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Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances

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The Federal Reserve Board's Survey of Consumer Finances (SCF) for 2010 provides insights into changes in family income and net worth since the 2007 survey.[1] The survey shows that, over the 2007–10 period, the median value of real (inflation-adjusted) family income before taxes fell 7.7 percent; median income had also fallen slightly in the preceding three-year period (**figure 1**). The decline in median income was widespread across demographic groups, with only a few groups experiencing stable or rising incomes. Most noticeably, median incomes moved higher for retirees and other nonworking families. The decline in median income was most pronounced among more highly educated families, families headed by persons aged less than 55, and families living in the South and West regions. Real mean income fell even more than median income in the recent period, by 11.1 percent across all families. The decline in mean income was even more widespread than the decline in median income, with virtually all demographic groups experiencing a decline between 2007 and 2010; the decline in the mean was most pronounced in the top 10 percent of the income distribution and for higher education or wealth groups. Over the preceding three years, mean income had risen, especially for high-net-worth families and families headed by a person who was self-employed.

The decreases in family income over the 2007−10 period were substantially smaller than the declines in both median and mean net worth; overall, median net worth fell 38.8 percent, and the mean fell 14.7 percent (**figure 2**). Median net worth fell for most groups between 2007 and 2010, and the decline in the median was almost always larger than the decline in the mean. The exceptions to this pattern in the medians and means are seen in the highest 10 percent of the distributions of income and net worth, where changes in the median were relatively muted. Although declines in the values of financial assets or business were important factors for some families, the decreases in median net worth appear to have been driven most strongly by a broad collapse in house prices.[2] This collapse is reflected in the

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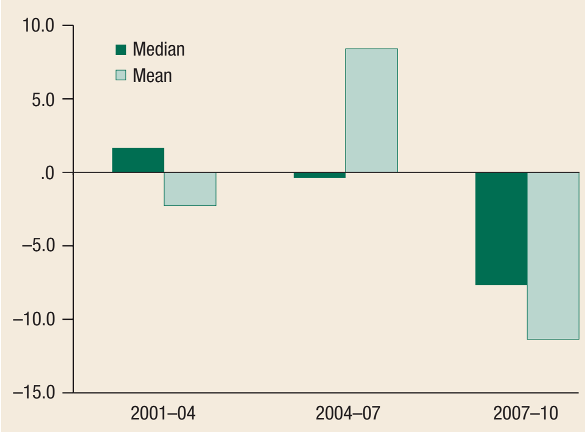
1 For a detailed discussion of the 2004 and 2007 surveys as well as references to earlier surveys, see Brian K. Bucks, Arthur B. Kennickell, Traci L. Mach, and Kevin B. Moore (2009), "Changes in U.S. Family Finances from 2004 to 2007: Evidence from the Survey of Consumer Finances," *Federal Reserve Bulletin*, vol. 95, pp. A1–A55, www.federalreserve.gov/pubs/bulletin/default.htm. Information about changes in family finances between 2007 and 2009 based on a re-interview of 2007 SCF families can be found in Jesse Bricker, Brian Bucks, Arthur Kennickell, Traci Mach, and Kevin Moore (2011), "Surveying the Aftermath of the Storm: Changes in Family Finances from 2007 to 2009," Finance and Economics Discussion Series 2011-17 (Washington: Board of Governors of the Federal Reserve System, March), www.federalreserve.gov/pubs/feds/2011/201117/index.html

2 If primary residences and the associated mortgage debt are excluded, the median of families' net worth is reduced from $126,400 to $42,300 in 2007 and from $77,300 to $29,800 in 2010. Although the adjusted wealth measure declined proportionately by only a somewhat smaller amount than the unadjusted measure—29.7 percent—the amount of the change is, obviously, much smaller; median adjusted wealth declined $12,600, while the unadjusted measure fell $49,100.

Figure 1. Change in median and mean incomes, 2001–10 SCF



Note: Changes are based on inflation-adjusted dollars.
Source: Federal Reserve Board, Survey of Consumer Finances.

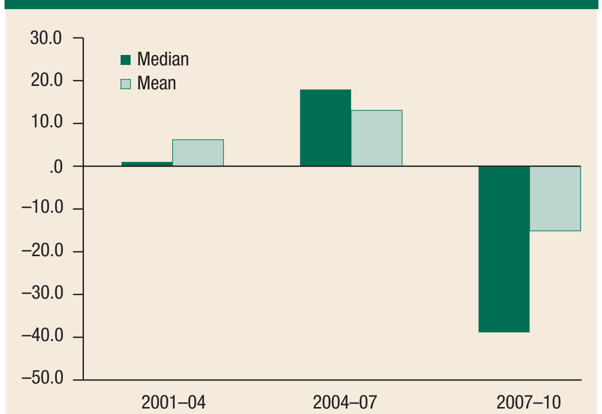
patterns of change in net worth across demographic groups to varying degrees, depending on the rate of homeownership and the proportion of assets invested in housing. The decline in median net worth was especially large for families in groups where housing was a larger share of assets, such as families headed by someone 35 to 44 years old (median net worth fell 54.4 percent) and families in the West region (median net worth fell 55.3 percent).

A substantial part of the declines observed in net worth over the 2007–10 period can be associated with decreases in the level of unrealized capital gains on families' assets. The share of total assets of all families attributable to unrealized capital gains from real estate, businesses, stocks, or mutual funds fell 11.6 percentage points, to 24.5 percent in 2010. Although the overall level of debt owed by families was basically unchanged, debt as a percentage of assets rose because the value of the underlying assets (especially housing) decreased faster.

With overall median and mean debt basically unchanged or falling less than income, measures of debt payments relative to income might have been expected to increase. In fact, total payments relative to total income increased only slightly, and the median of payments relative to income among families with debt fell after having risen between 2004 and 2007. The share of families with high payments relative to their incomes also fell after rising substantially between 2001 and 2007.

This article reviews these and other changes in the financial condition of U.S. families between 2007 and 2010.[3] The discussion draws on data from the Federal Reserve Board's SCF for those years; it also uses evidence from other years of the survey and a special panel SCF conducted from 2007 to 2009 to place the 2007–10 changes in a broader context.

Figure 2. Change in median and mean net worth, 2001–10 SCF



Note: Changes are based on inflation-adjusted dollars.
Source: Federal Reserve Board, Survey of Consumer Finances.

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3 See box 1, "The Data Used in This Article," for a general description of the data. The appendix to this article provides a summary of key technical aspects of the survey. See also Bucks, Kennickell, Mach, and Moore, "Changes in U.S. Family Finances from 2004 to 2007," and Bricker, Bucks, Kennickell, Mach, and Moore, "Surveying the Aftermath of the Storm."

Box 1. The Data Used in This Article

Data from the Survey of Consumer Finances (SCF) are the basis of the analysis presented in this article. The SCF is normally a triennial interview survey of U.S. families sponsored by the Board of Governors of the Federal Reserve System with the cooperation of the U.S. Department of the Treasury. Since 1992, data for the SCF have been collected by NORC, a research organization at the University of Chicago, roughly between May and December of each survey year.

