internet, Tables 4 and 5

b. 1991 size distribution categories are based on 1993 dollars.

c. Calculation based on nine intervals.

d. Own computations from the 1983, 1989, and 1992 SCF. Asset and liability entries are fully aligned to national balance sheet totals. Net worth includes vehicles. See Wolff (1987), Wolff (1994), and Wolff (1996) for details.

**Table 3. Shares of Total Household Wealth Held by Quintiles:
Comparison of the PSID, 1984-94, and the SCF, 1983-92**
(figures are in percent, except for the Gini coefficients)

| Quintile or Percentile | PSID ^a | | | SCF ^b | | |
|---|-------------------|-------|-------|------------------|-------|-------|
| | 1984 | 1989 | 1994 | 1983 | 1989 | 1992 |
| Bottom Quintile | -0.4 | -0.6 | -0.9 | 0.0 | -1.2 | -0.2 |
| Second Quintile | 1.6 | 1.5 | 1.7 | 1.7 | 1.4 | 1.4 |
| Middle Quintile | 6.4 | 6.0 | 6.6 | 5.7 | 5.4 | 4.9 |
| Fourth Quintile | 15.5 | 15.8 | 16.5 | 13.0 | 12.8 | 11.9 |
| Top Quintile | 76.8 | 77.4 | 76.1 | 79.6 | 81.6 | 82.0 |
| Top 10 Percent | 61.9 | 61.1 | 59.1 | 66.5 | 68.7 | 69.9 |
| Top 5 Percent | 49.5 | 47.0 | 44.5 | 54.5 | 57.2 | 58.2 |
| Gini Coefficient Based on Seven Intervals | 0.739 | 0.742 | 0.732 | 0.757 | 0.787 | 0.780 |

a. Source: Hurst, Luoh, and Stafford (1998), p. 277. Calculations include net equity in the principal residence.

b. Own computations from the 1983, 1989, and 1992 SCF. Asset and liability entries are fully aligned to national balance sheet totals. Net worth includes vehicles. See Wolff (1987), Wolff (1994), and Wolff (1996) for details.

**Table 4. Comparisons of the Size Distribution of Household Wealth, Mid-1980s:
SIPP-1984, SCF-1983, and PSID-1984**

| Wealth Class (Current \$) | SIPP ^a | SCF-O ^b | SCF-A ^c | SCF-CS ^d | CJM Estimates ^e | | |
|--|-------------------|--------------------|--------------------|---------------------|----------------------------|-------|------|
| | | | | | SIPP | PSID | SCF |
| Percent of Households By Wealth Class | | | | | | | |
| Negative or zero | 11.0 | 7.7 | 7.7 | 7.6 | 10.9 | 10.3 | 8.0 |
| \$1 to \$4,999 | 15.3 | 16.7 | 15.7 | 16.6 | 15.1 | 13.0 | 17.0 |
| \$5,000 to \$9,999 | 6.4 | 6.2 | 6.1 | 6.3 | 6.4 | 7.1 | 6.1 |
| \$10,000 to \$24,999 | 12.4 | 12.4 | 12.2 | 12.4 | 12.3 | 11.5 | 12.3 |
| \$25,000 to \$49,999 | 14.5 | 15.4 | 14.6 | 15.4 | 14.6 | 14.7 | 15.3 |
| \$50,000 to \$99,999 | 19.3 | 17.5 | 17.7 | 17.8 | 19.8 | 17.7 | 17.8 |
| \$100,000 to \$249,999 | 15.3 | 15.2 | 16.3 | 15.1 | 16.1 | 17.8 | 14.6 |
| \$250,000 to \$499,999 | 4.0 | 5.1 | 5.5 | 5.3 | 3.5 | 5.7 | 5.0 |
| \$500,000 and over | 1.9 | 3.9 | 4.2 | 3.4 | 1.3 | 2.2 | 3.8 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | | | |
| Addendum: | | | | | | | |
| Median Net Worth (1,000s) | 32.7 | 35.7 | 38.1 | 35.8 | | 30.4 | |
| Mean Net Worth (1,000s) | 78.7 | 128 | 134.8 | 103.6 | | 95.8 | |
| Mean of Highest Wealth Class (1,000,000s) | 1.07 | 1.71 | 1.66 | 1.22 | | 1.31 | |
| Gini Coefficient Based on Nine Intervals | 0.691 | 0.767 | 0.760 | 0.724 | | 0.700 | |

a. Source: U.S. Bureau of the Census (1986).

