

# The Assets and Liabilities Held By Low-Income Families\*

John Karl Scholz  
Department of Economics and Institute for Research on Poverty  
University of Wisconsin – Madison  
1180 Observatory Drive  
Madison, Wisconsin 53706  
[jkscholz@wisc.edu](mailto:jkscholz@wisc.edu)

Ananth Seshadri  
Department of Economics and Institute for Research on Poverty  
University of Wisconsin – Madison  
1180 Observatory Drive  
Madison, Wisconsin 53706  
[aseshadr@ssc.wisc.edu](mailto:aseshadr@ssc.wisc.edu)

September 9, 2008

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\*We thank Michael Barr and Becky Blank for their guidance, Ben Cowan for outstanding assistance, Jeff Liebman and conference participants for their comments, and Karen Pence for her insights on the SCF. We also thank Arthur Kennickell and his colleagues at the Board of Governors of the Federal Reserve for their extraordinary work in developing, conducting and analyzing the Surveys of Consumer Finances and Kevin Moore at the Board and Chris Carroll for generously sharing their net worth definitions for the 1962 Survey of Financial Characteristics of Consumers.

There are many reasons to be interested in the assets and liabilities held by American households. Net worth, the difference between assets and liabilities, can be used to maintain living standards when families are hit with adverse employment, income, or health shocks. For poor families, these resources may provide the critical buffer that allows a family to fix a broken car and remain employed, find help in caring for a sick child, or move out of a dangerous neighborhood. Net worth may allow families to take advantage of investment opportunities, such as pursuing further education. Many families need to accumulate net worth outside of social security and employer-provided pensions to maintain living standards in retirement. Finally, wealth may expand opportunities: large amounts almost surely provide political access for those who seek it, and wealth may also buy access to social networks that could improve employment or the well-being of children.

The motives for wealth accumulation that are often the focus of attention for high-income households, namely, saving for retirement or to send children to college, may have less relevance for low- and moderate-income households. Social security replaces a larger percentage of average lifetime earnings for low- and moderate-income households than it does for high-income households. Similarly, college financial aid, particularly through Pell Grants, is targeted at children from low-income households. In contrast, low- and moderate-income households are generally much more susceptible to adverse economic shocks, such as unemployment or illness, than those with greater resources. Wealth may provide a crucial buffer that allows those facing economic shocks to keep a job or treat a problem before it has a major effect on the life course.

Over the past two decades there have been striking changes affecting low-income families. AFDC was abolished. The broader safety net became more work-oriented. Rates of female labor

force participation steadily increased, as have incarceration rates, particularly of men with low levels of education. The fraction of children living in households with two married parents was 85 percent in 1970. By 2006, the corresponding figure was only 67 percent (Child Trends Data Bank, 2007). Lastly, there have been widely noted changes (or perception of changes) in economic insecurity (see, for example, the L.A. Times series “The New Deal,” by Peter Gosselin, <http://www.latimes.com/business/la-newdeal-cover,0,6544446.special>).

Financial markets changed as well. Equity market returns were strong, particularly in the 1990s. Mortgage access in low-income communities expanded, with innovations in financial products, including so-called “sub prime” mortgages. A number of public policy initiatives were also taken to increase wealth and increase banking of low-income families. The Assets for Independence Act in 1998, for example, authorized Individual Development Account demonstration programs. Efforts were made to extend banking services more broadly (see, for example, the 2002 Senate Banking Committee hearings, “Bringing More Unbanked Americans Into the Financial Mainstream” <http://banking.senate.gov/files/107946.pdf>). The chapters in this volume discuss many other developments.

This paper establishes a set of stylized facts about patterns of net worth held by low-income American families and individuals and how these changed over time, as the economy and financial markets changed (see Carney and Gale, 2001, for a nice related contribution). The core of the paper, given our interest in low-income families, is based on a series of appendix tables that show how major components of assets and liabilities have evolved between 1962 and 2004 based on data from the Surveys of Consumer Finances (SCFs), which are widely viewed as the “gold standard” of wealth data for the United States. We start by examining net worth, where we present

data on wealth holdings and patterns of wealth inequality from 1962 to 2004.

We also focus on home ownership, as housing remains by far the most important asset held in household portfolios, and financial assets, as their liquidity allows households to draw on them when confronted by adverse economic shocks. We provide information on credit card debt, bankruptcy, and access to credit, as these are measures of the access low-income families have to credit markets and the vulnerabilities they may have (or already have had). Our intention in this portion of the paper is to establish a set of facts that provide a foundation for many of the other chapters in this volume.

We close the paper with a discussion of three issues that receive somewhat less attention in papers that focus on the net worth and portfolios of low-income families. First, we look at wealth changes for specific *cohorts* in the economy. Many papers try to make inferences about changes of wealth accumulation in the economy by looking at patterns over time in repeated cross-sectional data (for example, Wolff, 2000). Focusing on cohorts gives a different, and arguably more accurate, description of how the wealth of typical families evolves.

Second, there is an extraordinary difference in wealth accumulation patterns between African American and white families. The difference is not simply that blacks have less wealth than whites, but the underlying factors associated with wealth accumulation differ sharply between blacks and whites. These differences may provide clues about factors influencing wealth accumulation of low-income families.

Third, we close the paper by offering some ideas about how to *interpret* the patterns of net worth shown here. A central question lurking below the surface in the literature is whether low-income families are behaving pathologically: is their saving behavior suboptimal, given the

resources they have? The answer to this question has important implications for assessing the likely effects of policies targeted to the poor. We argue that low-income households, given the resources they command and institutions they face, are behaving in a manner consistent with their best interest. We close by briefly discussing the policy implications of this interpretation.

## **I. Data on Net Worth and Its Quality**

The analyses in this paper rely primarily on the Surveys of Consumer Finances (SCFs) as well as their predecessor survey, the 1962 Survey of Financial Characteristics of Consumers. The 1962 Survey was the first large-scale household wealth survey conducted in the U.S. and is described in Projector (1964). The SCFs are triennial surveys of the balance sheet, pension, income, and other demographic characteristics of U.S. families that began in 1983. We exclude the 1986 survey because it was conducted by telephone, rather than face-to-face, and the data are suspected of being less accurate than the other surveys. The SCFs are considered the gold standard of wealth data, in part, because a substantial oversample of very high income households. The high income supplement is critical in developing data on the aggregate amount of wealth held in the economy, as well as its distribution. But given small sample sizes of the SCFs (typically around 4,000 households), confidence intervals for typical sample statistics are large, particularly when data are broken down by race/ethnicity, education, or other factors of interest. Additional details on the SCFs are given in Bucks, Kennickell, and Moore (2006) and the papers they refer to.

All the Appendix Tables have also been done with asset and liability data from the Survey of Income and Program Participation for years beginning in 1997. They show similar patterns as those described here so to save space, they are not included.

It is not clear how one should best assess the quality of wealth data. A natural benchmark

would be to compare wealth data to asset and liability categories in the household sector Flow of Funds. It is difficult to do this, however. For example, the household sector Flow of Funds includes nonprofit institutions, whose asset and liability holdings must be netted out when comparing data to households. More importantly, Antoniewicz (2000) emphasizes that the household sector Flow of Funds is not a natural benchmark, since it is computed as a residual from the other Flow of Funds sectors so errors elsewhere, unless they fully cancel out, will cause errors in the household sector account. Antoniewicz nevertheless provides a careful comparison of the 1989-1998 SCFs to the relevant household sector Flow of Funds and finds the two sources are “quite close” in 1989 and 1992, but they move apart thereafter. It is not clear how the SCF should be adjusted, if some sort of adjustment was thought to be useful. Proportional adjustments implicitly assume there is uniform percentage underreporting of the adjusted items. Nothing suggests that misreporting takes this pattern (see Kennickell, 2001 for further discussion of these issues). Consequently, we present unadjusted tabulations from the SCFs throughout the paper.

Much of this paper focuses on trends in holdings of assets and liabilities for various groups in the population. To sensibly discuss trends, dollar amounts need to be adjusted for inflation. We do this using the CPI-U, the consumer price index for urban consumers (who represent about 87 percent of the total U.S. population). The index is based on the expenditures of almost all residents of urban or metropolitan areas, including professionals, the self-employed, the poor, the unemployed and retired persons as well as urban wage earners and clerical workers. The CPI-U series is collected by and available from the Bureau of Labor Statistics (<http://www.bls.gov/cpi/>).

Most of this paper focuses on the assets and liabilities held by low-income families and individuals. But there have been remarkable changes in the overall distribution of U.S. wealth,

particularly over the past twenty years. These overall changes, both in the increase and concentration of wealth among the affluent, is a backdrop for the discussion in the rest of this chapter.

Piketty and Saez (2006) find that in 2001, the top 10 percent of the income distribution had 42.6 percent of total income, up from 38.5 percent in 1989. The top 1 percent received 15.5 percent in 2001, up from 12.6 percent. Holdings of net worth, defined as housing assets less liabilities, business assets less liabilities, checking and saving accounts, stocks, bonds, mutual funds, retirement accounts, certificates of deposits, the cash value of whole life insurance, and other assets, less credit card debt and other liabilities (but for our purposes, excluding defined benefit pension wealth, defined contribution pension wealth held outside 401(k)s, social security wealth, consumer durables, and future earnings due to data limitations), are far more concentrated. In 2001, the top 10 percent of the net worth distribution owned 69.6 percent of total net worth, up from 67.2 percent in 1989. The top 1 percent owned 32.4 percent of total net worth in 2001, up from 29.9 percent in 1989.

Figure 2.1 provides another perspective on the evolution of U.S. wealth inequality. Here we plot the ratio of net worth at a given percentile to net worth of the median (or 50<sup>th</sup> percentile) household. In 1962 the 75<sup>th</sup> percentile had 2.7 times the net worth of the median household. The 90<sup>th</sup> percentile household had 6.1 times, the 95<sup>th</sup> percentile had 9.8 times, and the 99<sup>th</sup> percentile had 35.8 times the net worth of the median household.

Between 1962 and 2004 there was little change at the 75<sup>th</sup> percentile (the ratio rose to 3.5 from 2.7). But the ratios of net worth at high net worth percentiles to the median increased sharply. The 95<sup>th</sup> percentile household had 15.4 times the net worth of the median household in 2004 (compared

to 9.8 times in 1962). The 99<sup>th</sup> percentile household had 67.2 times the net worth of the median (compared to 35.8 in 1962). These figures suggest that increases in wealth inequality over this period were driven by the extreme upper end of the wealth distribution.

## **II. The Assets, Liabilities and Financial Characteristics of Low-Income Households**

A central objective of this paper is to provide a comprehensive perspective on the portfolios of disadvantaged households and how they have evolved over time. For each of the measures we discuss, we present appendix tables showing the percentage of the population with positive amounts of the asset or liability, and mean and median amounts, conditional on having positive holdings. The information is also classified by income quintile, education, marital status, race/ethnicity, and age. Data are shown for eight waves of the SCFs spanning 40 years. We summarize selected trends through a series of figures. Our six measures are:

- Net worth, the broadest measure of financial resources. Our definition of net worth is similar (and in some cases identical) to those used by other studies of wealth and wealth inequality. We think net worth is the single best measure of the financial well-being of households in the SCF.
- Financial assets, which, for most years in our data include balances in checking and saving accounts, stocks, bonds, certificates of deposit, whole life policies, and selected other (uncommon) financial instruments. If needed, financial assets can be readily liquidated and hence provide the best measure of resources immediately available to address short-term emergencies.
- Stock holding and the value of equity. With the spread of 401(k) plans and discount brokerages, equity ownership has become more common in the economy.
- Net equity in housing, the most important asset in the typical household's portfolio. Homeownership remains an important aspiration for most American families.
- Credit card debt, a proxy for financial vulnerability. Credit cards frequently carry high interest rates and carrying balances on a credit card may indicate financial distress and a lack of financial sophistication.
- The value of the vehicles held by the household. In most parts of the country, a car in good working condition is necessary to maintain solid employment.



While we present trends for 40 years, we emphasize that there likely are differences in survey design that may reduce the comparability of the 1962 and 1983 observations and the triennial SCFs that begin in 1989. The two earlier surveys nevertheless reflected the state of the art surveys in their day, and we think it is informative to see the very long run trends. More weight, however, should be placed on data beginning in 1989, where the SCFs share a common structure and have been collected in a roughly consistent manner.

Before turning to measures of household well-being, we want to say a little about the classification variables we use in the Appendix Tables (and, to a lesser extent, our discussion in the text). Subpopulation classifiers are probably most useful when they identify a relatively consistent portion of the population. Income quintiles are ideal in this respect, because, by definition, they identify equal fractions of the aggregate population. Educational attainment, at least in the long time period reflected in the data covered here, is probably the worst. Fifty six percent of the population had less than a high school degree in the 1962 SCF. By 2004, only 16 percent had less than a high school degree. This implies that the “less than high school” category in the 2004 data is a far more disadvantaged group than the less than high school group in 1962. Even between 1983 and 2004, the fraction of the population with less than a high school degree fell to 16 percent from 29 percent. We have three additional qualifications for our classification variables. The “single parent” category in 1983 appears to have an unusually (and suspiciously) high number of people. We have not found any obvious mistakes in our code or in the data, but caution should be used in interpreting 1983 observations when data are broken out by marital status. Second, the 1962 SCF did not separately identify “Hispanic” households. Third, as described in the appendix to Bucks, Kennickell, and Moore (2006), the identification of Hispanic households has changed

somewhat across recent years of the SCF.

### Net worth

Figure 2.2 summarizes information in Appendix Tables 2.1a and 2.1b. In the Figure we choose to look at three subgroups – households in lowest income quintile (in the given year), middle income quintile, and highest income quintile. In the bars on the Figure, read with the left-side axis, we plot the probability of holding positive amounts of net worth. Depending on the year in question, the bars show that between 20 and 30 percent of households with income in the bottom decile have negative or no net worth. Similar results hold for other disadvantaged groups, including those with less than a high school education, single parents, and black and Hispanic households. Fewer than 2 percent of households in the highest net worth quintile have negative or no net worth.

There are a number of factors that can lead SCF households to have negative net worth, including being in a situation of near-bankruptcy, maintaining credit card balances with no assets though with steady income, or having poorly measured or misreported assets and/or liabilities. The probability of having negative net worth declines monotonically with household income, shows no strong trend over time in the SCFs, is lower for those with exactly a high school degree than it is for those with less and more education, is higher for single parents, Blacks, and Hispanics, and is much higher for households headed by a person under 30.