The majority of statistics included in this article are related to characteristics of "families." As used here, this term is more comparable with the U.S. Census Bureau definition of "households" than with its use of "families," which excludes the possibility of one-person families. The appendix provides full definitions of "family" for the SCF and the associated family "head." The survey collects information on families' total income before taxes for the calendar year preceding the survey. But the bulk of the data cover the status of families as of the time of the interview, including detailed information on their balance sheets and use of financial services as well as on their pensions, labor force participation, and demographic characteristics. Except in a small number of instances (see the appendix and the text for details), the survey questionnaire has changed in only minor ways relevant to this article since 1989, and every effort has been made to ensure the maximum degree of comparability of the data over time.

The need to measure financial characteristics imposes special requirements on the sample design for the survey. The SCF is expected to provide reliable information both on attributes that are broadly distributed in the population (such as homeownership) and on those that are highly concentrated in a relatively small part of the population (such as closely held businesses). To address this requirement, the SCF employs a sample design, essentially unchanged since 1989, consisting of two parts: a standard, geographically based random sample and a special oversample of relatively wealthy families. Weights are used to combine information from the two samples to make estimates for the full population. In the 2010 survey, 6,492 families were interviewed, and in the 2007 survey, 4,421 were interviewed.

This article draws principally upon the final data from the 2010 and 2007 surveys. To provide a larger context, some information is also included from the final versions of earlier surveys, as well as a panel interview in 2009 with respondents to the 2007 survey.[1] Differences between estimates from earlier surveys as reported here and as reported in earlier *Federal Reserve Bulletin* articles are attributable to additional statistical processing, correction of minor data errors, revisions to the survey weights, conceptual changes in the definitions of variables used in the articles, and adjustments for inflation. In this article, all dollar amounts from the SCF are adjusted to 2010 dollars using the "current methods" version of the consumer price index for all urban consumers (CPI-U-RS). The appendix provides additional detail on the adjustments.

The principal detailed tables describing asset and debt holdings focus on the percentage of various groups that have such items and the median holding for those who have them.[2] This conditional median is chosen to give a sense of the "typical" holding. Generally, when one deals with data that exhibit very large values for a relatively small part of the population—as is the case for many of the items considered in this article—estimates of the median are often statistically less sensitive to such outliers than are estimates of the mean.

One liability of using the median as a descriptive device is that medians are not additive; that is, the sum of the medians of two items for the same population is not generally equal to the median of the sum (for example, median assets less median liabilities does not equal median net worth). In contrast, means for a common population are additive. Where a comparable median and mean are given, the gain or loss of the mean relative to the median may usually be taken as indicative of the relative change at the top of the distribution; for example, when the mean decreases more rapidly than the median, it is typically taken to indicate that the values in the top of the distribution fell more than those in the lower part of the distribution.

continued on next page

Box 1—*continued*

To provide a measure of the significance of the developments discussed in this article, standard errors due to sampling and imputation for missing data are given for selected estimates. Space limits prevent the inclusion of the standard errors for all estimates. Although we do not directly address the statistical significance of the results, the article highlights findings that are significant or are interesting in a broader context.

[1] Additional information about the survey is available at www.federalreserve.gov/econresdata/scf/scf_2010.htm.

[2] The median of a distribution is defined as the value at which equal parts of the population considered have values larger or smaller.

Economic Background

Families' finances are affected by both their own decisions and the state of the broader economy. Over the 2007–10 period, the U.S. economy experienced its most substantial downturn since the Great Depression. Real gross domestic product (GDP) fell nearly 5.1 percent between the third quarter of 2007 and the second quarter of 2009, the official period of recession as determined by the National Bureau of Economic Research. During the same period, the unemployment rate rose from 5.0 percent to 9.5 percent, the highest level since 1983. Recovery from the so-called Great Recession has also been particularly slow; real GDP did not return to pre-recession levels until the third quarter of 2011. The unemployment rate continued to rise through the third quarter of 2009 and remained over 9.4 percent during 2010. The rate of inflation, as measured by the consumer price index for all urban consumers (CPI-U-RS), decreased somewhat over the period from an annual average of 2.8 percent in 2007 to 1.6 percent in 2010.

Financial markets moved dramatically over the three-year period. Major stock market indexes fell nearly 50 percent between September 2007 and March 2009, but about one-half of the losses in indexes such as the Dow Jones industrial average, the Standard & Poor's 500, and the Wilshire 5000 had been recouped by September 2010. Interest rates on new consumer loans generally fell; for example, the interest rate on a new 30-year fixed-rate mortgage averaged 6.38 percent in September 2007, when about one-half of the interviews for the 2007 survey had been completed, and the average rate was 4.35 percent three years later in September 2010. Yields fell dramatically on liquid deposits, time deposits, and bonds; for example, the rate on a three-month certificate of deposit (CD) fell from an average of 5.46 percent in September 2007 to 0.28 percent in September 2010.

Housing was of greater importance than financial assets for the wealth position of most families. The national purchase-only LoanPerformance Home Price Index produced by First American CoreLogic fell 22.4 percent between September 2007 and September 2010, by which point house prices were fully 27.5 percent below the peak achieved in April 2006. The decline in house prices was most rapid in the states where the boom had been greatest. For example, California, Nevada, Arizona, and Florida saw declines of 40 to 50 percent, while Iowa saw a decline of only about 1 percent. Homeownership rates fell over the period, in part because some families found it impossible to continue to afford their homes. By 2010, the homeownership rate was back down to a level last seen in the 2001 SCF, although that was still higher than in any previous SCF since at least 1989.

The Congress and the President responded to the economic situation with several legislative measures, some of which had an immediate effect on family finances, and some of which were intended to help prevent future crises. For example, in order to boost family after-tax incomes, the 2001 and 2003 income tax reductions originally scheduled to expire in 2010 were extended. In addition, employee payroll taxes earmarked for Social Security were reduced. In another move aimed at offsetting the decline in economic activity, the Troubled

Asset Relief Program allowed government infusion of equity into stressed financial institutions. Lawmakers also responded to the economic crisis by attempting to curtail practices that disproportionately affected vulnerable consumers, practices that some argued had contributed to the crisis. Most notably, the Dodd–Frank Wall Street Reform and Consumer Protection Act, passed in July 2010, contained prohibitions on certain lending practices and created the Consumer Financial Protection Bureau.

Several demographic shifts had important consequences for the structure of the population. The aging of the baby-boom population from 2007 to 2010 drove an 11.0 percent increase in the population aged 55 to 64. Overall population growth was about 2.7 percent, and, according to figures from the U.S. Census Bureau, 21.5 percent of that growth was due to net immigration. Also according to Census Bureau estimates, the number of households increased 1.2 percent—below the 2.3 percent rate of household formation between 2004 and 2007. With the population growing more rapidly than household formation, the average number of persons per household rose slightly from 2.59 people in 2007 to 2.63 in 2010.

The vast majority of interviews for the 2010 SCF were completed in 2010, but some were completed in early 2011. Thus, the survey data are largely unaffected by changes in economic activity since 2011—in particular, the rise in the market price of corporate equities, the relative stabilization of house prices, and the start of a decline in the unemployment rate.

Income

The change in real before-tax family income between 2007 and 2010 diverged sharply from the patterns seen in recent surveys.[4] Both median and mean income fell sharply, though the drop in the median (7.7 percent) was smaller than the drop in the mean (11.1 percent) (**table 1**).[5] Over the preceding three-year period, the median had been basically unchanged, and the mean had risen 8.5 percent. The changes for both periods stand in stark contrast to a pattern of substantial increases in both the median and the mean dating to the early 1990s.