b. Own computations from the 1983 SCF. These calculations are based on the original, unadjusted asset and liability figures in the SCF. Net worth includes vehicles.

c. Own computations from the 1983 SCF. Asset and liability entries are fully aligned to national balance sheet totals. Net worth includes vehicles.

d. Own computations from the 1983 SCF. 1983-CS refers to the cross-sectional sample only (that is, the full sample excluding the high-income supplement). These calculations are based on the original, unadjusted asset and liability figures in the SCF. Net worth includes vehicles.

e. Source: Curtin, Juster, and Morgan (1989), p. 487, p. 492. Mean and median net worth for the PSID are from Hurst, Luoh, and Stafford (1998), p. 277. The Gini coefficient is based on my own calculations.

Table 5. Comparisons of the Size Distribution of Household Wealth, Late 1980s and Early 1990s: SIPP-1988 and SCF-1989 and SIPP-1992 and SCF-1992

| Wealth Class (Current \$) | 1988-1989 | | | 1992 | | | SCF-OW ^g |
|--|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|---------------------|
| | SIPP ^a | SCF-O ^b | SCF-A ^c | SIPP ^d | SCF-O ^e | SCF-A ^f | |
| Percent of Households By Wealth Class | | | | | | | |
| Negative or zero | 11.1 | 11.4 | 11.2 | 12.1 | 10.2 | 9.9 | 10.3 |
| \$1 to \$4,999 | 15.1 | 12.5 | 12.3 | 14.0 | 11.7 | 11.6 | 11.7 |
| \$5,000 to \$9,999 | 6.2 | 5.0 | 4.8 | 6.4 | 5.5 | 5.5 | 5.5 |
| \$10,000 to \$24,999 | 11.5 | 10.2 | 10.1 | 11.0 | 10.8 | 10.5 | 10.8 |
| \$25,000 to \$49,999 | 13.0 | 11.6 | 11.2 | 12.2 | 12.1 | 12.0 | 12.1 |
| \$50,000 to \$99,999 | 16.7 | 16.0 | 15.5 | 15.8 | 15.4 | 15.0 | 15.5 |
| \$100,000 to \$249,999 | 17.5 | 19.8 | 20.3 | 18.1 | 20.1 | 20.7 | 20.2 |
| \$250,000 to \$499,999 | 6.0 | 7.6 | 8.2 | 7.0 | 7.3 | 7.5 | 7.3 |
| \$500,000 and over | 2.8 | 5.9 | 6.3 | 3.6 | 6.9 | 7.3 | 6.6 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Addendum: | | | | | | | |
| Median Net Worth (1,000s) | 35.8 | 47.3 | 50.7 | 38.0 | 49.1 | 50.9 | 48.5 |
| Mean Net Worth (1,000s) | 92.0 | 181.5 | 193.4 | 103.8 | 210.7 | 212.5 | 184.8 |
| Mean of Highest Wealth Class (1,000,000s) | 0.89 | 1.81 | 1.85 | 0.90 | 1.95 | 1.88 | 1.67 |
| Gini Coefficient Based on Nine Intervals | 0.691 | 0.785 | 0.781 | 0.702 | 0.777 | 0.770 | 0.759 |

a. Source: U.S. Bureau of the Census (1990).

b. Own computations from the 1989 SCF. These calculations are based on the original, unadjusted asset and liability figures in the SCF. Net worth includes vehicles.

c. Own computations from the 1989 SCF. Asset and liability entries are fully aligned to national balance sheet totals. Net worth includes vehicles.

d. Average of figures from the 1991 and 1993 SIPP. Source: internet.

e. Own computations from the 1992 SCF. These calculations are based on the original, unadjusted asset and liability figures in the SCF but use my adjusted weights. Net worth includes vehicles.

f. Own computations from the 1992 SCF. Asset and liability entries are fully aligned to national balance sheet totals and use my adjusted weights. Net worth includes vehicles.

g. Own computations from the 1992 SCF. These calculations are based on the original, unadjusted asset and liability figures in the SCF and use the original weights. Net worth includes vehicles.