The lines in Figure 2.2, which should be read with the scaling on the right-side axis, show the median net worth for the lowest, middle, and highest income quintile households among those with positive net worth. We focus on median rather than mean values because it reflects the holdings of typical families in the various groups. The lines in Figure 2.2 reinforce the fact that the

distribution of net worth is sharply skewed. Median net worth in 2004 for households in the bottom quintile was \$17,000. It was \$87,000 for households in the middle income quintile and \$513,000 for households in the top. Since 1989, real net worth has been roughly stagnant for households in the bottom 60 percent of the income distribution. It increased by 45.1 percent for households in the top quintile, or 2.5 percent a year (the growth rate since 1998 has been much faster). Median net worth for other disadvantaged groups is similar, both in levels and trends.

Net worth for households in the lowest income decile is around 70 percent of annual income across years. Net worth for households in the middle three quintiles is between 130 to 240 percent of annual income (with a modest upward trend over time). Net worth is 250 to 360 percent of annual income for households in the top income quintile. These wealth-to-income percentages are consistent with the conclusion one would draw from the Appendix tables – the net worth of disadvantaged groups in the population is low.

To summarize, a substantial portion of the population has zero or negative net worth. The likelihood of being in that situation is higher for young, non-white, single parent, poorly educated or low income households or individuals than it is for others. These groups also tend to have lower levels of net worth, even as a fraction of income. Moreover, median net worth has not increased or has increased only modestly across survey waves for these groups.

### Financial assets

Financial assets – a comprehensive set of liquid, easily marketable assets, including those in checking and saving accounts, certificates of deposit, mutual funds, and stocks and bonds – are the measure of financial well-being that perhaps gets the most media attention and generates the most alarm: it is these assets that low- and moderate-income household can readily use to smooth

consumption, invest in durables, or invest in human capital. This measure is summarized in Figure 2.3 (and described in detail in Appendix Tables 2.2a and 2.2b).

Financial assets are widely held, with at least 60 percent, and by 2004, 80 percent of households in the lowest income quintile holding positive amounts. By 2004 78 percent of those with less than a high school education, 86 percent of single parents, 85 percent of black households, and 80 percent of Hispanic households had positive financial assets. Since financial assets are the most easily acquired instruments in the formal financial system, these figures raise an immediate question about the status of the remaining 14 to 22 percent of these subgroups – those with less than a high school education, or single parents, or black households, or Hispanic households, or those in the lowest income quintile – who do not have positive financial assets.

The median amounts (again shown in lines, using the right-hand axis), conditional on having positive amounts, are even more striking. Even for those with some financial assets, the amounts held are negligible. Median holdings for the 80 percent of households in the bottom income quintile with positive amounts were \$1,400 in 2004. This amount is lower than the peak amount (of \$2,318 in 1998), presumably reflecting the recession in the early part of the decade and slow subsequent economic growth. \$1,400 provides a scant cushion against negative economic shocks that may affect adults or children. Even financial asset holdings of \$15,900 for families in the middle of the income distribution are a small fraction of average family income (median family income in 2004 was \$43,129). Only in the top quintile of the income distribution has there been sharp growth in financial asset holdings. We discuss the implications of meager financial asset holdings across many disadvantaged subpopulations below.

*The ownership society*

The phrase “ownership society” is sometimes used to describe the diffusion of equity ownership in American society. A colorful example is given in a magazine contribution by Grover Norquist, President of Americans for Tax Reform. Norquist writes

“In the old days, Democrat leader Gephardt could say, ‘I am going to tax the rich and the big corporations and give everyone in the room a dollar.’ Then only a few shareholders—in 1980 it was less than 20 percent of households—owned stock directly, and they would cringe and hope they didn’t get hit too hard. Everyone else was tempted to say ‘Hey this is great. I get a dollar. Let’s play this game again.’ Now, however, 60 percent of the folks in the room are likely to say, ‘Hey that is my retirement savings you are looting.’ Taxes on businesses are taxes on my 401(k)” (see <http://www.tnr.com/doc.mhtml?i=w070910&s=chaitnorquistVII091307>, accessed on 9/13/2007).

Appendix Table 2.3a confirms that in 1983, fewer than 20 percent of Americans owned equity and by 2004, this number exceeds 50 percent (though it is not 60 percent). But the ownership society is not deep. The median equity (including stocks, stock and half of blended mutual funds, 401(k)s, and managed assets if they include equity) balance, conditional on having equity, was \$32,500 in 2004.

Equity holdings are also uncommon in groups with lower socioeconomic status. Twelve percent of households in the bottom income quintile, 28 percent of single parents, 26 percent of black households, and 22 percent of Hispanic households own equity, either directly or through a mutual fund or employer-provided pension.

#### Net housing equity

The conditional medians (and means) for net housing equity (the value of the house less outstanding housing debt) are much less disperse than the corresponding figures for net worth, financial assets, and equity. These are shown in Appendix Tables 2.4a and 2.4b. As shown by the lines in Figure 2.4 (with scaling on the right-hand axis) net housing equity, conditional on a

positive amount, is \$57,000 for households in the bottom income quintile in 2004. It is \$168,000 for households in the highest income quintile. These amounts have been fairly consistent over time.

There is sharp variation across income quintiles and other subpopulations in the percentage of the population with net housing equity (shown in the bars in Figure 2.4, with the scaling on the left-hand axis). In 1962, 40 percent of households in the bottom income quintile had positive net housing equity. This is the same percentage of households with net housing equity in 2004. It is striking that homeownership has not increased in the bottom quintile of the income distribution over the last 42 years. Homeownership rates increased from 52 percent (in 1962) to 70 percent in 2004 for households in the middle income quintile, and increased to 92 percent from 78 percent for households in the top income quintile. Single parents and black households saw modest 9 and 7 percentage point increases in homeownership rates, starting from low bases of 43 percent and 38 percent, between 1962 and 2004.

Bostic and Lee (this volume) provides a much more complete discussion of housing and low-income communities.

#### *Credit card debt and vehicle wealth*

To conserve space we only summarize some of the results on credit card debt and vehicle equity. See Ronald Mann (this volume) for a thorough discussion of credit cards and low-income families and individuals. The expansion of credit access to low-income families is apparent in Appendix Table 2.5a. The percentage of households in the bottom income quintile with positive credit card balances increased to 30 percent in 2004 from 16 percent in 1989 (recall the SCFs are most comparable from 1989 on). The existence of positive credit card balances has no time trend

in the top 60 percent of the income distribution. Credit balances are also more prevalent for black and single parent households over time. Given median financial assets of \$1,400 among those in the lowest income quintile, it is particularly striking that the median credit card balance (for those who have positive credit card balances) is \$1,000. Clearly households with low levels of financial assets and large credit card balances are financially vulnerable.

An automobile in good working order is an indispensable life accessory for many households. Appendix Table 2.6a makes it clear that an automobile is not a universally held asset: more than 35 percent of households in the bottom quintile of the income distribution do not have cars (or if they have cars, the value is \$0 or less). The corresponding figures for population percentages without cars are 22 percent for single parents and 30 percent for black households. For all groups, the trends in car ownership are increasing. The median (and mean) values, conditional on having a car, are increasing with economic resources, but not sharply so.

*Further measures of financial health: bankruptcy, credit market access and pension coverage*

One factor correlated with financial vulnerability may be the declaration of bankruptcy. In 1998, 2001, and 2004 the SCF asks households “Have you (or your husband/wife/partner) ever filed for bankruptcy?” Responses are given in Table 2.1. By 2004, 11 percent of the total U.S. population had declared bankruptcy. Interestingly, bankruptcy seems to be more of a middle income phenomenon – rates were lowest in the bottom quintile (8.9 percent) and top quintile (6.0 percent) of the income distribution. While rates are low for households in the bottom income quintile, they are high (around 16.5 percent) for single parent and for black households (rates are relatively low, 7.3 percent, for Hispanic households). Bankruptcy rates increased between 1998 and 2004 across most subpopulations.

Since 1983 the SCF have posed the following series of three questions. First, “In the past five years (in 1983, it was ‘few’ years), has a particular lender or creditor turned down any request you made for credit, or not given you as much credit as you applied for?” Second, “Was there any time in the past five years that you thought of applying for credit at a particular place, but changed your mind because you thought you might be turned down?” And third, “Were you later able to obtain the full amount you requested by reapplying to the same institution or by applying elsewhere?” We code someone as having problems getting access to credit as someone who was turned down for credit or discouraged from borrowing, and who did not subsequently receive the amount of credit they were looking for. The question, of course, is not perfect, since we do not know, for example, how much credit a household hoped to receive and whether this desired amount was consistent with the household’s ability to repay the loan. Nevertheless, we think the question is informative about potential problems with credit access in the economy. Table 2.2 tabulates the credit access question for subpopulations in the SCF data.

One out of every five American households has credit access problems, as defined above, and this percentage has stayed fairly steady over time. It is not clear what we should expect for time series trends for this proxy variable. On one hand, as shown in Appendix Table 2.5a, the fraction of low-income households gaining access to credit cards has increased over time. Increasing credit access might imply that we would see fewer households with access problems. On the other hand, expansion of credit may encourage more marginally credit-worthy borrowers to seek credit, leading to more frequent indications of credit access problems. To the extent these tendencies exist, they appear to largely offset one another. Twenty five percent of households in the bottom income quintile have credit access problems and more than one-third of single parent households



and black households have credit access problems.

The last measure of financial well-being that we examine is a question posed in the SCFs beginning in 1989 about whether a household has ever, in the current or past job, been covered by an employer-provided pension. Table 2.3 shows that 57 percent of households are covered by pensions since 1989 and this percentage has remained steady over time. Not surprisingly, however, the probabilities increase with household resources. Only 20 percent of households in the lowest income quintile are covered by pensions. Forty-two percent of single parents and half of black households have pension entitlements. Pension coverage has been fairly steady over time. Households without pension entitlements and low levels of private net worth will generally rely on Social Security in retirement. As reported in Scholz, Seshadri, and Khitatrakun (2006), Social Security replacement rates in 1993, as measured by an average of the last five years of earnings prior to retirement, were 41.7 percent for married couples without a high school degree and were 28.2 percent for married couples with a college degree.

### **III. Wealth Accumulation of Cohorts**

This section of the paper presents a novel analysis of how the wealth of *cohorts* of households evolved between 1962 and 2004. Typical analyses of wealth accumulation, including the material preceding this section, look at statistics about the evolution of mean or median wealth held by the population, sometimes broken out by subgroups. The discussion of these trends often includes statements that the financial well-being of representative families has increased (or decreased) relative to other populations. But these analyses miss the fact that the “median” household in one year is quite unlikely to be the median in another, if for no other reason than people age and as they do, they typically accumulate wealth, at least into retirement.

With repeated cross-sectional data, as we have with the SCFs, we can follow the financial fortunes of cohorts of households over time, and how their experiences differ from other household cohorts. Focusing on cohorts provides a different and arguably more informative analysis of the evolution of resources for typical American families over time.

In Figure 2.5 we show the evolution of wealth for two age groups: households where the head is age 25 to 39, and households where the head is age 40 to 54. In the SCFs the head is arbitrarily chosen to be the male in households with a male and female adult; it is the oldest adult in households with two adults of the same sex. Our wealth data span four decades. They allow us to plot the evolution of median net worth for three cohorts of 25 to 39 year olds: those who were 25 to 39 in 1962, those who were 25 to 39 in 1983, and those who were 25 to 39 in 1992. We also plot the evolution of median net worth for 3 older cohorts: those who were 40 to 54 in 1962, 1983, and 1992.

The age bands we use are broad due to sample size considerations (particularly in subsequent Figures, where we disaggregate by education and race/ethnicity). In Figures 2.5 through 2.9, we plot the median net worth for the middle age in the given age band (for example, households age 40 to 54 are plotted as if they were 47 years old). The figures show the evolution of median net worth for the *same sets of households over time*, since we know households that are 25 to 39 in 1962 (as defined by the head's age) will be 46 to 60 in 1983, 52 to 66 in 1989, and so on until their final observation as 67 to 81 year olds in 2004 (aside from mortality, immigration and emigration, and changes in household composition). We follow the other cohorts similarly. Clearly we observe fewer years for cohorts that begin in 1983 (who are followed to 2004) and 1992 (who are also followed to 2004) than we do for the cohorts that we first observe in 1962. Because mortality

rates grow appreciably higher for households in their mid-70s, we truncate the ages shown in the Figures at age 74.

There are three noteworthy aspects of Figure 2.5. First, the 40 to 54 cohort in 1962 (the line marked by “x” in the lower right portion of the figure) had significantly lower net worth than the other cohorts. Individuals in this cohort were children or young adults during the Depression and were young adults during World War II. Opportunities for human capital acquisition and wealth accumulation were more limited for this cohort than they were for subsequent cohorts. Second, median net worth grows steadily for each cohort. The patterns shown here are difficult to reconcile with assertions that living standards for typical Americans are declining. Third, each successive cohort ends up with somewhat more wealth after the last period of observation (in 2004) than the cohort before it. To see this, at each of the six endpoints for the cohort, the highest marker is for the youngest cohort that is examined (read straight down, which holds age constant). This suggests that net worth (in levels) is growing across cohorts.

Figures 2.6 and 2.7 repeat the same analyses, splitting the samples into households whose heads have college degrees (Figure 2.6) and households whose heads do not (Figure 2.7). The highest median net worth of the college sample is \$633,311 while the highest for the non-college sample is \$137,800. Given the widely differing levels and growth of the two groups, we use different scales for the Y-axis of the two Figures.

The breakouts by education suggest the disadvantage faced by the cohort age 45 to 54 in 1962 (those who were children and young adults in the Depression and entered that labor market during World War II) is largely confined to those without a college degree. While college graduates in the Depression cohort started with less net worth than later college graduate cohorts, they reached

retirement with similar amounts of net worth.

There is significant accumulation occurring in both Figures 2.6 (for households with college degrees) and 2.7 (for households without college degrees) as households age, though households without college degrees start from a very low base. We also find it striking how similar median net worth is across cohorts at a given age. While the evidence is suggestive, if households are making severe, systematic mistakes in retirement planning, the mistakes appear to be happening consistently across cohorts. This interpretation is consistent with the evidence in Scholz, Seshadri, and Khitatrakun (2006) that suggest American households in the original Health and Retirement Study cohort, those born between 1931 and 1941, are preparing optimally for retirement, in the sense of maximizing the discounted value of lifetime utility, given their lifetime resources. We elaborate on these ideas in the final section of the paper.