Underlying the recent change was a shift in the composition of income between 2007 and 2010 (**table 2**). The share of family income attributable to realized capital gains fell from 6.7 percent in 2007 to only 0.9 percent in 2010; income from businesses, farms, and self-employment accounted for only 12.2 percent of income in 2010, down from 13.6 percent in

4 To measure income, the interviewers request information on the family's cash income, before taxes, for the full calendar year preceding the survey. The components of income in the SCF are wages; self-employment and business income; taxable and tax-exempt interest; dividends; realized capital gains; food stamps and other, related support programs provided by government; pensions and withdrawals from retirement accounts; Social Security; alimony and other support payments; and miscellaneous sources of income for all members of the primary economic unit in the household.

5 Over the 2007–10 period, estimates of inflation-adjusted household income for the previous year from the Current Population Survey (CPS) of the Census Bureau show a decrease in both the median (negative 2.2 percent) and the mean (negative 3.6 percent); both of these changes are smaller in absolute terms than the corresponding declines in the SCF. The medians for 2010 are similar in the SCF ($45,800) and the CPS ($50,600). Typically, the SCF shows a higher level of mean income than does the CPS; for 2010, the SCF yields an estimate of $78,500, while the CPS yields an estimate of $69,100. As discussed in more detail in the appendix, the two surveys differ in their definitions of the units of observation and in other aspects of their methodologies. Most relevant here is the fact that a CPS household can contain more people than a corresponding SCF family. If the SCF measure is expanded to include the income of household members not included in the SCF definition of a family, the median falls 5.6 percent over the period (from $51,700 in 2007 to $48,800 in 2010), and the mean falls 10.8 percent (from $90,800 in 2007 to $81,000 in 2010). The substantial difference in mean levels is likely the result of the truncation of large values in the CPS data above a certain amount, which is done with the intent of minimizing the possibility that participants in that survey might be identifiable.

Table 1. Before-tax family income, percentage of families that saved, and distribution of families, by selected characteristics of families, 2001–10 surveys
Thousands of 2010 dollars except as noted

Family characteristic	2001				2004			
	Income		Percentage of families that saved	Percentage of families	Income		Percentage of families that saved	Percentage of families
	Median	Mean			Median	Mean		
All families	**48.9**	**83.3**	**59.2**	**100.0**	**49.8**	**81.4**	**56.1**	**100.0**
	(1.0)	(2.4)			(1.0)	(1.4)		
Percentile of income								
Less than 20	12.6	12.3	30.0	20.0	12.8	12.4	34.0	20.0
20–39.9	29.9	29.6	53.4	20.0	29.5	30.0	43.3	20.0
40–59.9	48.9	49.4	61.3	20.0	49.8	50.0	54.5	20.0
60–79.9	79.4	79.9	72.0	20.0	78.5	79.6	69.3	20.0
80–89.9	120.9	120.2	74.9	10.0	120.5	122.6	77.8	10.0
90–100	207.8	371.0	84.3	10.0	212.7	347.7	80.6	10.0
Age of head (years)								
Less than 35	40.9	54.2	52.9	22.7	37.8	51.9	55.0	22.2
35–44	63.0	94.5	62.3	22.3	57.5	85.0	58.0	20.6
45–54	66.8	114.2	61.7	20.6	70.3	108.6	58.5	20.8
55–64	55.4	106.5	62.0	13.2	62.6	115.5	58.5	15.2
65–74	34.0	71.3	61.8	10.7	38.4	68.7	57.1	10.5
75 or more	27.4	45.0	55.5	10.4	27.3	47.1	45.7	10.7
Family structure								
Single with child(ren)	27.7	36.0	45.2	11.4	29.5	37.7	39.8	12.1
Single, no child, age less than 55	35.3	49.4	55.8	15.1	33.3	45.2	52.8	15.3
Single, no child, age 55 or more	20.8	39.9	49.5	13.2	24.5	39.2	45.9	14.6
Couple with child(ren)	76.5	115.0	61.9	31.1	75.6	113.9	61.7	31.7
Couple, no child	63.0	105.3	68.1	29.2	67.4	107.0	64.4	26.3
Education of head								
No high school diploma	20.8	30.8	38.7	16.0	22.3	29.8	35.9	14.4
High school diploma	41.6	54.9	56.7	31.7	41.1	51.5	54.0	30.6
Some college	50.1	68.0	61.7	18.3	47.3	64.5	51.0	18.4
College degree	83.1	142.9	70.0	34.0	84.4	135.3	68.3	36.6

Note: For questions on income, respondents were asked to base their answers on the calendar year preceding the interview. For questions on saving, respondents were asked to base their answers on the 12 months preceding the interview.

Percentage distributions may not sum to 100 because of rounding. Dollars have been converted to 2010 values with the current-methods consumer price index for all urban consumers (see the box "The Data Used in This Article"). See the appendix for details on standard errors (shown in parentheses below the first row of data for the means and medians here and in table 4) and for definitions of family and family head.

2007. Offsetting these declines in shares, the share of income from wages and salaries rose 3.6 percentage points; that of Social Security, pension, or other retirement income rose 2.4 percentage points; and that of transfers or other income rose 1.3 percentage points. The share of income from interest or dividends was little changed. The decline in the share of capital gains was largest among the wealthiest 10 percent of families. As shown in the table, wage income tends to be a smaller factor for the highest wealth group.

Some patterns of income distribution hold generally across the years of SCF data shown in table 1.[6] Across age classes, median and mean incomes show a life-cycle pattern, rising to a peak in the middle age groups and then declining for groups that are older and increasingly

6 Tabular information from the survey beyond that presented in this article is available at www.federalreserve.gov/econresdata/scf/scf_2010.htm. This information includes versions of all of the numbered tables in this article, for all of the surveys from 1989 to 2010 where the underlying information is available. Mean values for the demographic groups reported in this article are also provided. The estimates of the means, however, are more likely to be affected by sampling error than are the estimates of the medians. In addition, some alternative versions of the tables in this article are given. For those who wish to make further alternative calculations, this

Table 1. Before-tax family income, percentage of families that saved, and distribution of families, by selected characteristics of families, 2001–10 surveys—*continued*
Thousands of 2010 dollars except as noted