Table 6. Comparisons of the Size Distribution of Household Wealth by Quintile, 1983-1994: The PSID and the SCF

| Quintile or Percentile | 1983 or 1984 (1983\$) | | | | 1989 | | |
|--|-----------------------|--------------------|--------------------|---------------------|-------------------|--------------------|--------------------|
| | PSID ^a | SCF-O ^b | SCF-A ^c | SCF-CS ^d | PSID ^a | SCF-O ^e | SCF-A ^f |
| Mean Values by Group | | | | | | | |
| Bottom Quintile | -2.2 | 0.1 | 0.0 | 0.1 | -3.8 | -11.5 | -11.3 |
| Second Quintile | 8.1 | 10.0 | 11.1 | 10.2 | 9.6 | 12.2 | 13.1 |
| Middle Quintile | 31.8 | 36.0 | 38.6 | 36.1 | 38.3 | 49.4 | 51.9 |
| Fourth Quintile | 76.4 | 81.0 | 87.6 | 80.4 | 101.7 | 116.8 | 124.1 |
| Top Quintile | 379.2 | 512.7 | 536.9 | 391.3 | 497.9 | 740.5 | 789.0 |
| Top 10 Percent | 611.1 | 864.9 | 896.5 | 625.5 | 787.0 | 1,247.0 | 1,327.4 |
| Top 5 Percent | 976.2 | 1,433.8 | 1,468.4 | 966.8 | 1,210.1 | 2,083.9 | 2,210.5 |
| Median Wealth (1000s) | 30.4 | 35.7 | 38.1 | 35.8 | 36.8 | 47.3 | 50.7 |
| Mean Wealth (1000s) | 95.8 | 128.0 | 134.8 | 103.6 | 125.0 | 181.5 | 193.4 |
| Gini Coefficient Based on Seven Intervals | 0.739 | 0.763 | 0.757 | 0.720 | 0.742 | 0.788 | 0.787 |
| | 1994 or 1992 (1992\$) | | | | | | |
| | PSID ^a | SCF-O ^g | SCF-A ^h | SCF-OW ⁱ | | | |
| Mean Values by Group | | | | | | | |
| Bottom Quintile | -6.0 | -2.1 | -2.0 | -2.1 | | | |
| Second Quintile | 11.7 | 13.9 | 14.7 | 13.7 | | | |
| Middle Quintile | 46.0 | 50.4 | 52.3 | 49.9 | | | |
| Fourth Quintile | 114.9 | 122.8 | 126.9 | 121.0 | | | |
| Top Quintile | 530.6 | 868.2 | 870.7 | 741.5 | | | |
| Top 10 Percent | 823.6 | 1,488.8 | 1,484.9 | 1,242.7 | | | |
| Top 5 Percent | 1,240.1 | 2,497.8 | 2,474.6 | 2,028.3 | | | |
| Median Wealth (1,000s) | 44.5 | 49.1 | 50.9 | 48.5 | | | |
| Mean Wealth (1,000s) | 138.9 | 210.6 | 212.5 | 184.8 | | | |
| Gini Coefficient Based on Seven Intervals | 0.732 | 0.785 | 0.780 | 0.766 | | | |

a. Source: Hurst, Luoh, and Stafford (1998), p. 277. Calculations include net equity in the principal residence.

b. Own computations from the 1983 SCF. These calculations are based on the original, unadjusted asset and liability figures in the SCF. Net worth includes vehicles.

c. Own computations from the 1983 SCF. Asset and liability entries are fully aligned to national balance sheet totals. Net worth includes vehicles.

d. Own computations from the 1983 SCF. 1983-CS refers to the cross-sectional sample only (that is, the full sample excluding the high-income supplement). These calculations are based on the original, unadjusted asset and liability figures in the SCF. Net worth includes vehicles.

e. Own computations from the 1989 SCF. These calculations are based on the original, unadjusted asset and liability figures in the SCF. Net worth includes vehicles.

f. Own computations from the 1989 SCF. Asset and liability entries are fully aligned to national balance sheet totals. Net worth includes vehicles.

g. Own computations from the 1992 SCF. These calculations are based on the original, unadjusted asset and liability figures in the SCF but use my adjusted weights. Net worth includes vehicles.

h. Own computations from the 1992 SCF. Asset and liability entries are fully aligned to national balance sheet totals and use my adjusted weights. Net worth includes vehicles.

i. Own computations from the 1992 SCF. These calculations are based on the original, unadjusted asset and liability figures in the SCF and use the original weights. Net worth includes vehicles.