It is also striking that the very strong economic and stock market performance between 1998 and 2004 is evident only in Figure 2.6, which is restricted to those with college degrees. The upticks in 2001 and 2004 are not solely or even primarily a stock-market phenomenon. Consider, for example, the cohort that was 25 to 39 in 1962. In 1998 their median housing equity was \$108,500 and stock-market wealth (stocks, stock mutual funds, and DC pensions) was \$75,950. In 2001, these had grown to \$160,000 and \$119,000. Similar patterns hold (and more dramatically) for the young cohort (25 to 39) defined in 1983 and 1992. The typical American's balance sheet is still tied more closely to housing markets than stock markets.

Figures 2.8 and 2.9 present the evolution of cohort net worth for whites and all other racial and ethnic groups (black and Hispanic households are combined, due to small sample sizes). Figure 2.8 (for whites) shows the patterns described previously. The Depression cohort has

significantly lower levels of net worth than other cohorts. There is steady increase in net worth over the life cycle. Median net worth appears to be growing strongly over time.

The patterns for non-whites shown in Figure 2.9 make vivid the enormous economic disadvantage faced by black and Hispanic households. Median net worth across cohorts is extremely low – in many cases less than half the amounts that are shown in Figure 2.7, for cohorts with less than a college degree. Moreover, particularly for the 25 to 39 year old cohorts, there is very little increase in net worth over time. The only (slightly) heartening result is that for the older cohorts (40 to 54), starting net worth appears to be increasing each cohort. But the levels are still strikingly low.

#### **IV. Black-White Differences in Wealth Accumulation**

The cohort differences in white-black median wealth in Figures 2.8 and 2.9 are striking. A natural reaction might be that black families have lower net worth than white families because their income is lower. This is not the sole explanation, however, since even when black and white families with similar incomes are compared, black families accumulate less wealth. A near universal finding of studies that seek to explain differences in wealth held by black and white families is that considerably more of the wealth gap can be “explained” if the regression coefficients estimated on a sample of white households are used to predict wealth for black households than if the regression coefficients estimated on a sample of black households are used to predict wealth for white households. This discrepancy is unsatisfying, since there is no *a priori* reason to prefer one approach to the other.

We briefly discuss factors that affect wealth accumulation across groups as a way to highlight many of the broader behavioral mechanisms affecting wealth accumulation. Our discussion draws

on Scholz and Levine (2004), who survey academic work on black-white wealth differences.

The first concern starts with the observation that blacks have systematically less income than whites. If wealth is a convex function of income (if wealth increases with income at an increasing rate), the predicted wealth function using only the low end of the income distribution will be flatter – there will appear to be a weaker relationship between income and wealth – than we would observe when using households throughout the income distribution. Recent papers (see, for example, Altonji and Doraszelski, 2005) are sensitive to this consideration. It does not appear to be the explanation for black-white wealth differences.

Second, Charles and Hurst (2002) show that 42 percent of white households in the PSID get help from their family in making a down payment for a home. Fewer than 10 percent of black families get this help. This specific example suggests that there may be racial differences in the likelihood (or ability) of parents helping children make high-return investments. Differences in intra-family transfers appear to play some role. There is conflicting evidence, however, on the importance of inheritances. Our best guess is that they play little role in understanding black-white wealth gaps at the median of most relevant subpopulations.

Third, family background would appear to be another factor useful in explaining black-white wealth differences. Altonji and Doraszelski (2005) address the role of family background in a clever way. They compare the degree to which the black-white wealth gap can be explained by standard models incorporating a rich set of demographic characteristics and income with the degree to which the black-white wealth gap can be explained by the same models, augmented with family-specific fixed effects. The effect of family background on wealth should not differ for siblings; i.e., it will be “fixed” within a given family. They conclude that family background does

not play an important role in understanding black-white wealth gaps, but their conclusion is not universally held (the results in Charles and Hurst, 2003, for example, suggest saving preferences are inherited, though perhaps not uniformly across children, so family background could affect wealth beyond direct financial transfers).

Fourth, consumption patterns may differ for blacks and whites. There is no solid evidence on racial differences in saving rates. Blau and Graham (1990) argue that blacks' higher unemployment rates (and transitory income) result in their holding assets in a more liquid form, particularly at lower levels of income and wealth. There is also suggestive (but hardly definitive) evidence from the SCF that households may have systematically different preferences for risk, even after conditioning on observable characteristics, and that these preferences may be related to wealth. Perhaps the most striking related evidence comes from Charles, Hurst, and Roussanov (2007) who show blacks consume a greater share of their income in highly visible, "conspicuous consumption" (clothing, jewelry, and automobiles) than whites. Their evidence is only suggestive, but they conclude that at least some of greater visible consumption may be financed by less saving. More work needs to be done, however, to assess the quantitative importance of this explanation.

Fifth, the strong correlations between health and wealth and between race and health suggest that differences in health status may have an important influence on wealth inequality. These relationships clearly need to be better understood, but the task will be difficult. A central impediment to making further progress is identifying plausible exogenous variation in health that can inform evidence on the direction of causality in the relationship between health and wealth.

Sixth, there is little evidence that blacks and whites get different rates of return to specific portfolio investments, though Altonji and Doraszelski point to rate of return differences (as well as

black-white differences in saving rates) as the most likely explanations of the black-white wealth gap. Blacks indeed have a greater share of their household net worth invested in housing, so differences in housing and equity market returns may play some role in understanding wealth gaps. Also, the existing evidence, though somewhat sparse, suggests that the effects of antipoverty program asset tests are not large and only a small percentage of the population is affected. In the absence of more evidence, we conclude that public assistance programs do not contribute significantly to racial wealth inequality.

Seventh, discrimination against black household in financial markets, such as red-lining or mortgage discrimination, may contribute to racial differences in wealth accumulation. See Ross and Yinger (2002) and Barr (2005) for literature reviews.

Interesting current work is helping to better understand these differences, but more needs to be learned about racial differences in wealth accumulation to better design policies that might effectively address disparities.

## **V. An Interpretation of These Results**

This chapter documents the fact that the typical household in the bottom quintile of the income distribution, the median single parent household, the median black household, and the median Hispanic household have very low levels of financial assets.

A natural question is then to ask what this implies about public policy targeted to disadvantaged populations. The answer to this depends importantly, we believe, on one's views about the decision-making of low-income households. Reasonable people can differ on these views, and informing views requires one to try to assess complex behavior based on limited information. With that qualification, however, we think the evidence is consistent with the view



that low-income households are behaving in a manner broadly consistent with rational, forward-looking behavior. There are two primary pieces of evidence that support this viewpoint.

First, in Scholz, Seshadri, and Khittrakun (2006) we examine the degree to which households born between 1931 and 1941 are “optimally” accumulating wealth. Scholz and Seshadri (2008) extend these results to a representative sample of American households born before 1954. In these papers we build a stochastic life cycle model that captures the key features of a household’s consumption decisions. Our model incorporates many behavioral features shown by prior work to affect consumption, including precautionary savings and buffer stock behavior in the presence of uncertain earnings. In addition to earnings uncertainty, households face uncertainty about longevity and end-of-life medical shocks. Families can draw on income- and asset-tested public transfers, the rules of which vary realistically over time and by household size. We also incorporate a stylized, time-varying progressive income tax that reflects the evolution of average effective federal income tax rates over the period spanned by our data. Households in the model form realistic expectations about earnings; about social security benefits, which depend on lifetime earnings; and about pension benefits, which depend on earnings in the final year of work. We incorporate detailed data from the Health and Retirement Study (HRS) on family structure and age of retirement (treating both as exogenous and known from the beginning of working life) in calculating optimal life cycle consumption profiles.

Our approach has other distinctive features. Most important, we calculate household-specific optimal wealth targets using data from the HRS. A crucial input to our behavioral model is 41 years of information on earnings realizations drawn from restricted-access social security earnings records. The timing of earnings shocks can cause optimal wealth to vary substantially, even for

households with identical preferences, demographic characteristics, and lifetime income. Hence, it is essential for life cycle models of wealth accumulation to incorporate earnings realizations, at least to the extent model implications are compared to actual behavior.

In our first paper we find that over 80 percent of HRS households have accumulated more wealth than their optimal targets in 1992. In the follow-up paper, more than 90 percent of households (with a broader range of ages) have accumulated more wealth than their optimal targets in 2004. These targets indicate the amounts of private saving households should have acquired at the time we observe them in the data, given their life cycle planning problem and Social Security and defined-benefit pension expectations and realizations. For those not meeting their targets, the magnitudes of the deficits are typically small. Importantly for readers of this chapter, the likelihood of undersaving varies little with lifetime income, so low lifetime income households are only somewhat (in the more recent work) more likely to have accumulated too little wealth than high lifetime income households. We emphasize that our study is not only about “saving for retirement.” Households in the model have uncertain future earnings, so the wealth targets incorporate precautionary motives that arise from earnings volatility.

The cross-sectional distribution of net worth matches closely the predictions of our life cycle model. We also show that our model matches patterns of observed wealth holdings far better than models that emphasize simple minded rules of thumb. This evidence suggests that the life-cycle model, where rational forward-looking households are making consumption decisions to equate the discounted marginal utility of consumption over time, is a very good way to understand household consumption decisions.

The second piece of evidence comes from Figure 2.5 through 2.9 in the text. As noted earlier,

we find it striking how closely distributed median net worth is across cohorts at a given age. If households are making severe, systematic mistakes in retirement planning, the mistakes appear to be happening consistently across cohorts. We think it is unlikely major life-cycle planning mistakes would be made across generations, though we note that major social insurance programs for the elderly have become more generous in recent decades. Parents, who care about their children, would presumably advise their children about major, well-being-decreasing financial planning decisions. Even if communication does not occur within the family, we think there would be widespread attention in popular media outlets calling attention to the financial planning mistakes made by older generations of households. Strikingly few journalistic pieces make this argument. Indeed, as noted in Scholz and Seshadri (2008) only 9 percent of retired households born before 1954 find retirement “not at all satisfying” and only 19 percent find their living standards worse in retirement than they were prior to retirement.

A natural question to ask is “how can the low levels of financial assets held by households in the bottom quintile of the income distribution, single parents, and black and Hispanic households be consistent with these households doing the best they can, given the circumstances and constraints they face?” There are two central considerations. First, fertility rates typically decrease with household income, if for no other reason that the opportunity cost of the time it takes to raise children increases with income. Children consume significant resources, so families with more children may have less wealth than otherwise identical families with fewer children. Second, the adults in families with more children get used to consuming fewer resources than the adults in otherwise identical households with fewer children. This implies the adults in families with more children need to accumulate fewer resources to support consumption in retirement than otherwise

identical adults in families with fewer children. This observation along with the fact that the social security system is sharply progressive in lifetime income – replacement rates (when measured against average lifetime earnings) for low-income families can exceed 50 percent – results in the optimal saving rate for many low-income families being effectively zero.

We emphasize that our view that people are doing the best they can is not intended to imply that we think the state of affairs is desirable – we would like poor households to have greater resources. But how should wealth-related policy best assist poor families? We have argued that low or zero net worth may be optimal for many low- and moderate-income families at particular points in time. Indeed, the presence of public safety net programs recognizes that some families need all their resources (and some public assistance) at points in their lives.

The logic of the budget constraint implies that less consumption is needed if households are to accumulate greater wealth, holding income constant. We fear that policies that encourage poor families with children to consume even less than they already do may be counterproductive to the well-being of those families. One of the most compelling rationales for *social* insurance programs is that it is inefficient for individuals to self-insure against, for example, longevity risk (or unemployment, or workplace injuries). By pooling risks, individual households can collectively finance the insurance pool, have higher consumption (and hence well-being) than they would if they have to set aside resources to individually cover an adverse shock. In the event a bad shock is realized, they can draw on the social insurance mechanism. The same intuition likely applies to the consumption-smoothing needs of disadvantaged populations. We are skeptical that it is efficient for disadvantaged households to self-insure for possible adverse economic events by depressing already low consumption levels. Instead, well-being is likely to be enhanced by

strengthening social insurance mechanisms. Similarly, given scarce public resources available to support programs targeting low-income households, cost-effective efforts to enhance consumption or human capital are more attractive to us than wealth-building initiatives.

As the papers in this volume make clear, there may be important opportunities to improve household well-being by disseminating cost-effective approaches to improving financial education, providing greater access to financial services, and promulgating harsh restrictions on predatory lending practices.

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**Table 2.1: Percentage of Population That Has Declared Bankruptcy, SCF Data**

	Year of SCF		
	1998	2001	2004
Full Sample	8.5	10.0	11.1
Lowest income quintile	6.4	7.1	8.9
Second quintile	9.2	12.5	13.8
Middle quintile	11.6	13.4	15.3
Fourth quintile	10.8	10.9	11.3
Highest income quintile	4.8	5.8	6.0
LT HS	7.4	9.1	10.0
HS	10.8	12.4	13.5
GT HS	7.6	8.9	10.1
Single Parent	14.2	14.4	16.7
Married	8.7	10.3	10.0
Single Childless	6.1	7.6	11.0
White and Other	8.6	9.4	10.6
Black	10.5	10.3	16.3
Hispanic	4.4	15.8	7.3
Age under 30	4.7	4.0	2.8
Age 30 to 64	11.1	13.6	14.1
Age 65 or older	3.0	2.8	7.1

Source: Data are from the SCFs and authors' calculations, as described in the text.