Family characteristic	2001				2004			
	Income		Percentage of families that saved	Percentage of families	Income		Percentage of families that saved	Percentage of families
	Median	Mean			Median	Mean		
Race or ethnicity of respondent								
White non-Hispanic	55.4	94.3	63.1	75.4	56.9	92.9	60.1	72.2
Nonwhite or Hispanic	31.5	49.9	47.4	24.6	34.3	51.7	45.6	27.8
Current work status of head								
Working for someone else	57.9	82.5	61.6	60.9	56.7	80.7	59.2	60.1
Self-employed	77.6	169.5	70.4	11.7	76.8	162.9	68.7	11.8
Retired	25.7	49.0	50.5	23.0	28.1	49.7	44.0	23.7
Other not working	20.4	44.9	42.7	4.5	23.6	43.0	44.9	4.4
Current occupation of head								
Managerial or professional	87.2	153.4	72.4	27.1	88.9	147.6	67.7	28.3
Technical, sales, or services	44.1	65.3	58.2	23.7	43.1	61.1	55.4	22.1
Other occupation	50.4	60.0	56.6	21.8	52.0	58.3	57.3	21.6
Retired or other not working	25.4	48.3	49.2	27.4	27.4	48.7	44.1	28.1
Region								
Northeast	50.6	95.2	58.1	19.0	58.5	100.7	59.5	18.8
Midwest	53.8	79.3	63.0	23.0	52.0	77.7	59.9	22.9
South	44.1	75.2	57.3	36.2	42.5	71.3	52.5	36.3
West	49.9	90.7	59.5	21.8	53.2	85.8	55.2	22.0
Urbanicity								
Metropolitan statistical area (MSA)	50.4	88.7	59.7	86.2	53.2	88.5	56.9	82.9
Non-MSA	37.0	50.2	56.3	13.8	34.4	47.2	52.3	17.1
Housing status								
Owner	63.8	104.3	66.7	67.7	63.5	100.6	62.3	69.1
Renter or other	30.2	39.5	43.6	32.3	28.4	38.8	42.3	30.9
Percentile of net worth								
Less than 25	24.1	29.4	34.5	25.0	23.6	28.8	34.7	25.0
25–49.9	42.8	48.5	54.2	25.0	42.5	48.5	53.7	25.0
50–74.9	62.6	72.2	68.2	25.0	60.3	69.8	62.1	25.0
75–89.9	85.3	96.3	77.4	15.0	88.6	101.2	72.6	15.0
90–100	155.0	313.8	84.1	10.0	165.4	294.6	76.0	10.0

more likely to be retired. Couples (families in which the family head was either married or living with a partner) tend to have higher incomes than single persons, in part because couples have more potential wage earners. Income also shows a strong positive association with education; in particular, incomes for families headed by a person who has a college degree tend to be substantially higher than for those with any lesser amount of schooling. Incomes of white non-Hispanic families are substantially higher than those of other families.[7] Families headed by a self-employed worker consistently have the highest median and mean incomes of all work-status groups. Families headed by a person in a managerial or professional occupation have higher incomes than families in the three remaining occupation categories. Income is also higher for homeowners than for other families, and it is progressively higher for groups with greater net worth.[8] Across the four regions of the country as defined by the Census Bureau, the ordering of median incomes over time has varied, but

website provides a variety of data files as well as access to online tabulation software that may be used to create customized tables based on the variables analyzed in this article.

7 See the appendix for a discussion of racial and ethnic identification in the SCF.

8 In this article, a family is treated as a homeowner if at least one person in the family owns at least some part of the family's primary residence.

Table 1. Before-tax family income, percentage of families that saved, and distribution of families, by selected characteristics of families, 2001–10 surveys—*continued*
Thousands of 2010 dollars except as noted

Family characteristic	2007				2010			
	Income		Percentage of families that saved	Percentage of families	Income		Percentage of families that saved	Percentage of families
	Median	Mean			Median	Mean		
All families	**49.6**	**88.3**	**56.4**	**100.0**	**45.8**	**78.5**	**52.0**	**100.0**
	(.8)	(1.4)			(.6)	(1.2)		
Percentile of income								
Less than 20	12.9	12.9	33.7	20.0	13.4	12.9	32.3	20.0
20–39.9	30.1	29.7	45.0	20.0	28.1	27.9	43.4	20.0
40–59.9	49.6	49.5	57.8	20.0	45.8	46.3	49.8	20.0
60–79.9	78.7	80.2	66.8	20.0	71.7	73.6	60.1	20.0
80–89.9	119.5	121.6	72.9	10.0	112.8	114.6	67.7	10.0
90–100	216.8	416.6	84.8	10.0	205.3	349.0	80.9	10.0
Age of head (years)								
Less than 35	39.2	54.2	58.9	21.6	35.1	47.7	54.6	21.0
35–44	59.3	87.7	56.4	19.6	53.9	81.0	47.6	18.2
45–54	67.2	117.8	55.8	20.8	61.0	102.2	51.8	21.1
55–64	57.2	116.5	58.4	16.8	55.1	105.8	51.4	17.5
65–74	40.8	96.8	56.7	10.5	42.7	75.8	53.6	11.5
75 or more	23.9	47.9	49.4	10.6	29.1	46.1	54.1	10.7
Family structure								
Single with child(ren)	30.2	44.1	41.6	12.2	29.5	39.4	38.2	12.0
Single, no child, age less than 55	35.5	49.4	54.9	14.0	30.5	42.4	49.8	14.7
Single, no child, age 55 or more	25.8	38.4	48.5	14.9	24.2	39.6	45.4	15.2
Couple with child(ren)	74.6	118.4	60.1	31.8	67.7	109.4	52.8	31.6
Couple, no child	64.6	120.5	64.0	27.1	61.8	101.7	62.2	26.5
Education of head								
No high school diploma	23.2	32.8	41.6	13.5	23.0	33.7	36.9	12.0
High school diploma	38.5	53.6	51.1	32.9	36.6	48.1	47.4	32.2
Some college	47.8	71.3	53.6	18.4	42.9	58.7	49.5	18.6
College degree	81.9	150.7	68.6	35.3	73.8	128.9	62.0	37.3

the means generally show higher values for the Northeast and the West than for the Midwest and the South. Finally, families living in metropolitan statistical areas (MSAs), which are relatively urban areas, have higher median and mean incomes than those living in rural areas.[9]

Income by Demographic Category

Across the income distribution between 2007 and 2010, only the lowest quintile did not experience a substantial reduction in median income; the median for that group rose $500.[10] For other groups, the median decreased between 5.3 percent and 8.9 percent between 2007 and 2010. Similarly, for all income groups except the lowest quintile, the direction of changes in mean income was uniformly negative, with decreases ranging from a 5.8 percent drop for the second-highest decile to a 16.2 percent drop for the top decile. The disproportion between changes in median and mean incomes for the top decile (a 5.3 percent drop in the median, compared with a 16.2 percent decline in the mean) estab-

9 For the Office of Management and Budget's definition of MSAs, see www.whitehouse.gov/omb/bulletins/fy2008/b08-01.pdf.

10 Selected percentiles of the income distribution for the past four surveys are provided in the appendix, along with definitions of selected subgroups of the distribution.