Table 7. Comparison of Percent Holding and Mean Holdings by Asset and Liability Type, 1983-1994: PSID and SCF

| Asset or Liability | 1984 PSID (1983\$) | 1983 SCF (1983\$) | Ratio SCF/ PSID | 1989 PSID (1989\$) | 1989 SCF (1989\$) | Ratio SCF/ PSID | 1994 PSID (1992\$) | 1992 SCF (1992\$) | Ratio SCF/ PSID |
|---|--------------------------|-------------------------|-----------------------|--------------------------|-------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| A. Percent of Households Owning Item | | | | | | | | | |
| Principal residence | 60.1 | 63.4 | | 60.9 | 62.8 | | 63.5 | 64.1 | |
| Vehicles | 83.2 | 84.4 | | 83.1 | 83.7 | | 85.4 | 86.3 | |
| Liquid assets ^a | 80.8 | 88.1 | | 81.2 | 86.1 | | 77.8 | 87.8 | |
| Liquid assets ^b | | 88.3 | | | 86.8 | | | 88.8 | |
| Other real estate | 20.1 | 18.9 | | 19.6 | 19.1 | | 17.7 | 19.6 | |
| Unincorporated business | 12.2 | 14.2 | | 13.4 | 11.1 | | 13.2 | 12.1 | |
| Stocks & mutual funds ^c | 24.8 | 20.7 | | 27.9 | 19.8 | | 34.5 | 22.3 | |
| Other assets ^d | 23.4 | 45.6 | | 26.3 | 59.6 | | 24.5 | 52.8 | |
| Non-mortgage debt | 46.3 | 63.6 | | 50.2 | 64.5 | | 50.6 | 64.7 | |
| B. Mean Value, Holders Only (1,000s) | | | | | | | | | |
| Net Worth | 95.8 | 134.8 | 1.4 | 125.0 | 193.4 | 1.5 | 138.9 | 212.5 | 1.5 |
| Principal residence (net equity) | 46.1 | 56.2 | 1.2 | 67.3 | 74.8 | 1.1 | 65.5 | 75.8 | 1.2 |
| Vehicles ^e | 6.4 | 5.8 | 0.9 | 9.4 | 9.7 | 1.0 | 11.8 | 10.1 | 0.9 |
| Liquid assets ^a | 14.5 | 25.9 | 1.8 | 21.9 | 40.7 | 1.9 | 23.4 | 31.2 | 1.3 |
| Liquid assets ^b | | 28.4 | 2.0 | | 47.6 | 2.2 | | 51.3 | 2.2 |
| Other real estate (net equity) | 65.6 | 112.1 | 1.7 | 118.3 | 119.5 | 1.0 | 127.4 | 139.4 | 1.1 |
| Unincorporated business (net equity) | 130.2 | 198.7 | 1.5 | 171.8 | 335.9 | 2.0 | 155.8 | 352.4 | 2.3 |
| Stocks & mutual funds ^c | 27.5 | 65.4 | 2.4 | 46.5 | 75.9 | 1.6 | 77.6 | 88.2 | 1.1 |
| Other assets ^d | 67.5 | 33.8 | 0.5 | 22.4 | 46.8 | 2.1 | 36.3 | 56.7 | 1.6 |
| Non-mortgage debt | 3.8 | 14.3 | 3.8 | 5.8 | 9.5 | 1.6 | 11.3 | 9.6 | 0.9 |

Source for PSID: Hurst, Luoh, and Stafford (1998), p. 270. Sources for SCF: Own computations from the 1983, 1989, and 1992 SCF. Net worth includes vehicles. Asset and liability entries are fully aligned to national balance sheet totals. The 1992 figures are based on my adjusted weights.

a. For the PSID, this category includes checking accounts, savings accounts, money market funds, CDs, U.S. savings bonds, U.S. treasury bills, and IRAs. For the SCF, this category includes checking accounts, savings accounts, money market funds, CDs, and U.S. savings bonds.

b. For the SCF, this category includes checking accounts, savings accounts, money market funds, CDs, U.S. savings bonds, and IRAs, Keogh plans, 401(k) plans, and other pension accounts.

c. For the PSID, this includes stocks held in IRAs and Keogh plans; for the SCF, this excludes stocks held in IRAs.

d. For the PSID, this includes trusts and estates, bond funds, life insurance policies, and special collections. For the SCF, this includes trusts and estates, bond funds, life insurance cash surrender value, and special collections, as well as mortgages held from the sale of real estate, the amount due from sale of a business, and other financial investments.

e. Net value in PSID; gross value in SCF.