<b>Table 2.2: Percentage of Population with Problems Getting Access to Credit</b>							
	<b>Year of SCF</b>						
	<b>1983</b>	<b>1989</b>	<b>1992</b>	<b>1995</b>	<b>1998</b>	<b>2001</b>	<b>2004</b>
Full Sample	16.9	17.1	20.1	20.4	19.4	19.3	20.1
Lowest income quintile	24.5	21.0	25.9	28.3	25.5	25.7	25.3
Second quintile	21.0	25.2	22.9	23.9	24.9	27.0	29.9
Middle quintile	20.6	16.0	22.9	22.8	21.8	20.9	22.8
Fourth quintile	11.6	14.5	17.7	17.4	15.8	14.8	15.0
Highest income quintile	6.6	7.8	10.5	9.1	8.7	7.3	7.3
LT HS	15.2	17.5	20.8	24.5	24.3	24.4	26.7
HS	18.4	19.3	22.1	20.3	20.8	21.9	22.3
GT HS	16.9	15.4	18.7	18.7	16.8	16.0	17.0
Single Parent	21.9	26.8	40.8	35.9	35.0	36.2	38.2
Married	13.0	15.8	17.7	17.6	17.4	16.7	17.2
Single Childless	24.4	16.2	17.3	19.6	17.5	18.0	18.3
White and Other	14.0	14.2	16.5	16.5	15.8	15.3	15.8
Black	33.5	26.6	33.5	40.6	36.9	35.6	37.9
Hispanic	23.9	31.2	36.1	30.3	31.6	31.7	29.2
Age under 30	34.3	28.9	33.1	36.4	37.2	39.6	34.8
Age 30 to 64	15.2	18.4	22.4	21.7	20.9	19.7	22.1
Age 65 or older	4.4	4.6	5.3	6.0	3.5	4.8	4.4

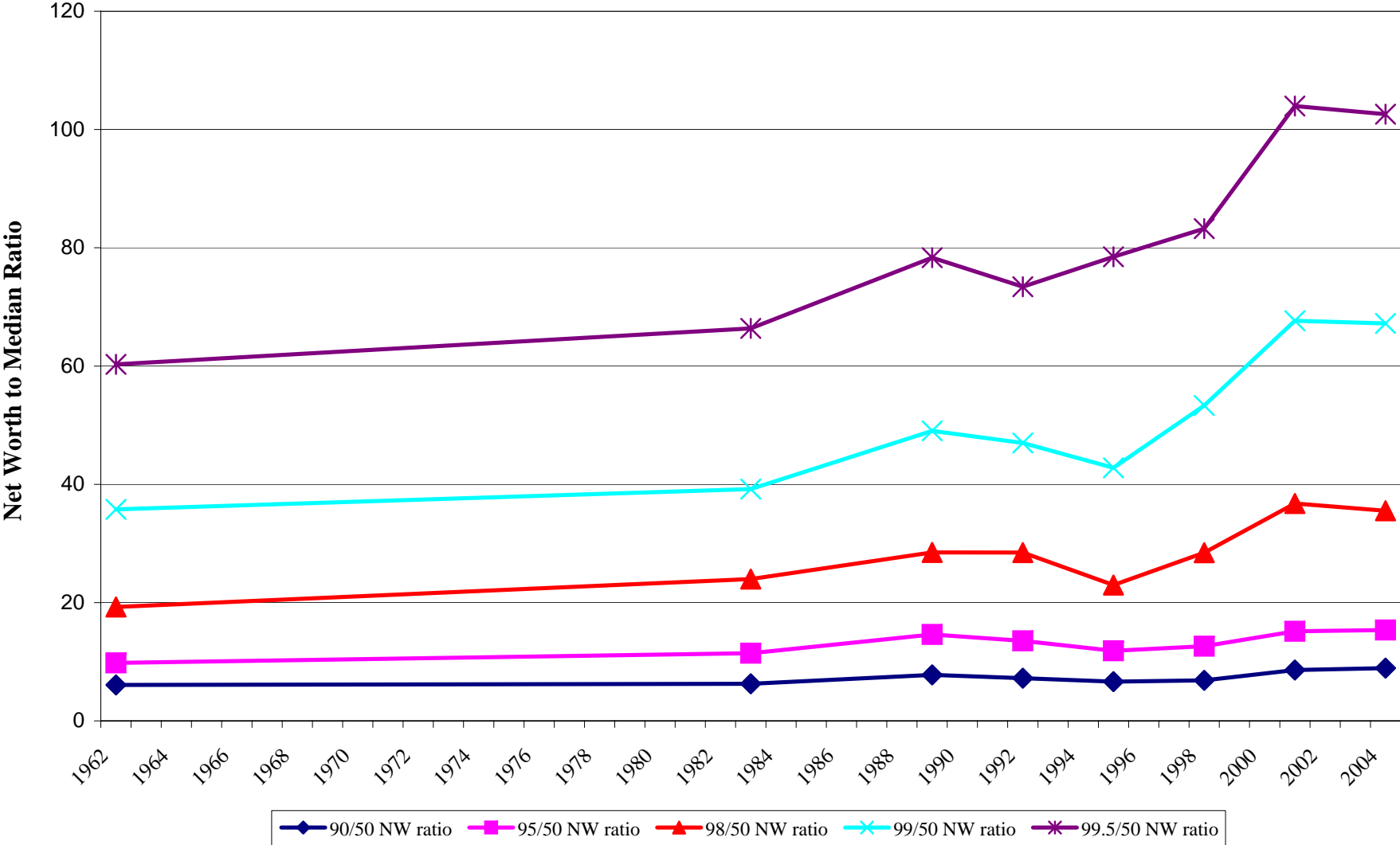
Source: Data from the SCFs. Authors' calculations described in the text.

**Table 2.3: Percentage of SCF Households with Any Pension Coverage**

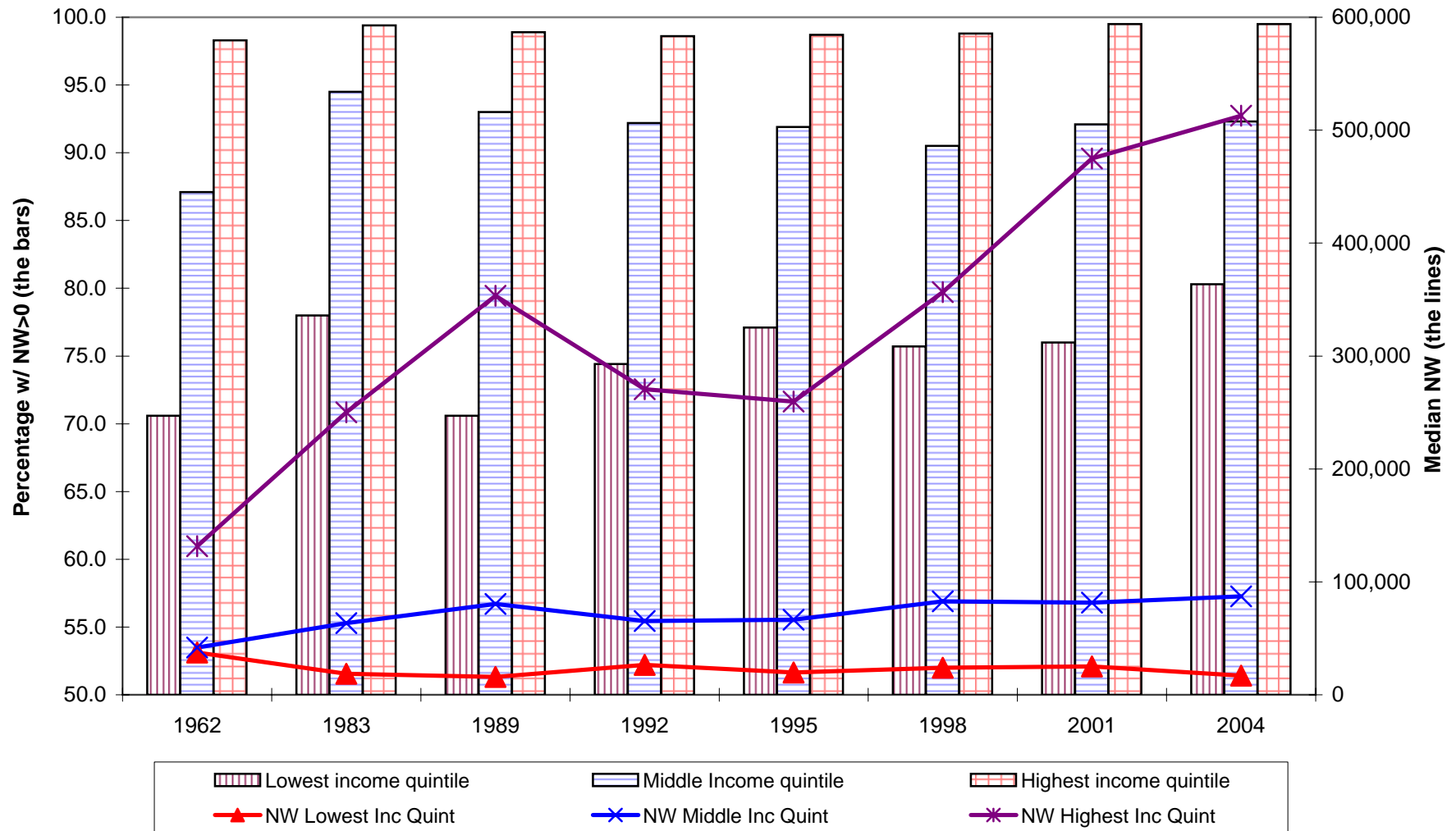
	Year of SCF					
	1989	1992	1995	1998	2001	2004
Full Sample	56.3	56.2	56.9	56.9	57.1	57.5
Lowest income quintile	24.0	20.1	20.6	22.7	20.8	19.6
Second quintile	42.9	46.4	45.6	45.2	47.0	46.9
Middle quintile	65.1	63.3	63.8	63.0	63.1	65.8
Fourth quintile	75.5	75.1	75.1	78.1	77.8	75.7
Highest income quintile	79.4	79.4	81.1	78.6	78.4	80.1
LT HS	44.3	37.1	37.2	37.5	34.7	34.2
HS	53.0	52.6	55.8	53.8	53.4	55.8
GT HS	65.9	66.4	65.6	65.9	67.0	65.2
Single Parent	36.9	42.7	40.4	38.4	41.4	42.1
Married	67.8	66.8	65.2	65.2	66.0	65.3
Single Childless	41.8	41.6	47.3	47.9	44.4	48.5
White and Other	61.4	59.7	59.1	60.7	59.9	61.6
Black	38.9	47.1	48.2	46.0	50.2	49.9
Hispanic	34.5	34.7	45.4	32.3	40.6	34.8
Age under 30	29.7	36.8	41.2	33.4	35.3	32.7
Age 30 to 64	64.3	63.0	63.7	64.1	64.1	62.2
Age 65 or older	53.2	49.0	47.4	50.4	49.7	58.7

Source: Data from the SCFs. Authors' calculations described in the text.

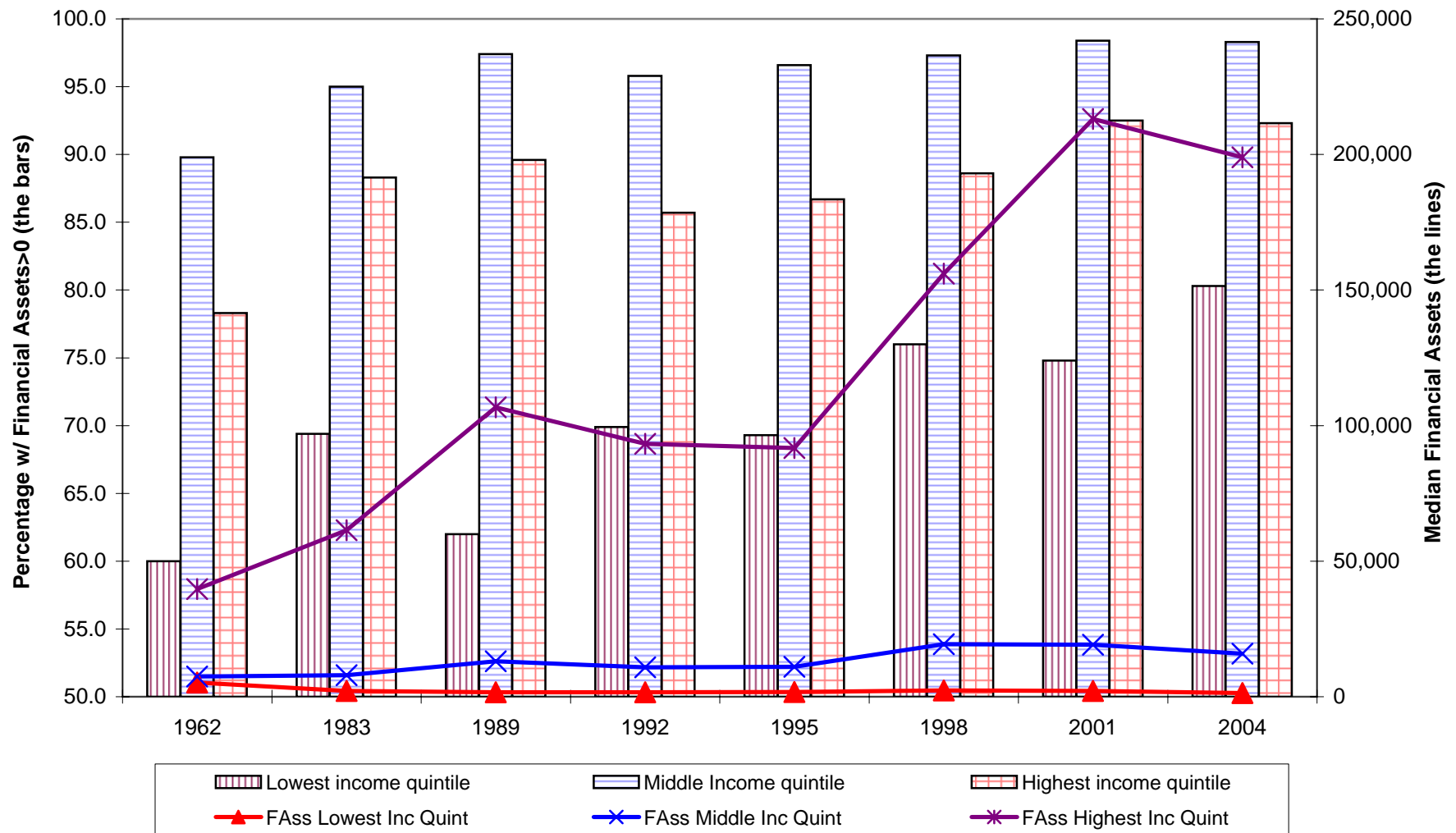
**Figure 2.1: Net Worth Ratios Relative to the Median, 1962-2004, SCF Data**