Table 1. Before-tax family income, percentage of families that saved, and distribution of families, by selected characteristics of families, 2001–10 surveys—*continued*
Thousands of 2010 dollars except as noted

Family characteristic	2007				2010			
	Income		Percentage of families that saved	Percentage of families	Income		Percentage of families that saved	Percentage of families
	Median	Mean			Median	Mean		
Race or ethnicity of respondent								
White non-Hispanic	54.3	101.6	58.8	70.7	52.9	90.1	55.8	67.5
Nonwhite or Hispanic	38.6	56.2	50.8	29.3	34.6	54.4	44.0	32.5
Current work status of head								
Working for someone else	59.3	87.1	60.3	59.9	55.9	84.2	55.2	56.9
Self-employed	79.3	201.0	62.8	10.5	64.5	149.9	55.1	11.4
Retired	25.9	53.5	46.6	25.0	29.1	44.4	47.3	24.9
Other not working	21.3	37.1	45.3	4.6	23.9	36.3	37.0	6.8
Current occupation of head								
Managerial or professional	89.4	163.6	70.2	27.5	81.3	148.7	62.9	27.7
Technical, sales, or services	46.3	70.8	55.6	21.8	42.0	59.5	49.0	21.7
Other occupation	51.7	60.7	53.6	21.1	50.0	57.3	51.1	18.8
Retired or other not working	24.9	51.0	46.4	29.6	27.4	42.7	45.1	31.7
Region								
Northeast	53.9	105.2	53.5	18.3	53.7	99.2	50.8	18.3
Midwest	46.3	78.5	58.2	22.9	46.5	70.9	57.2	22.4
South	45.0	83.1	56.9	36.7	40.7	71.5	49.8	37.1
West	54.4	92.9	56.3	22.1	48.8	80.8	51.4	22.2
Urbanicity								
Metropolitan statistical area (MSA)	52.8	95.6	57.0	82.9	48.8	84.8	51.7	82.7
Non-MSA	37.8	52.6	54.0	17.1	36.7	48.2	53.3	17.3
Housing status								
Owner	64.6	110.7	60.9	68.6	59.6	98.3	56.5	67.3
Renter or other	29.1	39.3	46.7	31.4	26.1	37.9	42.7	32.7
Percentile of net worth								
Less than 25	24.6	30.5	40.5	25.0	23.7	32.6	32.2	25.0
25–49.9	43.1	48.7	52.8	25.0	37.9	45.5	48.4	25.0
50–74.9	59.5	69.8	59.1	25.0	54.9	63.3	56.8	25.0
75–89.9	86.2	97.4	68.9	15.0	74.5	89.0	66.9	15.0
90–100	165.5	364.2	80.4	10.0	163.2	297.9	76.1	10.0

lishes a theme that is repeated for income changes for many other groups considered in this article. Often, such a difference between the changes in a median and a mean is taken to indicate relative compression of higher values in the distribution.

The decline in mean incomes in the top decile between 2007 and 2010 stands in stark contrast to the generally steady pattern of rising mean incomes at the top of the income distribution over the past two decades. Indeed, the only other decreases in mean income observed for the top decile occurred in the periods 1989 to 1992 and 2001 to 2004, when the recovery from earlier recessions was affecting families broadly.

Every age group less than 55 saw decreases in median income of between 9.1 and 10.5 percent, while families headed by a person between 65 and 74 or 75 or more saw increases at the median. In contrast to the changes at the medians, the means fell for all age groups but especially for the 65-to-74 age group (a decline of 21.7 percent). In almost every age group, the decline in the mean was greater than the decline in the median.

By family structure, median incomes declined over the 2007–10 period for all groups, but most notably (negative 14.1 percent) for childless single families (those headed by a person

Table 2. Amount of before-tax family income, distributed by income sources, by percentile of net worth, 2007 and 2010 surveys
Percent

Income source	Percentile of net worth					All families
	Less than 25	25–49.9	50–74.9	75–89.9	90–100	
2007 Survey of Consumer Finances						
Wages	79.9	80.0	77.7	72.3	46.2	64.5
Interest or dividends	.1	.3	.7	1.9	7.8	3.7
Business, farm, self-employment	1.8	5.3	6.9	7.9	24.7	13.6
Capital gains	.1	.4	1.3	2.9	14.4	6.7
Social Security or retirement	9.5	10.9	11.8	14.2	6.2	9.6
Transfers or other	8.6	3.2	1.6	.8	.7	1.9
Total	**100**	**100**	**100**	**100**	**100**	**100**
2010 Survey of Consumer Finances						
Wages	75.9	80.7	76.3	69.7	55.8	68.1
Interest or dividends	.1	.1	.4	1.6	8.7	3.6
Business, farm, self-employment	3.5	4.6	4.8	7.2	23.9	12.2
Capital gains	.1	.2	.1	–.2	2.3	.9
Social Security or retirement	9.4	9.6	15.9	20.1	7.8	12.0
Transfers or other	11.1	4.7	2.5	1.7	1.5	3.2
Total	**100**	**100**	**100**	**100**	**100**	**100**

who was neither married nor living with a partner) headed by a person aged less than 55; median income fell the least (2.3 percent) for single families with children. Mean income also fell for most types of families, except childless single families headed by a person aged 55 or older, for whom it rose 3.1 percent. Mean income of childless couples fell the most of all families, when grouped by family structure (15.6 percent).

In 2010, both median and mean incomes rose substantially with educational attainment, with incomes among the group holding a college degree being more than three times as high as among those with less than a high school diploma, and at least twice as high as among those with only a high school diploma. Between 2007 and 2010, however, the decreases in incomes were much larger for the higher education groups, and mean income actually rose for the no-high-school-diploma group (albeit from the much lower starting point). This pattern of change reversed the relatively faster growth of mean income for higher-educated families that had occurred between 2004 and 2007.

Over the 2007–10 period, the median income for white non-Hispanic families fell 2.6 percent, and the mean fell 11.3 percent. In contrast, the median for nonwhite or Hispanic families fell 10.4 percent, while the mean fell 3.2 percent. However, both the median and the mean values for nonwhites or Hispanics in both years were substantially lower than the corresponding figures for non-Hispanic whites. Since 1998, the total gain in median income for nonwhite or Hispanic families was 11.3 percent, whereas it was 3.9 percent for other families; the gain in the mean over this period was larger for both groups—22.8 percent for nonwhite or Hispanic families and 14.1 percent for other families.[11]

Median income fell 5.7 percent from 2007 to 2010 for families headed by a person who was working for someone else, but it fell much more (18.7 percent) for those who were self-employed; the median rose 12.4 percent for the retired group and 12.2 percent for the other-

[11] As noted in the appendix, the questions underlying the definition of race or ethnicity changed incrementally in earlier surveys. When restrictions are placed on the definition of the variable for racial and ethnic classification used in the tables in the article to make the series more comparable over a longer period, the estimates change only slightly.

not-working group.[12] The mean over this period fell for all groups, especially for the self-employed group (a decrease of 25.4 percent) and the retired group (a decrease of 17.0 percent). Over the previous three years, median incomes had fallen for the retired and the other-not-working groups but had risen for the two worker groups.

Across occupation groups, median income fell most in proportional terms (9.3 percent) for families headed by a person working in a technical, sales, or service job. Although the percentage drop for families headed by a person in a managerial or professional position was only slightly smaller (9.1 percent), the dollar amount of their decline was much larger because their 2007 median income was much higher. For the other-occupation group, a group that predominantly comprises workers in traditional blue-collar occupations, the median fell only 3.3 percent. Consistent with evidence for age or current-work-status groups, median income for families headed by retirees increased 10.0 percent. In contrast, mean income decreased for all occupation groups, but especially for the technical, sales, or service occupation groups, for whom the mean fell 16.0 percent, and for the retired and other-not-working group, for whom the mean fell 16.3 percent.