Table 8. Comparison of Percent Holding and Mean Holdings by Asset and Liability Type, 1983-1992: SIPP and SCF

| Asset or Liability | 1984 SIPP (1983\$) | 1983 SCF (1983\$) | Ratio SCF/ SIPP | 1988 SIPP (1989\$) | 1989 SCF (1989\$) | Ratio SCF/ SIPP | 1992 SIPP (1992\$) | 1992 SCF (1992\$) | Ratio SCF/ SIPP |
|--|--------------------------|-------------------------|-----------------------|--------------------------|-------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| A. Percent of Households Owning Item | | | | | | | | | |
| Own home | 64.3 | 63.4 | | 63.6 | 62.8 | | 64.5 | 64.1 | |
| Motor vehicles | 85.8 | 84.4 | | 86.3 | 83.7 | | 86.1 | 86.3 | |
| All interest-bearing assets | 72.4 | 79.2 | | 73.5 | 73.4 | | 72.7 | 70.4 | |
| Interest-earnings assets at financial institutions ^a | 71.8 | 78.8 | | 72.9 | 71.0 | | 72.2 | 68.9 | |
| Other interest-earning assets ^b | 8.5 | 7.7 | | 9.4 | 16.6 | | 8.8 | 14.2 | |
| Checking accounts ^c | 53.9 | 78.6 | | 48.3 | 80.8 | | 46.0 | 83.6 | |
| U.S. savings bonds | 15.0 | 20.4 | | 17.5 | 23.8 | | 18.3 | 22.3 | |
| IRA or Keogh accounts ^d | 19.5 | 10.9 | | 24.2 | 23.2 | | 23.0 | 38.2 | |
| Non-home real estate | -- | 18.9 | | -- | 19.1 | | -- | 19.6 | |
| Rental property equity | 9.8 | -- | | 9.0 | -- | | 8.7 | -- | |
| Other real estate equity | 10.0 | -- | | 10.5 | -- | | 10.0 | -- | |
| Own business or profession | 12.9 | 14.2 | | 12.5 | 11.1 | | 11.3 | 12.1 | |
| Stocks & mutual funds | 20.0 | 20.7 | | 21.8 | 19.8 | | 20.8 | 22.3 | |
| Other assets ^e | 3.5 | 14.2 | | 3.3 | 27.2 | | 2.7 | 20.7 | |
| Mortgages held from sale of property | 2.9 | | | 2.3 | | | | | |
| B. Mean Value, Holders Only (1,000s) | | | | | | | | | |
| Net Worth | 75.5 | 134.8 | 1.8 | 96.5 | 193.4 | 2.0 | 100.8 | 212.5 | 2.1 |
| Own home (net equity) | 48.5 | 56.2 | 1.2 | 65.2 | 74.8 | 1.1 | 67.5 | 75.8 | 1.1 |
| Motor vehicles ^f | 5.3 | 5.8 | 1.1 | 6.5 | 9.7 | 1.5 | 7.5 | 10.1 | 1.3 |
| All interest-bearing assets | 15.4 | 35.9 | 2.3 | 19.1 | 53.7 | 2.8 | 18.5 | 52.2 | 2.8 |
| Interest-earnings assets at financial institutions ^a | 15.2 | 27.7 | 1.8 | 18.7 | 46.1 | 2.5 | 18.0 | 35.9 | 2.0 |
| Other interest-earning assets ^b | 27.8 | 81.6 | 2.9 | 42.8 | 40.5 | 0.9 | 51.7 | 84.3 | 1.6 |
| Checking accounts ^c | 0.9 | 5.0 | 5.6 | 1.1 | 6.6 | 6.0 | 1.1 | 7.1 | 6.3 |
| U.S. savings bonds | 2.4 | 2.1 | 0.9 | 3.1 | 3.0 | 1.0 | 3.9 | 5.0 | 1.3 |
| IRA or Keogh accounts ^d | 8.5 | 20.1 | 2.4 | 16.8 | 27.3 | 1.6 | 26.0 | 45.9 | 1.8 |
| Non-home real estate | -- | 112.1 | | -- | 119.5 | | -- | 139.4 | |
| Rental property equity | 69.1 | -- | | 84.2 | -- | | 76.1 | -- | |
| Other real estate equity | 33.0 | -- | | 39.3 | -- | | 50.5 | -- | |
| Own business or profession (net equity) | 60.5 | 198.7 | 3.3 | 67.6 | 335.9 | 5.0 | 61.3 | 352.4 | 5.7 |
| Stocks & mutual funds | 25.8 | 65.4 | 2.5 | 28.7 | 75.9 | 2.6 | 37.3 | 88.2 | 2.4 |
| Other assets ^g | 53.5 | 41.7 | 0.8 | 43.3 | 64.0 | 1.5 | 56.3 | 65.1 | 1.2 |