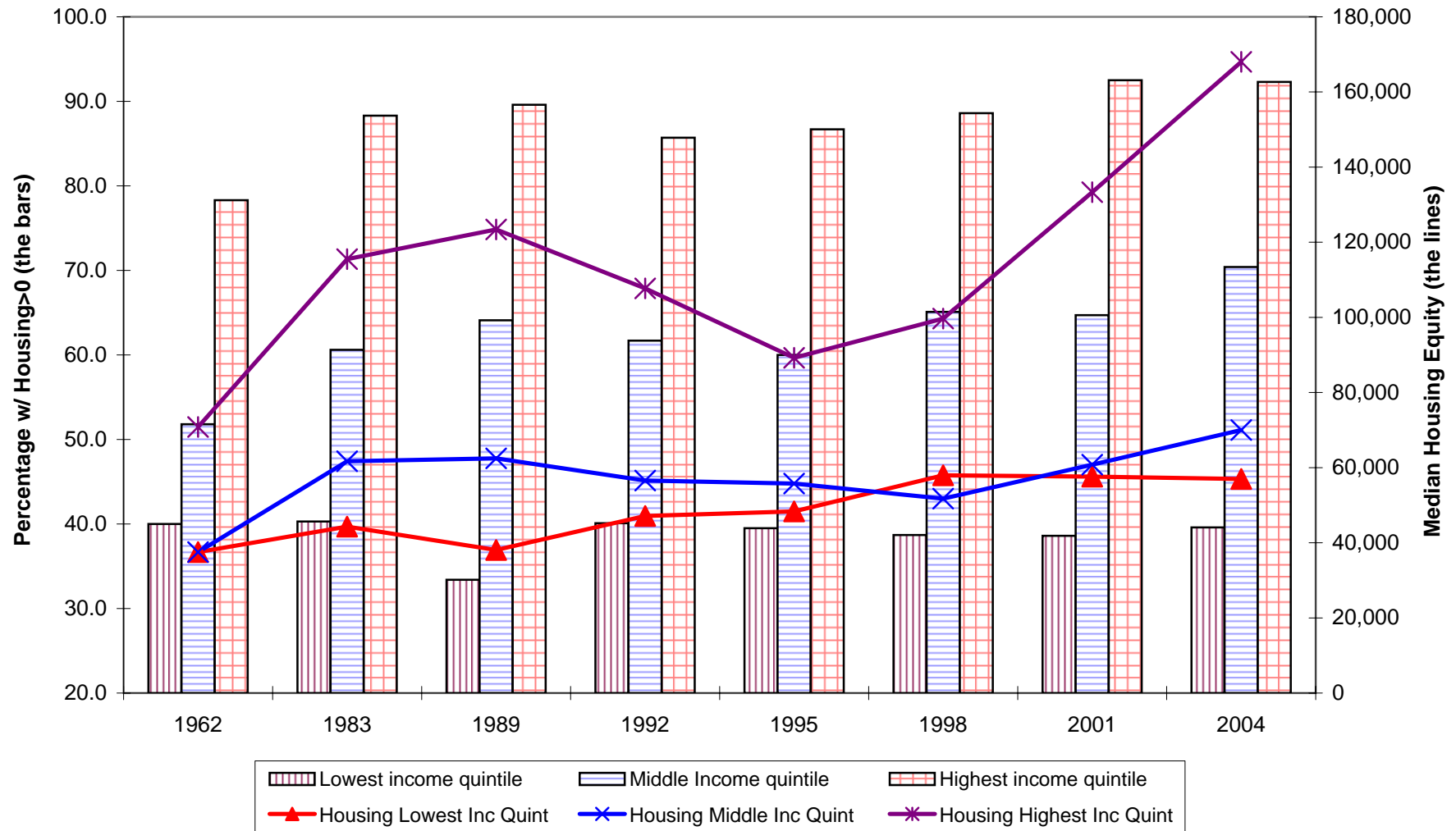
**Figure 2.2: Percentage with Positive New Worth (bars) and Median Net Worth (lines), lowest, middle, and highest income quintiles, SCF**



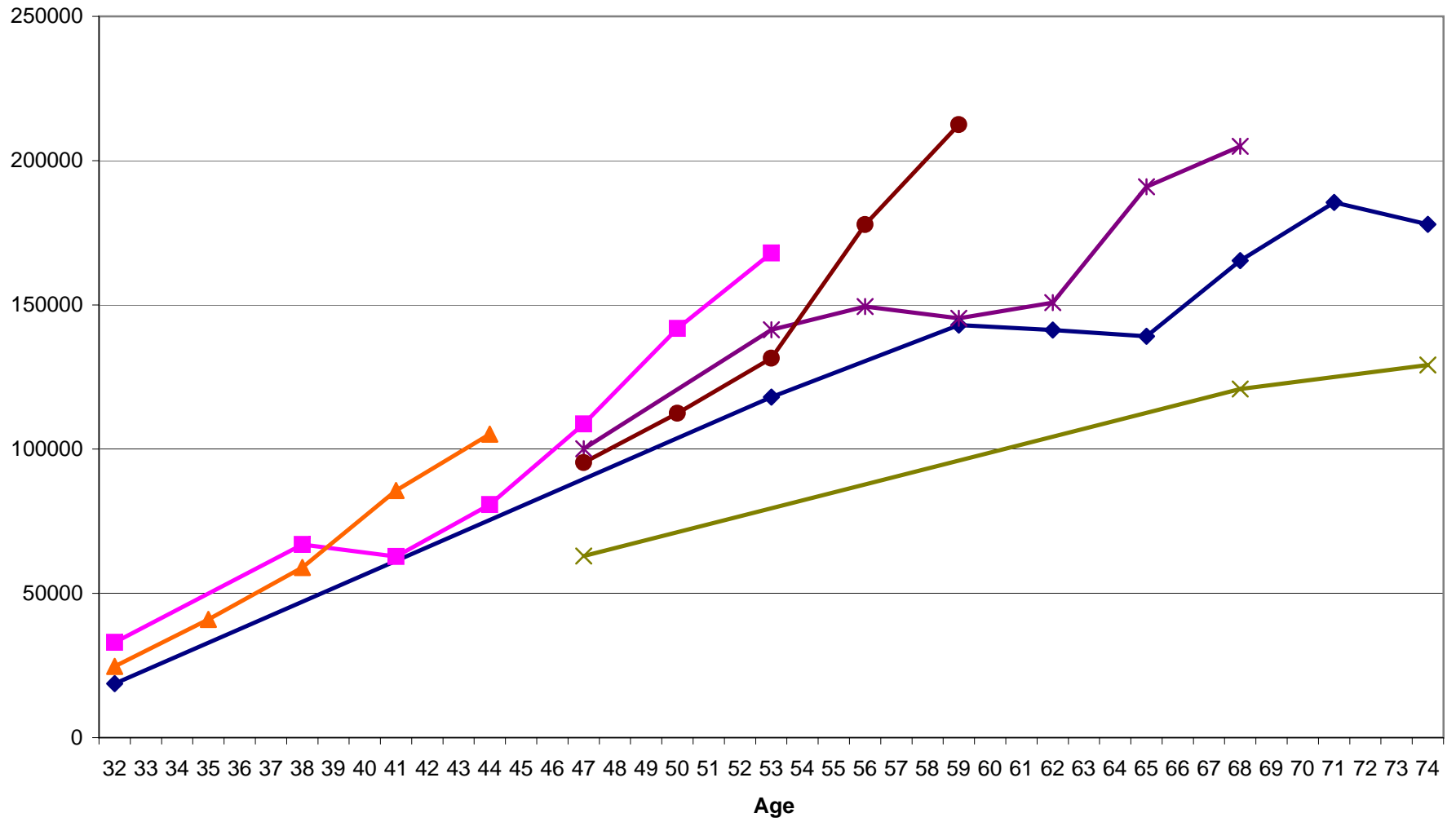
**Figure 2.3: Percentage with Positive Financial Assets (bars) and Median Financial Assets (lines), low, middle, and high Inc. Quintiles**



**Figure 2.4: Percentage with Positive Home Equity (bars) and Median Amounts (lines), lowest, middle, and highest income quintiles, SCF**

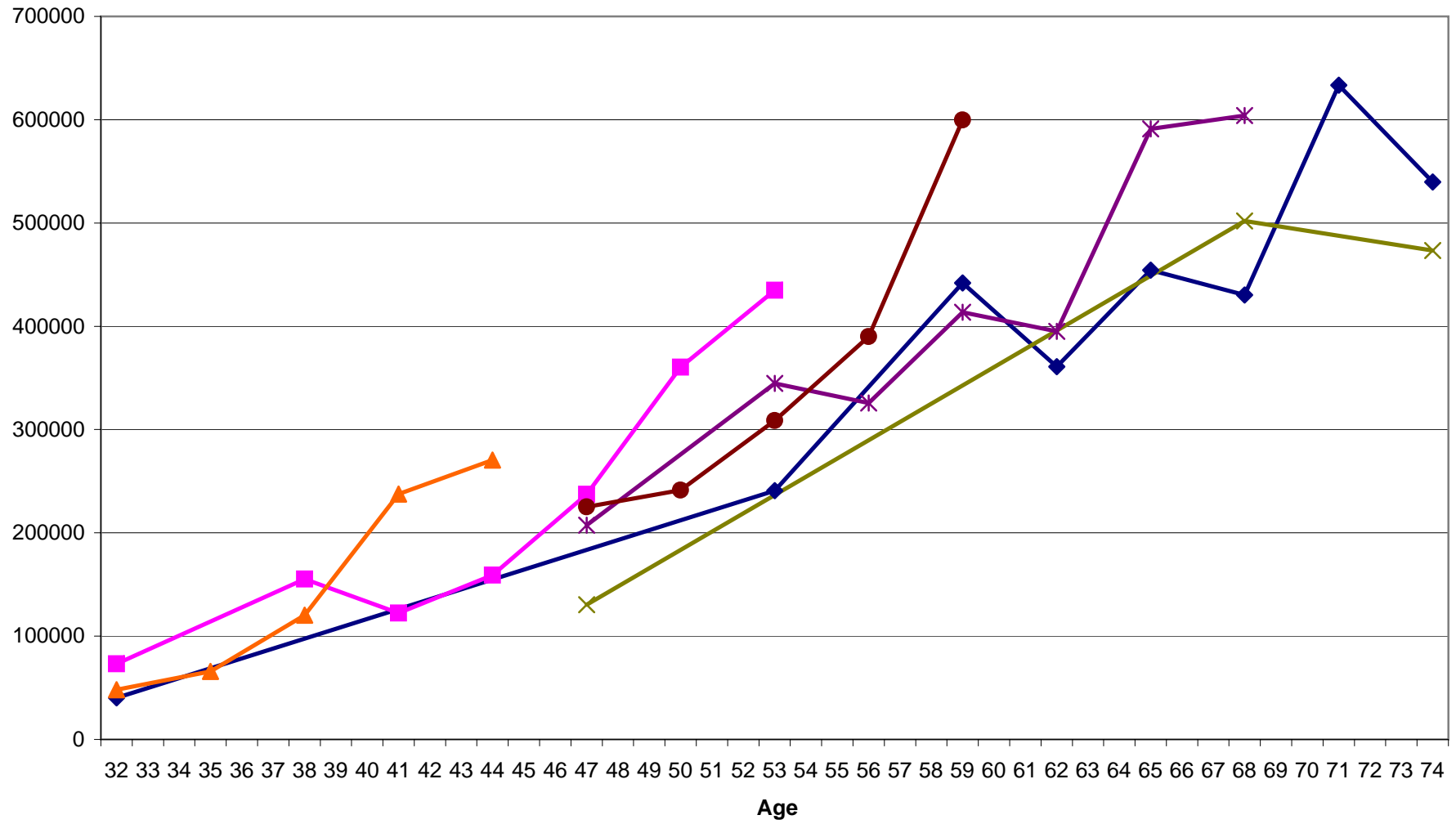


**Figure 2.5: Median Net Worth of Cohorts, Full Population (2004 dollars)**



◆ 25-39 in 1962   
 ■ 25-39 in 1983   
 ▲ 25-39 in 1992   
 × 40-54 in 1962   
 ✱ 40-54 in 1983   
 ● 40-54 in 1992

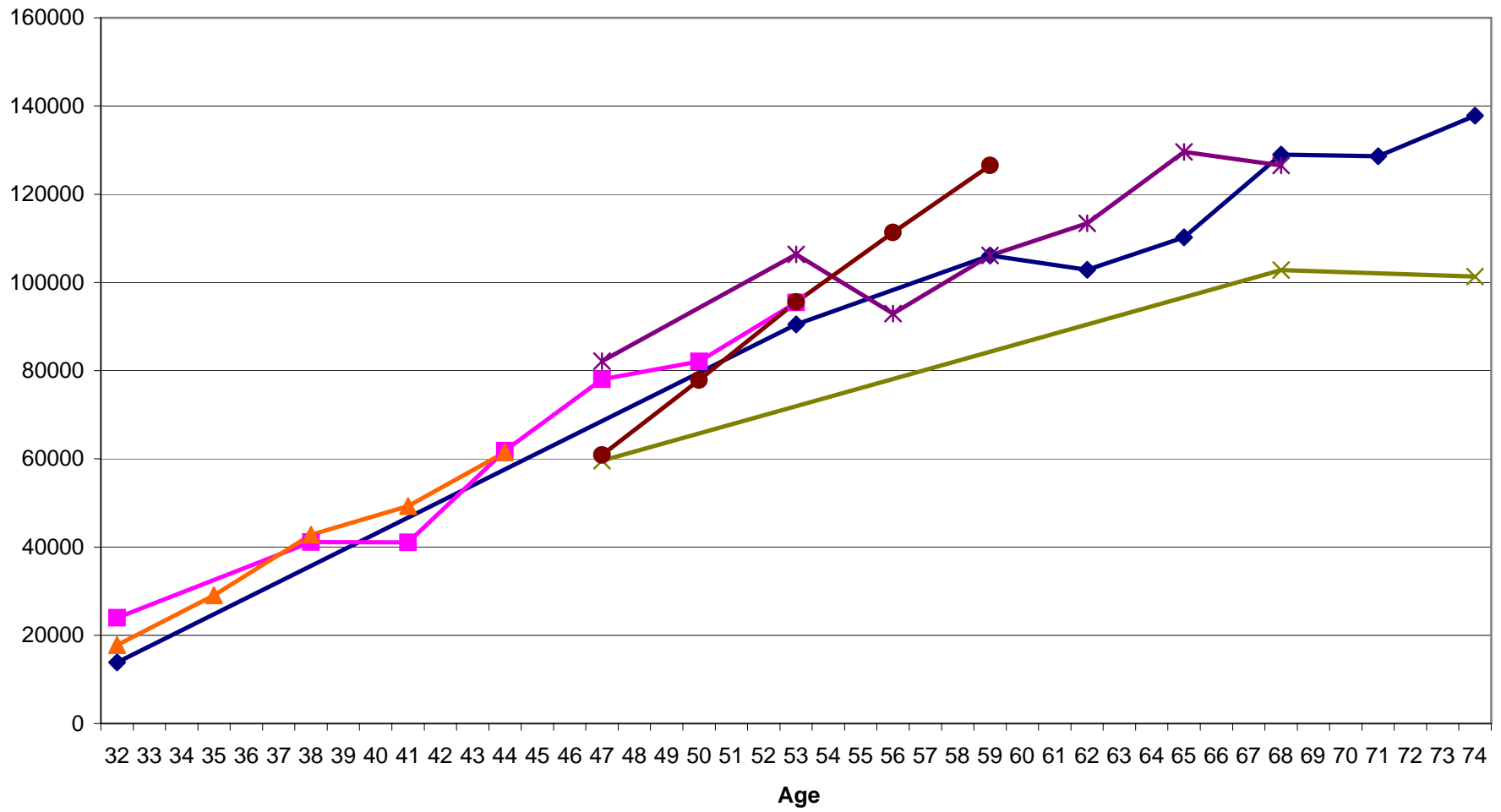
**Figure 2.6: Median Net Worth of Cohorts, College Degree (2004 dollars)**