By region, median family incomes in the Northeast and the Midwest were little changed between 2007 and 2010, while the medians in the West and the South decreased substantially. Those changes in medians stand in contrast to what occurred during the period from 2004 to 2007, when median incomes fell in the Northeast and Midwest but increased in the West and South. These income changes by region mirror the regional pattern of home price changes across the two time periods. During the final years of the housing boom, which disproportionately affected the West and South, median incomes were rising in those regions but falling elsewhere. During the subsequent housing bust, which also disproportionately affected those areas, median incomes were falling there but rising elsewhere. Mean incomes declined across all four regions between 2007 and 2010, though the changes were largest for the South and West.

In the recent three-year period, families living in an MSA saw a 7.6 percent decline in median income, while those living in other, less urbanized areas saw a decrease of 2.9 percent. Mean income also fell for both types of area—by 11.3 percent for families living in an MSA and by 8.4 percent for those living in other areas.

By housing status, median and mean incomes fell from 2007 to 2010 both for homeowners and for other families. The percentage decrease in median income for homeowners (7.7 percent) matched the percentage decrease in the overall family median reported earlier (7.7 percent), while the decrease for renter and other families (10.3 percent) was greater. Mean income declined for both groups, but particularly for homeowners—11.2 percent for homeowners, versus 3.6 percent for other families. As noted later in this article, homeownership continued the decline that began between the 2004 and 2007 surveys after rising for several years prior to that.[13]

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[12] To be included in the retired group, the family head must report being retired and not currently working at any job or report being out of the labor force and over the age of 65. The other-not-working group comprises family heads who are unemployed and those who are out of the labor force but are neither retired nor over age 65; the composition of this group shifted slightly from 2007 to 2010 to include fewer families headed by a person who had a college degree, continuing a trend between 2004 and 2007. In 2010, 70.0 percent of the other-not-working group was unemployed, and the remainder was out of the labor force; in 2007, 66.6 percent of the group was unemployed (data not shown in the tables).

[13] See box 2, "Cross-Sectional Data and Changes in Group Composition over Time," for a discussion of the potential effects of changes in the composition of groups on the interpretation of changes in median and mean values for the groups.

Box 2. Cross-Sectional Data and Changes in Group Composition over Time

A cross-sectional survey of the sort discussed in this article describes the state of a sample of families at a given point in time. Thus, when comparison is made of changes for groups of people in families in such surveys over time, it is important to consider the degree to which interpretation of the data may be a function of changes in membership in those groups over time. Some classifications, such as ones based on race or ethnicity, may be fixed characteristics of individuals, but the overall populations of such groups may still change over time through births or deaths, through immigration or emigration, or in other ways. Some classifications, including those based on age, may change in a way that is mostly predictable. But other classifications—for example, ones based on economic characteristics such as income or wealth—may vary over time for substantial fractions of families.

Gathering data on the same set of families over time in a panel survey is an alternative way to understand changes for groups of families determined as of a baseline period. To address the effects on families of the period of financial turmoil between 2007 and 2009, the Federal Reserve undertook a survey in 2009 that was intended to re-interview the panel of families that had participated in the 2007 Survey of Consumer Finances (SCF) for which the family head or that person's spouse or partner was still alive and still living in the United States. This panel survey provides detailed information on changes in a wide variety of characteristics of families over this two-year period.[1] Although the panel survey can only be used to look at the first two years of the period covered by the cross-sectional surveys reported in detail in this article, it can provide a useful indication of the degree to which the movement of families across groups was important for the interpretation of the changes observed between the 2007 and 2010 cross-sectional SCFs.

Family income is one item for which variation over time might be expected, particularly over a period of severe recession. The panel data make it possible to track the movement of families across income groups between 2007 and 2009 (table A). The data show substantial movement across income groups during the two-year period.[2] For example, 69.4 percent of families with incomes in the bottom quintile of the distribution in 2009 also had incomes in the bottom quintile in 2007 (indicated by the bold font along the diagonal). The remaining fraction of families in the lowest income group in 2009 had experienced higher incomes in 2007; in 2007, 19.1 percent were in the second quintile group, 6.7 percent were in the third quintile group, 3.0 percent were in the fourth quintile group, and 1.9 percent were in the highest quintile group.

Table A. Movement of families across the income distribution between 2007 and 2009

Percentile of income in 2007	Percentile of income in 2009				
	Less than 20	20–39.9	40–59.9	60–79.9	80–100
Less than 20	**69.4**	22.0	5.4	2.1	1.1
20–39.9	19.1	**48.9**	23.5	6.5	2.0
40–59.9	6.7	21.4	**45.1**	22.9	4.0
60–79.9	3.0	6.5	22.4	**50.3**	17.8
80–100	1.9	1.2	3.5	18.3	**75.1**
All	100	100	100	100	100

Note: Figures in bold along the diagonal show the fraction of families in the given 2007 quintile group that were in the same quintile group in 2009.

The movements of families across income groups in two years was more substantial for the three central percentile groups than for families with incomes in the two extreme groups, in part because families in one of the extreme groups could move in only one direction. Among families in the second, third, and fourth income quintile groups in 2009, only about half had been in the same group in 2007. The income group with the highest persistence of membership across the two years was the top quintile; among families in 2009 whose income was high enough to be in the top quintile, 75.1 percent had also had incomes in the top quintile in 2007.

continued on next page

Box 2—*continued*

Tracking changes, such as these shifts in income, for a given population over time is interesting in its own right, but that information may also have important implications for interpreting changes in a given measure, including mean net worth, for groups defined using cross-sectional data. When there is a rearrangement of families across such groups over time and estimates for the groups are affected by that change in composition, the estimates are said to reflect "composition effects." In light of the large economic shifts in the overall economy during the time covered by the cross-sectional surveys discussed in this body of this article, movements of families across some categories may be particularly important.

One such example is the effect of changes in the composition of the lowest income decile from 2007 to 2009 on estimates of the group median of net worth for 2009. The panel data make it possible to decompose this effect directly, by looking at the 2009 medians of the members of this group, but with the families separated based on their 2007 income group (table B). The overall median net worth for the lowest income quintile in 2009 was $10,000. Among families in the lowest quintile group in 2009, those who were also in the group in 2007 had median net worth in 2009 of $4,500, those who were in the second quintile group in 2007 had median net worth in 2009 of $19,200, those who were in the third quintile group in 2007 had median net worth in 2009 of $32,000, and those in the two higher quintile groups in 2007 had progressively higher median net worth in 2009—up to $740,500 for the top quintile group. The second and third of these groups constituted over one-fourth of the lowest 2009 quintile group. The median net worth of families exiting the lowest income quintile between 2007 and 2009 was $13,300 (data not shown in the tables). The higher medians of the families entering this group between 2007 and 2009 helped push up the overall median net worth of the group for 2009.

Table B. Net worth of families in the lowest income quintile in 2009, sorted by their income ranking in 2007

Percentile of income in 2007	Median net worth
Less than 20	4,500
20–39.9	19,200
40–59.9	32,000
60–79.9	166,700
80–100	740,500
All	10,000

Of course, the 2007 income group in this example may also have incorporated composition effects relative to some other point of reference. If the movement of families across income groups over time took place according to a constant pattern, the 2007 and 2009 cross-sectional estimates might have comparable composition. Given the nature of the recession over this period and the evidence on unusual income presented in the body of the article, that possibility seems unlikely.