Sources for SIPP: 1984 - U.S. Bureau of the Census (1986); 1989 - U.S. Bureau of the Census (1990); 1992 - average of figures from the 1991 and 1993 SIPP (source: internet). Sources for SCF: Own computations from the 1983, 1989, and 1992 SCF. Net worth includes vehicles. Asset and liability entries are fully aligned to national balance sheet totals. The 1992 figures are based on my adjusted weights.

a. For SIPP, this includes passbook savings accounts, money market deposit accounts, certificates of deposit,

and interest-earning checking accounts. For the SCF, this includes all savings accounts and time deposits, money market funds, certificates of deposit, and the cash surrender value of life insurance.

b. or SIPP, this includes money market funds, U.S. Government securities, municipal and corporate bonds, and other interest-earning assets. For the SCF, this includes U.S. Government securities, municipal and corporate bonds, and other interest-earning securities.

c. For SIPP, this includes only non-interest-bearing checking accounts; for SCF, this includes all checking accounts.

d. For the SCF, this also includes 401(k) plans and other individual pension accounts.

e. For SIPP, this includes amount due from sale of a business, unit trusts, other financial investments, and, in 1992, mortgages held from sale of real estate. For the SCF, this includes the amount due from sale of a business, trusts and estates, special collections, mortgages held from the sale of real estate, and other financial investments.

f. Net value in SIPP; gross value in SCF.

g. For SIPP, this includes amount due from sale of a business, unit trusts, other financial investments, and, mortgages held from sale of real estate in all three years. For the SCF, this includes the amount due from sale of a business, trusts and estates, special collections, mortgages held from the sale of real estate, and other financial investments.

**Table 9. Comparison of Mean Net Worth by Demographic Characteristics:
1983-1992: SIPP and SCF**
(figures are in thousands of dollars)