◆ 25-39 in 1962   
 ■ 25-39 in 1983   
 ▲ 25-39 in 1992   
 × 40-54 in 1962   
 ✱ 40-54 in 1983   
 ● 40-54 in 1992

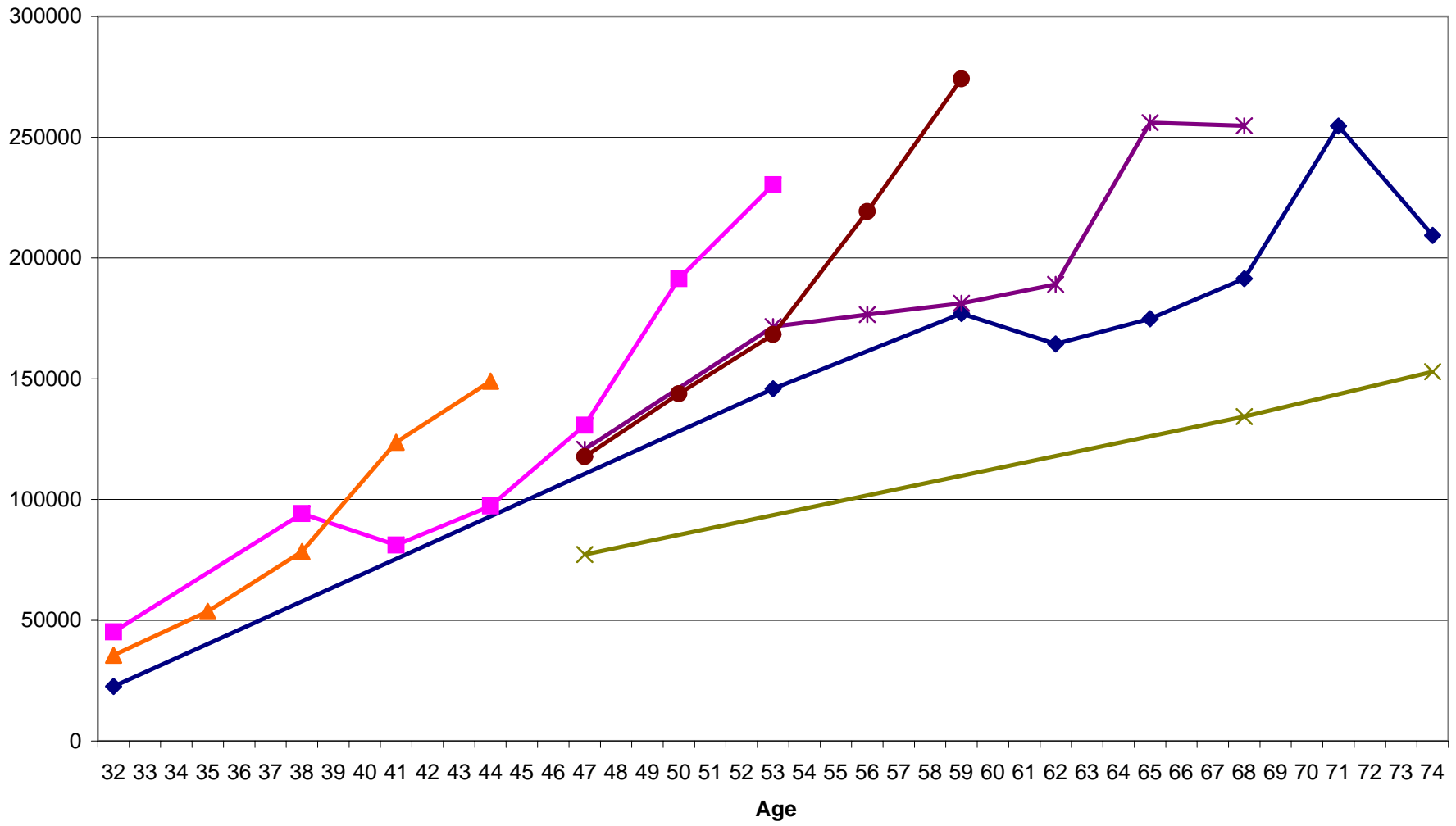


**Figure 2.7: Median Net Worth of Cohorts, Less Than College Degree (2004 dollars)**



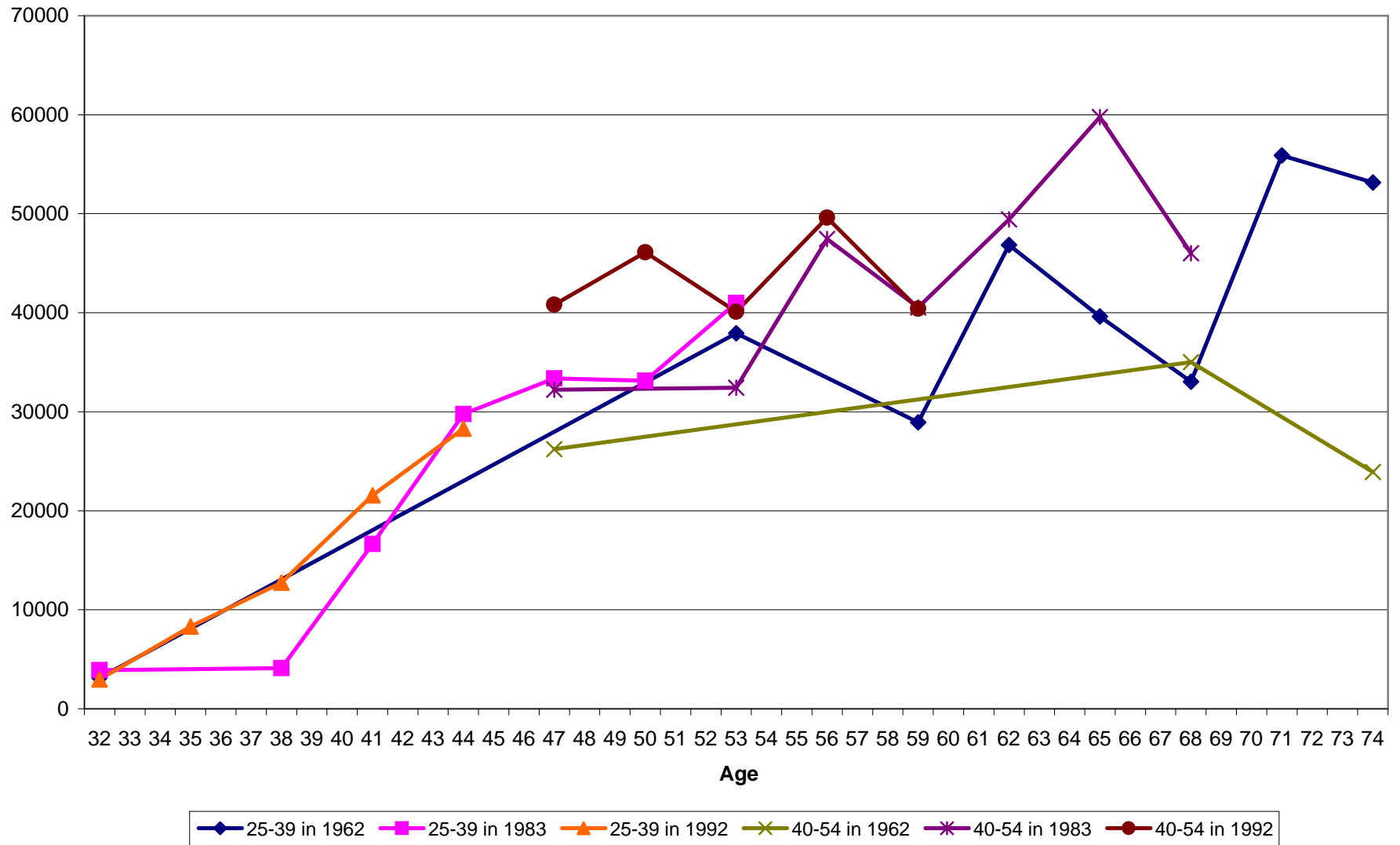
◆ 25-39 in 1962   
 ■ 25-39 in 1983   
 ▲ 25-39 in 1992   
 ✕ 40-54 in 1962   
 ✱ 40-54 in 1983   
 ● 40-54 in 1992

**Figure 2.8: Median Net Worth of Cohorts, Whites (in 2004 dollars)**



◆ 25-39 in 1962   
 ■ 25-39 in 1983   
 ▲ 25-39 in 1992   
 × 40-54 in 1962   
 ✱ 40-54 in 1983   
 ● 40-54 in 1992

**Figure 2.9: Median Net Worth of Cohorts, Nonwhite (in 2004 dollars)**



**Appendix Table 2.1a: Percentage of Population with Positive Net Worth, SCF Data**

	Year of SCF							
	1962	1983	1989	1992	1995	1998	2001	2004
Full Sample	86.7	92.1	88.4	89.8	90.4	89.6	90.4	91.0
Lowest income quintile	70.6	78.0	70.6	74.4	77.1	75.7	76.0	80.3
Second quintile	82.2	90.0	88.0	90.5	88.5	88.3	88.7	87.9
Middle quintile	87.1	94.5	93.0	92.2	91.9	90.5	92.1	92.3
Fourth quintile	95.4	98.5	94.1	94.7	96.5	95.9	96.5	95.4
Highest income quintile	98.3	99.4	98.9	98.6	98.7	98.8	99.5	99.5
LT HS	83.2	87.3	82.9	83.2	84.1	82.8	82.2	86.1
HS	90.8	94.7	88.0	89.8	91.4	92.0	91.3	93.7
GT HS	91.4	93.5	92.1	92.5	92.4	90.7	92.8	91.1
Single Parent	70.1	86.0	73.8	77.3	77.2	80.9	76.6	82.3
Married	89.6	96.2	93.9	93.3	94.4	93.2	94.7	94.7
Single Childless	82.3	85.2	83.4	87.8	87.8	85.9	87.0	87.5
White and Other	89.0	95.1	93.2	92.7	92.8	92.2	93.3	93.3
Black	65.8	77.8	68.4	80.0	79.2	78.8	78.7	80.2
Hispanic	.	73.3	73.3	74.9	81.9	77.9	81.4	88.6
Age under 30	67.3	82.3	77.5	73.3	78.2	72.0	73.8	74.9
Age 30 to 64	89.1	94.5	89.0	91.3	91.1	91.2	92.2	92.3
Age 65 or older	91.1	94.3	95.1	96.2	96.4	96.0	95.8	97.5

**Appendix Table 2.1b: Mean and Median Net Worth, Conditional on Having Positive Amounts, 2004 Dollars, SCF Data**

Means	Year of SCF								
	1962	1983	1989	1992	1995	1998	2001	2004	
Full Sample	164,531	250,822	326,722	280,868	292,649	366,975	469,293	493,205	
Lowest income quintile	67,193	61,140	57,381	63,918	75,568	79,739	75,861	92,359	
Second quintile	74,167	92,414	124,695	97,215	113,116	130,161	144,017	142,066	
Middle quintile	92,650	114,840	173,098	156,000	138,509	162,504	198,156	214,667	
Fourth quintile	118,101	166,451	229,993	197,953	210,990	249,160	329,939	356,835	
Highest income quintile	418,987	756,494	969,134	828,987	861,537	1,119,857	1,502,622	1,527,850	
LT HS	113,601	111,889	142,251	110,467	120,696	112,432	137,359	158,497	
HS	128,850	171,167	207,186	171,793	186,906	204,946	218,318	215,753	
GT HS	320,045	404,000	505,728	408,039	419,180	548,112	711,894	735,634	
Single Parent	74,984	147,499	130,505	95,104	119,644	148,463	133,916	160,358	
Married	178,363	317,469	424,426	366,627	372,196	475,274	608,668	651,423	
Single Childless	138,700	115,166	181,228	172,048	185,137	218,847	265,083	287,937	
White and Other	174,728	279,719	373,350	321,006	333,924	420,306	551,177	585,686	
Black	35,858	71,206	91,278	88,056	74,269	88,010	98,822	134,545	
Hispanic	.	67,888	93,154	102,165	95,838	126,961	124,760	157,192	
Age under 30	36,447	45,356	79,852	51,784	52,188	55,765	91,575	68,390	
Age 30 to 64	167,381	267,811	342,251	293,779	300,672	382,911	475,659	518,980	
Age 65 or older	217,953	378,833	434,760	358,135	397,352	473,208	638,990	624,476	
				Median Amounts					
	1962	1983	1989	1992	1995	1998	2001	2004	
Full Sample	60,523	79,467	96,141	83,719	87,013	104,683	115,633	119,900	
Lowest income quintile	37,348	18,494	15,843	26,443	19,832	23,873	25,066	17,000	
Second quintile	34,183	40,244	56,304	51,702	57,451	59,532	54,931	52,300	
Middle quintile	41,933	63,490	80,404	65,220	66,412	82,861	81,490	87,200	
Fourth quintile	67,141	93,600	116,478	106,947	99,767	136,518	167,429	167,990	
Highest income quintile	131,611	250,054	353,426	270,492	259,614	356,534	474,970	512,800	
LT HS	53,011	52,080	61,591	43,085	49,047	48,650	52,265	41,460	
HS	63,325	71,805	82,720	63,685	81,919	77,530	77,971	81,000	
GT HS	75,322	120,471	154,014	125,888	113,166	149,718	193,273	197,500	
Single Parent	26,921	58,034	30,955	28,948	36,925	33,202	35,039	36,920	
Married	65,771	102,833	139,207	118,887	111,171	140,620	169,701	171,482	
Single Childless	48,739	22,488	49,480	54,125	58,653	70,727	73,971	77,000	
White and Other	66,690	91,262	121,414	102,542	102,817	124,836	151,035	155,000	
Black	12,910	24,879	34,657	37,767	33,739	28,972	37,119	34,700	
Hispanic	.	28,580	23,917	30,161	32,847	31,464	28,586	35,300	
Age under 30	8,963	13,940	15,188	15,214	17,911	14,139	17,119	15,700	
Age 30 to 64	67,816	95,901	116,204	91,690	91,227	106,966	125,105	129,250	
Age 65 or older	69,011	114,201	129,488	131,543	130,357	166,417	191,588	184,700	