Composition effects may vary across categories, outcomes of interest, and time periods. For example, consider a very narrowly held asset or liability whose ownership is dominated by families whose income is *usually* relatively high, as tends to be the case for directly held stocks. The median value for directly held stocks in a given income quintile might be sensitive to the fraction of families in that income quintile whose *usual* income was different from their current income. If, as in the 2009 panel interview, there was a substantial fraction of families in the lowest quintile group whose income was *usually* much higher, those families might bring with them ownership rates and values for stock holdings that were generally higher than those for families whose incomes are *usually* low. The 2010 SCF cross-sectional data indicate that ownership rates or median values for some narrowly held financial assets for lower-income families seem to have risen between 2007 and 2010. In light of the available evidence, a more likely explanation seems to be that some such changes in ownership or median values were substantially affected by the sorts of compositional effects described here.

continued on next page

Box 2—*continued*

[1] See Jesse Bricker, Brian Bucks, Arthur Kennickell, Traci Mach, and Kevin Moore (2011), "Surveying the Aftermath of the Storm: Changes in Family Finances from 2007 to 2009," Finance and Economics Discussion Series 2011-17 (Washington: Board of Governors of the Federal Reserve System, March), www.federalreserve.gov/pubs/feds/2011/201117/201117pap.pdf; and Arthur B. Kennickell (2012), "Tossed and Turned: Wealth Dynamics of U.S. Households 2007–2009," Finance and Economics Discussion Series 2011-51 (Washington: Board of Governors of the Federal Reserve System, January; paper dated November 7, 2011), www.federalreserve.gov/pubs/feds/2011/201151/201151pap.pdf.

[2] The table shows equal-sized percentile groups, the highest of which comprises two percentile groups used in the analysis presented in the article. Of the families with incomes in the 80th-to-90th percentiles of the distribution in 2009, 49.0 percent were in the same group in 2007, 38.3 percent were in one of the bottom four groups shown in the table, and 12.6 percent had incomes between the 90th and 100th percentiles. Of the families with incomes in the 90th-to-100th percentiles of the distribution in 2009, 71.4 percent were in the same group in 2007, 11.4 percent were in one of the bottom four groups shown in the table, and 17.2 percent had incomes between the 80th and 90th percentiles.

By percentile of net worth, median income fell for every group, with the smallest decline occurring for the top 10 percent of wealth holders, for whom income fell 1.4 percent. The decline in median income was also relatively small for the lowest quartile, for which the median fell 3.7 percent; the median declined most for the middle income groups (12.1 percent for the second quartile, 7.7 percent for the third quartile, and 13.6 percent for the group between the 75th and 90th percentiles).[14] The pattern of changes in the mean by net worth group was somewhat different, with mean income in the bottom quartile rising 6.9 percent and the mean income in the top decile falling 18.2 percent. This differential pattern may be attributable in part to composition effects. For example, some families with incomes sufficient to support a relatively large home mortgage may have lost enough of their home equity over the three-year period for them to have been pushed into the lowest wealth group, where their incomes would be relatively large.

Income Variability

For a given family, income at a particular time may not be indicative of its "usual" income. Unemployment, a bonus, a capital loss or gain, or other factors may cause income to deviate temporarily from the usual amount. Although the SCF is normally a cross-sectional survey, it does provide some information on income variability. In 2010, 25.3 percent of families reported that their income for the preceding year was unusually low, whereas only 14.4 percent of families had reported unusually low income in 2007. In contrast, only 6.0 percent of families reported that their income was unusually high, down from 9.2 percent in 2007 (data not shown in the tables). For those reporting unusual income in either direction, the median deviation of actual income from the usual amount was negative 27.4 percent of the normal level; the same statistic was negative 22.0 percent in 2007.

Although a family's income may vary, such variability may be a well-recognized part of its financial planning. The SCF data over the recent three-year period show some increase in the families' uncertainty about their future income. In 2010, 35.1 percent of families reported that they did not have a good idea of what their income would be for the next year, and 29.0 percent reported that they do not usually have a good idea of their next year's income. The corresponding figures for 2007 were lower, at 31.4 percent and 27.2 percent, respectively.

[14] Selected percentiles of the distribution of net worth for the past four surveys are provided in the appendix.

Saving

Because saving out of current income is an important determinant of family net worth, the SCF asks respondents whether, over the preceding year, the family's spending was less than, more than, or about equal to its income. Though only qualitative, the answers are a useful indicator of whether families are saving. Asking instead for a specific dollar amount would require much more time from respondents and would likely lower the rate of response to the survey.

Overall, from 2007 to 2010, the proportion of families that reported that they had saved in the preceding year fell substantially, from 56.4 percent to 52.0 percent. That decrease pushed the fraction of families reporting saving to the lowest level since the SCF began collecting such information in 1992. The general pattern of changes across demographic groups in the recent three-year period is also one of decline, as retirees were the only group reporting an increase in the fraction that saved.

Estimates of the personal saving rate from the national income and product accounts (NIPA) show an annual saving rate of 5.3 percent between 2008 and 2010, up substantially from the 2.2 percent rate over the 2005–07 period. This divergence in trend arose in part because the SCF and NIPA concepts of saving differ in some important ways. First, the underlying SCF question asks only whether the family's spending has been less than, more than, or about the same as its income over the past year. Thus, while the fraction of families saving may be smaller, those who are doing so may be saving a relatively large amount; those who are spending more than their incomes may be spending a relatively small amount. Second, the NIPA measure of saving relies on definitions of income and consumption that may not be the same as those that respondents had in mind when answering the survey questions. For example, the NIPA measure of personal income includes payments employers make to their employees' defined-benefit pension plans but not the payments made from such plans to families, whereas the SCF measure includes only the latter. The SCF measure also includes realized capital gains, whereas the NIPA measure excludes such gains.

A separate question in the survey asks about families' more typical saving habits. In 2010, 6.0 percent of families reported that their spending usually exceeds their income; 19.6 percent reported that the two are usually about the same; 34.8 percent reported that they typically save income "left over" at the end of the year, income of one family member, or "unusual" additional income; and 39.6 percent reported that they save regularly (data not shown in the tables). These estimates show a small decrease between 2007 and 2010 in the share of families who reported regular saving, but in general, the fact that these figures are not much changed over the past several surveys suggests that economic conditions over this period had only modest effects on the longer-run saving plans of families.

The SCF also collects information on families' most important motivations for saving (**table 3**).[15] In 2010, the most frequently reported motive was liquidity related (35.2 percent of families), a response that is generally taken to be indicative of saving for precautionary reasons, and the next most frequently reported response was retirement related (30.1 percent of families).[16] At least since 1998, these two responses have been most frequently reported, but saving for retirement was marginally more likely to be reported than saving

[15] Although families were asked to report their motives for saving regardless of whether they were currently saving, some families reported only that they do not save. The analysis here is confined to the first reason reported by families.

[16] Liquidity-related reasons include "emergencies," the possibilities of unemployment and illness, and the need for ready money.