| Demographic Characteristic | 1984 SIPP (1983\$) | 1983 SCF (1983\$) | Ratio SCF/ SIPP | 1992 SIPP (1992\$) | 1992 SCF (1992\$) | Ratio SCF/ SIPP |
|---|--------------------------|-------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| All Households | 75.5 | 134.8 | 1.8 | 100.8 | 212.5 | 2.1 |
| <u>Race and Hispanic Origin of Householder</u> | | | | | | |
| White | 82.8 | 157.0 | 1.9 | 110.4 | 254.5 | 2.3 |
| Black | 19.4 | 31.8 | 1.6 | 28.1 | 50.2 | 1.8 |
| Hispanic origin ^a | 34.5 | 28.0 | 0.8 | 40.2 | 59.3 | 1.5 |
| <u>Age of Householder</u> | | | | | | |
| Less than 35 years | 21.8 | 31.3 | 1.4 | 27.0 | 47.4 | 1.8 |
| 35 to 44 years | 66.6 | 97.6 | 1.5 | 77.2 | 153.9 | 2.0 |
| 45 to 54 years | 110.5 | 204.8 | 1.9 | 125.9 | 299.1 | 2.4 |
| 55 to 64 years | 125.1 | 222.5 | 1.8 | 164.3 | 381.3 | 2.3 |
| 65 years and over | 100.5 | 211.8 | 2.1 | 157.3 | 298.4 | 1.9 |
| 65 to 69 years | 120.2 | 310.6 | 2.6 | 172.6 | 354.7 | 2.1 |
| 70 to 75 years | 99.2 | 187.0 | 1.9 | 164.3 | 309.8 | 1.9 |
| 75 years and over | 86.5 | 138.4 | 1.6 | 142.2 | 250.6 | 1.8 |
| <u>Education of Householder</u> | | | | | | |
| Less than 12 years | 49.5 | 54.8 | 1.1 | 60.6 | 69.1 | 1.1 |
| High school: 4 years | 66.8 | 89.4 | 1.3 | 82.7 | 119.9 | 1.4 |
| College: 1 to 3 years | 75.8 | 124.3 | 1.6 | 93.8 | 178.1 | 1.9 |
| College: 4 or more years | 125.8 | 319.5 | 2.5 | 173.3 | 433.5 | 2.5 |
| <u>Type of Household by Age of Householder</u> | | | | | | |
| Married-couple households | 97.7 | 180.5 | 1.8 | 131.1 | 303.5 | 2.3 |
| Less than 35 years | 38.8 | 37.9 | 1.0 | 37.7 | 67.1 | 1.8 |
| 35 to 54 years | 110.6 | 178.1 | 1.6 | 122.2 | 292.9 | 2.4 |
| 55 to 64 years | 150.4 | 297.3 | 2.0 | 203.4 | 497.5 | 2.4 |
| 65 years and over | 149.9 | 315.6 | 2.1 | 218.1 | 473.1 | 2.2 |
| Male householder | 46.9 | 192.4 | 4.1 | 69.4 | 126.8 | 1.8 |
| Less than 35 years | 18.2 | 51.5 | 2.8 | 21.9 | 35.5 | 1.6 |
| 35 to 54 years | 51.7 | 217.8 | 4.2 | 73.9 | 125.9 | 1.7 |
| 55 to 64 years | 82.2 | 283.6 | 3.5 | 120.4 | 326.8 | 2.7 |
| 65 years and over | 86.3 | 540.7 | 6.3 | 131.9 | 233.6 | 1.8 |
| Female householder | 43.1 | 96.0 | 2.2 | 60.7 | 90.7 | 1.5 |
| Less than 35 years | 8.7 | 42.1 | 4.9 | 12.2 | 20.4 | 1.7 |
| 35 to 54 years | 39.4 | 106.5 | 2.7 | 43.6 | 66.7 | 1.5 |
| 55 to 64 years | 64.6 | 115.1 | 1.8 | 91.6 | 137.6 | 1.5 |
| 65 years and over | 65.0 | 130.1 | 2.0 | 103.0 | 139.3 | 1.4 |
| <u>Labor Force Activity of Householder (under 65 years of age)</u> | | | | | | |
| Total | 68.9 | 116.5 | 1.7 | 85.2 | 188.4 | 2.2 |
| With labor force activity | 68.3 | 119.3 | 1.7 | 85.5 | 197.6 | 2.3 |

| | | | | | | |
|---|-------|-------|-----|-------|-------|-----|
| With job entire period | 72.9 | 130.5 | 1.8 | 89.5 | 209.1 | 2.3 |
| With job part of period | 33.7 | 105.1 | 3.1 | 48.2 | 259.7 | 5.4 |
| No job during period, spent time looking or on layoff | 22.5 | 29.0 | 1.3 | 34.7 | 53.5 | 1.5 |
| No labor force activity | 72.8 | 94.8 | 1.3 | 83.3 | 128.2 | 1.5 |
| <u>Monthly Household Income^b</u> | | | | | | |
| Less than \$900 | 28.4 | 30.2 | 1.1 | | | |
| \$900-1,999 | 50.5 | 58.4 | 1.2 | | | |
| \$2,000-3,999 | 76.8 | 109.1 | 1.4 | | | |
| \$4,000 and over | 232.0 | 663.5 | 2.9 | | | |
| Lowest quintile | | | | 35.7 | 32.6 | 0.9 |
| Second quintile | | | | 61.5 | 65.4 | 1.1 |
| Third quintile | | | | 79.8 | 106.8 | 1.3 |
| Fourth quintile | | | | 103.4 | 133.8 | 1.3 |
| Highest quintile | | | | 223.9 | 765.9 | 3.4 |
| <u>Tenure</u> | | | | | | |
| Owner | 109.5 | 197.7 | 1.8 | 146.1 | 306.8 | 2.1 |
| Renter | 14.2 | 25.8 | 1.8 | 18.5 | 44.4 | 2.4 |

Sources for SIPP: 1984 - U.S. Bureau of the Census (1986); 1992 - average of figures from the 1991 and 1993 SIPP source: internet). Sources for SCF: Own computations from the 1983 and 1992 SCF. Net worth includes vehicles. Asset and liability entries are fully aligned to national balance sheet totals. The 1992 figures are based on my adjusted weights.

a. In SIPP, persons of Hispanic origin may be of any race. In the SCF, the white and black classifications excludes Hispanics.

b. In the SCF, annual income is converted into a monthly equivalent.