**Appendix Table 2.2a: Percentage of Population with Positive Financial Assets, SCF Data**

	Year of SCF							
	1962	1983	1989	1992	1995	1998	2001	2004
Full Sample	85.0	89.6	88.5	90.3	90.7	92.8	93.1	93.8
Lowest income quintile	60.0	69.4	62.0	69.9	69.3	76.0	74.8	80.3
Second quintile	79.7	85.4	88.3	88.9	90.4	93.0	93.2	91.7
Middle quintile	89.8	95.0	97.4	95.8	96.6	97.3	98.4	98.3
Fourth quintile	97.1	98.6	98.6	99.4	98.2	99.1	99.7	99.1
Highest income quintile	98.3	99.8	99.8	99.4	100.0	99.9	99.7	99.9
LT HS	79.2	76.9	74.2	73.2	76.0	77.6	78.4	78.4
HS	91.9	93.2	88.3	90.5	90.2	93.7	92.9	93.4
GT HS	92.7	96.1	97.3	97.5	97.0	97.8	98.3	98.6
Single Parent	62.2	80.3	72.1	75.9	76.2	82.5	81.1	86.2
Married	88.6	93.7	94.0	94.1	94.5	95.4	95.7	95.8
Single Childless	79.8	88.7	84.0	88.5	89.1	91.5	92.2	93.2
White and Other	87.7	94.1	94.8	95.0	94.5	96.0	96.3	97.0
Black	57.7	67.7	62.5	77.2	73.4	80.4	83.7	85.3
Hispanic		63.9	67.7	62.3	75.5	76.9	76.0	79.5
Age under 30	81.0	85.7	84.2	84.0	84.9	85.9	87.4	90.4
Age 30 to 64	86.1	90.9	88.6	91.3	91.2	93.8	93.7	93.5
Age 65 or older	83.6	89.3	91.5	91.4	93.0	93.9	94.8	97.0

**Appendix Table 2.2b: Mean and Median Financial Assets, Conditional on Positive Amounts, 2004 Dollars, SCF Data**

	Year of SCF								
	1962	1983	1989	1992	1995	1998	2001	2004	
Full Sample	72,145	85,581	113,653	103,425	121,139	166,703	217,303	200,298	
Lowest income quintile	28,484	10,319	19,207	15,524	19,841	24,583	26,062	23,061	
Second quintile	21,348	22,102	33,770	30,525	39,702	49,019	48,895	42,797	
Middle quintile	32,434	30,550	49,534	51,179	49,937	60,468	87,138	74,076	
Fourth quintile	40,731	47,194	79,895	67,188	84,611	111,174	158,101	145,497	
Highest income quintile	207,402	282,614	349,721	324,616	375,984	552,736	734,466	671,451	
LT HS	39,380	32,816	39,984	34,594	38,656	34,987	47,953	43,216	
HS	47,619	44,730	62,356	58,314	65,368	81,164	83,067	80,206	
GT HS	169,028	145,389	179,754	149,943	178,653	252,685	336,453	296,582	
Single Parent	29,543	57,358	38,079	35,153	44,551	70,066	54,747	51,372	
Married	72,721	105,592	145,280	130,801	150,664	212,738	281,150	269,352	
Single Childless	77,915	41,008	70,170	70,871	85,719	107,335	133,702	118,525	
White and Other	77,613	95,751	129,550	118,504	137,106	190,297	255,778	240,197	
Black	8,767	14,086	25,175	24,039	28,436	45,030	43,695	41,773	
Hispanic		10,908	24,684	25,736	36,558	47,516	46,544	43,654	
Age under 30	14,181	12,018	24,010	14,394	19,789	19,459	39,660	18,924	
Age 30 to 64	69,482	80,253	106,716	102,559	115,783	170,502	218,195	205,560	
Age 65 or older	119,904	174,163	194,984	158,803	196,717	242,921	320,818	291,689	
				<b>Median Amounts</b>					
	<b>1962</b>	<b>1983</b>	<b>1989</b>	<b>1992</b>	<b>1995</b>	<b>1998</b>	<b>2001</b>	<b>2004</b>	
Full Sample	12,510	12,021	17,214	15,282	17,601	25,612	29,865	23,000	
Lowest income quintile	5,248	2,156	1,600	1,618	1,785	2,318	2,133	1,400	
Second quintile	5,567	6,828	6,413	5,790	7,437	8,170	8,533	4,970	
Middle quintile	7,462	7,966	13,101	10,812	11,032	19,354	19,199	15,900	
Fourth quintile	13,454	15,121	22,851	22,216	26,017	41,593	60,265	49,480	
Highest income quintile	39,707	61,448	106,789	93,306	91,723	156,068	213,112	199,000	
LT HS	9,601	5,906	6,094	3,905	4,834	5,794	5,333	2,580	
HS	12,541	9,946	12,187	10,381	12,581	16,109	14,869	12,840	
GT HS	23,212	20,862	28,335	28,342	28,942	44,617	60,478	48,020	
Single Parent	4,760	8,034	4,860	3,770	4,710	6,142	7,520	3,280	
Married	12,516	16,438	24,679	24,101	26,030	37,664	46,985	39,500	
Single Childless	14,111	5,766	10,511	10,381	11,032	15,147	16,138	12,800	
White and Other	13,292	14,659	22,866	19,792	21,691	33,782	39,999	35,000	
Black	2,615	2,955	2,742	3,905	5,330	6,409	8,426	3,580	
Hispanic		3,604	2,742	2,693	4,871	3,651	4,480	4,570	
Age under 30	1,876	2,822	3,504	2,801	4,462	3,593	4,149	3,100	
Age 30 to 64	14,443	14,704	20,231	18,257	20,328	30,943	37,087	31,300	
Age 65 or older	18,765	26,837	35,221	32,448	28,632	46,124	46,825	38,100	

**Appendix Table 2.3a: Percentage of Population with Positive Equity, SCF Data**

	Year of SCF							
	1962	1983	1989	1992	1995	1998	2001	2004
Full Sample	17.2	19.1	31.7	36.7	40.4	48.6	52.2	50.2
Lowest income quintile	7.4	4.2	3.7	8.0	6.4	10.8	13.0	11.7
Second quintile	7.2	10.5	16.0	20.3	26.0	31.3	34.7	30.0
Middle quintile	13.4	15.8	31.6	35.1	41.5	50.8	54.1	51.9
Fourth quintile	20.7	22.9	43.7	51.2	54.3	69.3	74.5	69.8
Highest income quintile	37.4	42.0	68.2	71.9	75.0	84.0	87.4	88.2
LT HS	10.3	6.6	10.2	11.8	15.6	18.6	19.7	15.7
HS	20.3	17.0	26.9	29.4	33.7	42.6	43.7	41.8
GT HS	31.8	29.6	48.0	51.5	54.5	63.2	68.4	64.6
Single Parent	7.4	12.0	16.1	19.9	24.3	30.4	29.8	28.2
Married	18.9	22.2	39.5	44.9	48.3	57.5	61.6	60.0
Single Childless	14.6	18.1	22.7	27.5	31.2	38.2	41.3	40.1
White and Other	19.0	21.9	37.2	42.0	44.6	54.0	57.7	57.7
Black	1.5	6.0	10.5	18.0	20.0	28.7	33.2	26.4
Hispanic		1.0	12.1	11.8	24.9	21.0	29.4	22.0
Age under 30	9.2	11.4	18.4	23.6	32.7	33.2	43.2	34.3
Age 30 to 64	18.9	20.7	37.0	42.6	45.1	56.0	58.7	56.5
Age 65 or older	16.5	21.8	26.5	28.1	31.4	36.1	37.9	40.7



**Appendix Table 2.3b: Mean and Median Equity, Conditional on Positive Amounts, 2004 Dollars, SCF Data**

	Year of SCF							
	1962	1983	1989	1992	1995	1998	2001	2004
Full Sample	123,668	110,381	91,079	85,402	112,757	172,206	219,140	191,675
Lowest income quintile	78,102	11,853	39,952	18,861	32,607	39,563	59,022	50,408
Second quintile	47,203	16,842	21,537	21,389	41,040	42,785	48,967	40,670
Middle quintile	46,725	18,082	26,681	28,576	33,364	45,078	77,684	61,313
Fourth quintile	23,019	25,779	40,820	37,435	56,595	73,784	110,925	86,538
Highest income quintile	230,886	224,151	173,264	174,242	231,589	396,739	504,757	423,809
LT HS	87,428	40,417	40,349	25,929	35,751	41,058	57,711	42,330
HS	62,638	53,078	38,468	44,666	55,120	84,200	81,866	68,497
GT HS	193,946	146,087	118,064	104,847	143,156	220,643	285,194	244,186
Single Parent	63,423	90,251	37,236	24,917	38,600	105,023	50,804	68,625
Married	119,298	128,217	103,665	93,715	126,071	194,919	251,388	227,927
Single Childless	146,950	40,922	63,507	76,028	95,391	126,681	165,836	121,651
White and Other	126,993	115,030	96,769	91,162	122,339	186,877	244,477	209,892
Black	12,472	5,991	23,439	28,119	20,586	35,756	44,637	44,129
Hispanic		9,413	12,129	16,395	32,604	58,096	49,070	52,492
Age under 30	41,437	11,453	29,234	10,338	14,531	21,787	42,354	18,985
Age 30 to 64	86,814	85,876	77,881	80,995	103,771	159,976	200,195	183,064
Age 65 or older	308,884	236,249	176,725	145,458	216,918	319,524	440,671	320,767
	Median Amounts							
	1962	1983	1989	1992	1995	1998	2001	2004
Full Sample	8,945	7,617	13,710	14,676	17,973	28,972	37,332	32,500
Lowest income quintile	21,023	3,630	21,327	8,886	4,338	5,794	8,320	8,000
Second quintile	11,140	6,638	9,140	5,116	8,057	11,010	8,533	10,000
Middle quintile	3,127	5,713	7,617	6,732	7,437	14,023	15,999	15,000
Fourth quintile	5,042	4,116	9,140	10,973	16,114	21,440	31,466	27,000
Highest income quintile	20,523	18,966	35,419	37,699	45,862	92,132	131,195	110,000
LT HS	4,941	6,638	12,187	6,732	6,817	11,589	9,600	9,000
HS	6,593	5,690	11,425	8,078	12,395	18,542	18,133	18,000
GT HS	15,481	9,483	15,234	18,850	24,170	38,719	53,331	46,800
Single Parent	7,506	7,586	6,094	5,924	7,437	14,718	8,746	9,600
Married	6,593	9,483	15,234	16,157	21,072	35,028	46,729	40,000
Single Childless	28,116	4,741	12,187	13,464	13,635	20,860	26,666	27,600
White and Other	9,382	8,535	15,234	15,484	19,832	34,014	43,732	39,000
Black	1,876	1,138	6,094	8,078	5,578	8,112	9,706	11,000
Hispanic		9,413	1,523	5,857	6,321	10,430	8,213	9,400
Age under 30	3,615	1,897	3,047	3,097	4,710	5,215	4,160	4,700
Age 30 to 64	7,900	7,586	13,710	15,484	18,679	30,131	38,399	32,500
Age 65 or older	32,413	22,759	38,085	28,274	34,086	64,898	140,795	75,800

**Appendix Table 2.4a: Percentage of Population with Positive Housing Wealth**

	Year of SCF							
	1962	1983	1989	1992	1995	1998	2001	2004
Full Sample	56.2	63.1	62.7	63.0	63.2	64.3	66.3	68.0
Lowest income quintile	40.0	40.3	33.4	40.1	39.5	38.7	38.6	39.6
Second quintile	42.8	51.5	55.3	56.9	55.3	54.8	56.3	56.3
Middle quintile	51.8	60.6	64.1	61.7	60.0	65.1	64.7	70.4
Fourth quintile	67.9	74.9	75.2	73.1	75.7	76.6	81.0	82.1
Highest income quintile	78.3	88.3	89.6	85.7	86.7	88.6	92.5	92.3
LT HS	55.4	61.3	59.9	57.2	58.0	53.8	56.1	56.5
HS	57.8	64.7	59.4	61.8	64.1	63.8	64.0	65.4
GT HS	56.4	63.2	66.8	66.2	64.8	68.5	71.1	72.8
Single Parent	42.6	51.3	41.1	44.0	45.0	45.2	44.5	51.9
Married	62.8	75.3	77.5	74.1	73.6	75.9	77.5	78.5
Single Childless	40.3	32.1	42.7	49.5	50.1	49.2	51.0	54.4
White and Other	57.6	67.4	68.6	67.4	67.4	70.0	72.4	73.7
Black	38.0	44.0	40.5	48.5	45.0	38.9	40.9	45.3
Hispanic		31.6	40.2	41.4	44.4	42.5	46.5	54.1
Age under 30	26.5	29.8	27.1	24.4	27.9	26.3	28.3	29.4
Age 30 to 64	60.3	70.0	67.9	66.3	66.7	67.5	70.1	71.1
Age 65 or older	60.8	75.1	74.4	78.3	76.0	79.2	79.0	83.2

**Appendix Table 2.4b: Mean and Median Net Housing Wealth, Conditional on Positive Amounts, 2004 Dollars, SCF Data**

	Year of SCF							
	1962	1983	1989	1992	1995	1998	2001	2004
Full Sample	60,869	102,871	121,602	101,349	94,032	105,165	131,721	163,715
Lowest income quintile	45,105	59,227	56,337	63,703	63,014	72,197	70,735	85,021
Second quintile	51,240	77,119	87,056	73,868	76,605	82,995	96,409	99,215
Middle quintile	47,612	77,856	97,738	81,692	78,489	80,270	87,992	116,000
Fourth quintile	55,881	88,077	99,891	86,462	80,413	88,289	111,219	136,371
Highest income quintile	87,337	167,561	207,059	166,235	143,368	167,420	232,783	299,000
LT HS	53,424	73,731	80,181	67,478	68,970	71,818	80,287	111,930
HS	59,434	87,124	99,865	79,232	78,677	87,199	90,951	106,458
GT HS	81,158	135,146	157,312	125,914	112,287	124,552	166,736	202,553
Single Parent	48,242	85,806	89,928	75,396	76,447	75,793	74,134	83,381
Married	60,523	109,951	127,747	108,099	99,450	114,767	145,796	183,250
Single Childless	65,478	80,448	111,525	91,034	84,687	86,856	106,387	140,052
White and Other	63,328	107,445	129,247	108,431	99,655	110,848	142,865	178,095
Black	32,731	58,495	70,819	58,022	54,292	54,971	55,276	82,242
Hispanic		98,091	74,771	64,921	61,919	76,489	69,623	100,441
Age under 30	32,241	40,160	46,724	40,883	31,321	39,218	43,490	45,391
Age 30 to 64	61,032	107,167	123,837	97,596	89,028	97,194	124,204	160,254
Age 65 or older	68,644	115,447	136,070	122,710	121,825	139,925	172,860	199,361
	<b>Median Amounts</b>							
	<b>1962</b>	<b>1983</b>	<b>1989</b>	<b>1992</b>	<b>1995</b>	<b>1998</b>	<b>2001</b>	<b>2004</b>
Full Sample	48,163	74,809	76,169	64,627	61,975	69,534	77,864	90,000
Lowest income quintile	37,530	44,293	38,085	47,124	48,341	57,945	57,598	57,000
Second quintile	42,534	65,451	67,197	53,856	61,975	63,739	60,798	68,000
Middle quintile	37,530	61,707	62,459	56,549	55,778	51,745	60,798	70,000
Fourth quintile	46,912	71,306	71,599	58,972	57,017	61,421	70,398	89,000
Highest income quintile	70,812	115,508	123,394	107,712	89,244	99,665	133,329	168,000
LT HS	43,785	56,898	60,935	49,817	49,580	57,945	58,665	60,000
HS	56,295	70,174	68,552	54,529	57,017	61,421	63,998	70,000
GT HS	61,724	94,829	99,020	79,438	73,131	75,328	93,863	110,000
Single Parent	37,530	66,381	65,506	51,163	50,820	42,879	45,865	45,000
Married	46,912	77,147	77,693	65,974	64,454	71,852	85,330	100,000
Single Childless	55,188	54,007	68,552	67,320	61,975	63,739	70,504	85,000
White and Other	50,040	75,863	83,786	70,013	68,173	71,852	85,330	97,000
Black	23,143	41,355	45,702	43,085	37,185	37,085	38,399	47,000
Hispanic		79,657	38,085	42,412	49,580	49,833	50,132	60,000
Age under 30	13,761	31,038	25,898	20,196	22,311	18,542	23,466	24,000
Age 30 to 64	49,571	78,818	79,216	60,588	57,017	61,421	69,331	82,000
Age 65 or older	53,167	75,863	77,693	87,516	95,442	93,871	106,663	120,000

**Appendix Table 2.5a: Percentage of Population with Positive Credit Card Debt, SCF Data**

	Year of SCF							
	1962	1983	1989	1992	1995	1998	2001	2004
Full Sample	0.0	37.0	39.6	43.8	47.4	43.9	44.3	46.3
Lowest income quintile	0.0	12.3	15.9	24.8	26.5	24.9	30.2	29.3
Second quintile	0.0	26.1	30.3	42.6	44.2	41.0	44.4	42.6
Middle quintile	0.0	45.0	50.0	52.1	52.7	50.2	53.0	55.3
Fourth quintile	0.0	53.6	56.7	55.9	60.4	57.7	53.0	56.1
Highest income quintile	0.0	48.3	48.9	45.3	54.1	47.5	40.7	48.1
LT HS	0.0	21.4	24.2	29.9	32.6	29.4	29.3	29.7
HS	0.0	41.0	41.1	45.7	51.1	43.5	47.8	49.3
GT HS	0.0	45.3	47.7	48.6	51.3	49.6	47.5	49.5
Single Parent	0.0	27.7	35.3	43.5	44.3	37.7	47.7	48.5
Married	0.0	43.1	46.8	49.5	53.0	49.9	46.6	50.1
Single Childless	0.0	27.8	27.5	33.6	37.8	34.8	38.0	38.0
White and Other	0.0	37.9	41.2	44.0	46.9	44.2	43.2	46.0
Black	0.0	32.9	33.0	44.5	46.8	40.8	50.9	46.1
Hispanic		32.8	34.3	40.4	56.5	46.0	44.1	49.0
Age under 30	0.0	33.7	41.6	49.8	51.4	49.7	48.0	46.4
Age 30 to 64	0.0	45.5	45.8	48.2	54.3	50.4	50.0	52.2
Age 65 or older	0.0	13.7	20.0	27.2	24.9	20.5	24.2	27.8

**Appendix Table 2.5b: Mean and Median Credit Card Debt, Conditional on Positive Amounts, 2004 Dollars, SCF Data**

	Year of SCF						
	1983	1989	1992	1995	1998	2001	2004
Full Sample	1,644	2,877	3,116	3,709	4,780	4,415	5,132
Lowest income quintile	994	937	1,698	2,510	2,890	2,217	2,691
Second quintile	1,087	1,857	2,215	2,879	3,252	2,966	3,811
Middle quintile	1,402	2,494	2,547	3,397	4,974	3,927	5,161
Fourth quintile	1,706	2,948	3,811	3,482	5,286	5,345	5,552
Highest income quintile	2,267	4,551	4,660	5,576	6,351	7,251	7,304
LT HS	1,348	1,918	2,188	2,615	3,072	2,328	3,600
HS	1,384	2,610	2,567	3,062	4,050	3,883	4,495
GT HS	1,920	3,328	3,662	4,381	5,524	5,168	5,734
Single Parent	1,205	2,094	2,786	3,038	3,811	3,317	4,257
Married	1,809	3,001	3,432	4,086	5,316	4,785	5,725
Single Childless	1,331	2,838	2,415	2,984	3,697	4,003	4,072
White and Other	1,556	2,839	3,238	3,997	5,173	4,690	5,620
Black	2,080	3,215	2,337	2,562	2,870	3,225	3,324
Hispanic	2,419	2,797	3,157	2,414	3,358	4,005	3,811
Age under 30	1,296	2,439	2,569	3,061	3,237	3,447	2,975
Age 30 to 64	1,788	3,150	3,421	4,117	5,207	4,647	5,571
Age 65 or older	1,000	1,735	2,200	1,981	4,047	4,182	4,865
				<b>Median Amounts</b>			
	<b>1983</b>	<b>1989</b>	<b>1992</b>	<b>1995</b>	<b>1998</b>	<b>2001</b>	<b>2004</b>
Full Sample	948	1,371	1,346	1,847	1,970	2,027	2,150
Lowest income quintile	664	533	741	868	1,101	1,067	1,000
Second quintile	749	990	1,144	1,611	1,565	1,280	1,800
Middle quintile	759	1,219	1,252	1,859	2,271	2,133	2,100
Fourth quintile	998	1,523	2,020	1,934	2,665	2,613	3,000
Highest income quintile	1,517	3,047	2,383	2,727	2,781	3,200	3,000
LT HS	759	1,066	942	1,240	1,367	960	1,100
HS	802	1,371	1,346	1,487	1,622	1,920	2,000
GT HS	1,138	1,523	1,548	2,169	2,318	2,453	2,500
Single Parent	759	1,219	1,481	1,860	1,622	1,824	2,080
Married	1,000	1,523	1,521	1,958	2,318	2,240	2,400
Single Childless	759	1,051	1,077	1,240	1,738	1,419	1,850
White and Other	910	1,386	1,346	1,859	2,318	2,133	2,500
Black	1,146	914	969	1,240	1,043	1,547	1,330
Hispanic	1,612	1,676	2,289	1,735	1,391	1,728	1,780
Age under 30	759	1,219	1,306	1,425	1,507	1,600	1,330
Age 30 to 64	1,043	1,523	1,535	2,219	2,318	2,240	2,500
Age 65 or older	379	777	916	781	1,159	960	1,770

**Appendix Table 2.6a: Percentage of Population with Positive Vehicle Wealth, SCF Data**

	Year of SCF							
	1962	1983	1989	1992	1995	1998	2001	2004
Full Sample	73.9	84.4	83.7	86.3	84.2	82.7	84.7	86.3
Lowest income quintile	30.9	52.6	52.6	58.5	59.4	59.6	56.7	64.9
Second quintile	68.9	82.5	84.1	87.3	86.2	82.4	86.8	85.4
Middle quintile	83.3	93.5	94.0	94.2	91.0	89.4	91.7	91.4
Fourth quintile	92.3	96.6	95.8	96.3	92.8	92.9	95.1	95.4
Highest income quintile	94.1	96.8	96.0	97.6	92.9	91.5	93.9	94.5
LT HS	66.6	72.5	70.6	71.8	71.7	71.4	68.3	71.9
HS	85.9	88.1	84.8	86.0	87.0	84.6	86.8	87.5
GT HS	80.3	90.0	90.8	92.5	87.6	85.9	89.2	89.8
Single Parent	51.7	67.6	61.7	67.4	69.9	67.0	72.1	77.5
Married	88.1	94.9	96.5	95.8	92.2	91.4	92.6	93.1
Single Childless	38.2	69.1	67.4	75.4	74.2	71.9	72.9	76.5
White and Other	77.2	88.6	88.8	90.4	87.9	87.1	88.6	89.8
Black	48.0	61.5	56.4	67.8	63.1	59.7	68.5	69.5
Hispanic		67.6	76.7	73.6	79.5	71.1	73.0	81.2
Age under 30	81.7	81.1	79.2	81.2	81.6	76.4	75.2	80.5
Age 30 to 64	80.4	89.4	87.7	89.4	87.0	86.0	89.0	88.5
Age 65 or older	44.9	71.9	75.2	80.3	77.8	76.9	77.6	82.9

**Appendix Table 2.6b: Mean and Median Vehicle Equity, Conditional on Positive Amounts, 2004 Dollars, SCF Data**

	Year of SCF								
	1962	1983	1989	1992	1995	1998	2001	2004	
Full Sample	8,035	10,629	14,988	13,289	16,495	17,611	19,578	20,132	
Lowest income quintile	3,384	4,770	6,156	5,701	6,904	7,398	8,471	7,920	
Second quintile	4,226	6,567	8,360	7,839	9,849	10,414	12,050	11,018	
Middle quintile	6,246	8,182	11,840	10,752	13,880	14,330	16,034	15,927	
Fourth quintile	8,799	11,718	16,794	14,943	19,329	19,443	22,234	24,046	
Highest income quintile	13,193	18,557	27,773	24,098	28,782	32,704	34,994	37,104	
LT HS	6,415	7,545	9,938	8,847	11,617	11,921	13,665	12,870	
HS	8,774	10,122	15,390	11,403	16,326	15,140	17,180	18,033	
GT HS	10,665	12,780	17,080	15,782	18,216	20,775	22,478	22,905	
Single Parent	6,378	7,444	8,643	8,479	9,472	9,902	11,980	11,111	
Married	8,396	12,307	18,045	16,094	19,914	21,659	23,674	25,495	
Single Childless	6,161	6,336	8,804	8,288	10,778	10,431	11,524	11,185	
White and Other	8,136	10,884	15,919	14,029	17,368	18,680	20,751	21,581	
Black	6,277	8,953	10,745	9,851	11,202	10,913	14,016	12,822	
Hispanic		8,373	9,317	9,017	12,072	12,260	14,011	15,944	
Age under 30	6,570	7,700	10,479	9,559	13,336	11,844	14,050	13,169	
Age 30 to 64	8,664	12,095	16,848	14,796	17,971	19,388	21,140	22,412	
Age 65 or older	5,718	8,241	12,205	10,873	13,825	15,353	17,519	16,896	
				<b>Median Amounts</b>					
	<b>1962</b>	<b>1983</b>	<b>1989</b>	<b>1992</b>	<b>1995</b>	<b>1998</b>	<b>2001</b>	<b>2004</b>	
Full Sample	6,255	7,776	10,664	9,156	12,271	12,748	14,506	14,000	
Lowest income quintile	1,564	2,754	3,047	3,501	4,710	4,867	5,653	4,500	
Second quintile	3,127	4,918	6,094	5,655	7,809	7,533	9,173	8,100	
Middle quintile	4,691	6,685	9,140	8,280	11,527	11,241	13,866	13,100	
Fourth quintile	7,475	9,557	13,710	12,522	16,114	16,225	19,199	20,000	
Highest income quintile	11,259	14,177	20,413	18,042	24,294	24,569	27,306	29,200	
LT HS	4,378	5,168	6,094	5,386	8,057	7,417	9,386	8,400	
HS	7,350	7,804	10,664	8,348	12,519	11,473	13,173	12,300	
GT HS	8,131	9,318	12,187	11,175	13,635	15,066	16,853	17,000	
Single Parent	4,691	4,931	6,094	5,386	7,313	7,069	8,640	7,700	
Married	6,255	9,407	13,710	11,848	16,114	16,340	18,559	19,700	
Single Childless	4,222	5,121	6,094	5,251	7,933	7,069	8,213	7,700	
White and Other	6,255	7,918	11,425	9,694	13,263	13,710	15,679	15,700	
Black	4,160	5,737	7,617	6,463	8,800	8,344	10,666	8,300	
Hispanic		6,496	6,094	5,655	9,048	8,344	10,026	9,800	
Age under 30	5,004	6,354	7,617	7,136	10,288	8,692	10,666	11,000	
Age 30 to 64	6,411	8,867	12,187	10,637	13,635	13,907	15,999	16,800	
Age 65 or older	3,127	5,233	7,617	6,328	9,048	10,198	12,800	10,200	