Table 3. Reasons respondents gave as most important for their families' saving, distributed by type of reason, 2001–10 surveys
Percent

Type of reason	2001	2004	2007	2010
Education	10.9	11.6	8.4	8.2
For the family	5.1	4.7	5.5	5.7
Buying own home	4.2	5.0	4.2	3.2
Purchases	9.5	7.7	10.0	11.5
Retirement	32.1	34.7	34.0	30.1
Liquidity	31.2	30.0	32.0	35.2
Investments	1.0	1.5	1.6	1.2
No particular reason	1.1	.7	1.1	1.4
When asked for a reason, reported do not save	4.9	4.0	3.3	3.5
Total	**100**	**100**	**100**	**100**

Note: See note to table 1 and text note 15.

for liquidity, until the 2010 survey. Education-related motives also appear to be important, but less so than in 2007; in 2010, 8.2 percent of families reported it as their primary motive, down only slightly from 2007 but down 3.4 percentage points since 2004. The frequency of reporting saving for purchases rose 1.5 percentage points from 2007 to 2010 to a level 3.8 percentage points above that in 2004.

The survey asks families to estimate the amount of savings they need for emergencies and other unexpected contingencies, a measure of desired savings for precautionary purposes.[17] The desired amount increases with income, but as shown by the following table, the amount is a similar percentage of usual income across levels of such income:

Table 3.1

Family characteristic	Median of desired precautionary saving (2010 dollars)	Median of ratio of desired amount to usual income (percent)
All families	**5,000**	**10.8**
Percentile of usual income		
Less than 20	2,000	14.1
20–39.9	4,000	12.3
40–59.9	5,000	9.8
60–79.9	10,000	10.2
80–89.9	10,000	8.9
90–100	30,000	12.1

Overall, the amount of such desired savings was little changed from 2007, but it rose overall and for most income groups as a percentage of usual income, largely because usual income fell over the recent three-year period (data not shown in the tables).

Net Worth

From 2007 to 2010, inflation-adjusted net worth (wealth)—the difference between families' gross assets and their liabilities—fell dramatically in terms of both the median and the

[17] For an extended analysis of desired precautionary savings as measured in the SCF, see Arthur B. Kennickell and Annamaria Lusardi (2004), "Disentangling the Importance of the Precautionary Saving Motive," NBER Working Paper Series 10888 (Cambridge, Mass.: National Bureau of Economic Research, November).

Table 4. Family net worth, by selected characteristics of families, 2001–10 surveys
Thousands of 2010 dollars

Family characteristic	2001		2004		2007		2010	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean
All families	**106.1**	**487.0**	**107.2**	**517.1**	**126.4**	**584.6**	**77.3**	**498.8**
	(3.7)	(8.2)	(4.9)	(11.2)	(5.7)	(9.7)	(2.8)	(12.7)
Percentile of income								
Less than 20	9.6	64.7	8.6	83.6	8.5	110.3	6.2	116.8
20–39.9	45.9	141.2	38.8	139.8	39.6	141.3	25.6	127.9
40–59.9	78.0	199.4	82.8	224.0	92.3	220.6	65.9	199.0
60–79.9	176.8	360.7	184.0	392.9	215.7	393.9	128.6	293.9
80–89.9	322.4	560.3	360.9	563.7	373.2	638.1	286.6	567.2
90–100	1,021.5	2,777.1	1,069.7	2,925.2	1,172.3	3,474.7	1,194.3	2,944.1
Age of head (years)								
Less than 35	14.3	111.2	16.3	84.6	12.4	111.1	9.3	65.3
35–44	95.1	318.6	79.9	345.2	92.4	341.9	42.1	217.4
45–54	164.9	595.9	167.1	625.8	193.7	694.6	117.9	573.1
55–64	227.2	898.6	290.0	976.4	266.2	986.7	179.4	880.5
65–74	217.8	831.4	218.8	795.1	250.8	1,064.1	206.7	848.3
75 or more	190.3	574.8	187.7	607.7	223.7	668.8	216.8	677.8
Family structure								
Single with child(ren)	16.2	117.4	24.0	149.9	24.4	187.4	15.5	143.7
Single, no child, age less than 55	24.0	185.5	24.2	179.8	26.3	217.2	14.6	117.5
Single, no child, age 55 or more	111.9	355.8	134.0	405.8	150.7	408.9	102.0	391.6
Couple with child(ren)	139.3	540.1	140.6	580.5	147.5	629.1	86.7	555.7
Couple, no child	217.1	790.1	240.2	868.2	236.2	998.6	205.7	864.8
Education of head								
No high school diploma	31.3	127.5	23.7	157.1	34.8	149.7	16.1	110.7
High school diploma	71.1	222.0	79.1	227.2	84.3	263.8	56.7	218.1
Some college	89.8	352.1	79.8	355.7	88.8	384.5	50.9	272.2
College degree	262.2	976.6	260.2	982.3	298.6	1,154.5	195.2	977.7
Race or ethnicity of respondent								
White non-Hispanic	150.4	599.0	162.2	648.3	179.4	727.4	130.6	654.5
Nonwhite or Hispanic	22.0	144.1	28.5	176.2	29.7	240.3	20.4	175.9

Note: See note to table 1.

mean (**table 4**). The median fell 38.8 percent, and the mean fell 14.7 percent. The two preceding surveys showed substantial increases in both median and mean net worth. The corresponding values for the period from 2004 to 2007 were increases of 17.9 percent and 13.1 percent. And, for the period 2001 to 2004, there were smaller increases (1.0 percent and 6.2 percent). Mean net worth fell to about the level in the 2001 survey, and median net worth was close to levels not seen since the 1992 survey (data not shown in the tables). Although the overall measures of change in wealth from the 2007 and 2010 cross-sectional surveys are negative, evidence from the 2007–09 SCF panel survey suggests that there was substantial heterogeneity in wealth changes across families; in that panel, families variously showed large gains in wealth as well as losses, though there was a preponderance of losses.[18]

Movements in the dollar value of families' net worth are, by definition, a result of changes in investment, valuation, and patterns of ownership of financial assets (tables 5, 6, and 7) and nonfinancial assets (tables 8, 9, and 10), as well as decisions about acquiring or paying down debt (tables 11 through 17). A variety of financial decisions underlie these

[18] See Bricker, Bucks, Kennickell, Mach, and Moore, "Surveying the Aftermath of the Storm."

Table 4. Family net worth, by selected characteristics of families, 2001–10 surveys—*continued*
Thousands of 2010 dollars

Family characteristic	2001		2004		2007		2010	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean
Current work status of head								
Working for someone else	79.7	276.9	77.4	310.7	98.5	369.1	55.2	298.8
Self-employed	431.7	1,546.5	402.2	1,639.9	407.3	2,057.4	285.6	1,743.6
Retired	141.0	556.4	160.9	539.8	169.9	569.1	151.1	485.3
Other not working	9.4	218.4	13.6	186.7	6.0	130.1	11.9	137.5
Current occupation of head								
Managerial or professional	242.1	942.4	227.3	995.6	258.8	1,174.8	167.3	1,047.0
Technical, sales, or services	57.3	244.7	51.7	284.8	77.0	325.8	32.6	219.1
Other occupation	58.9	167.1	65.0	169.8	68.4	201.3	46.6	162.8
Retired or other not working	118.2	501.4	127.9	485.0	135.6	500.6	93.5	410.4
Region								
Northeast	114.3	556.3	186.1	655.0	167.1	684.6	119.9	615.2
Midwest	130.3	418.3	132.4	503.8	112.7	491.2	68.4	399.8
South	90.4	461.4	73.4	401.0	102.0	525.9	68.3	440.8
West	109.0	541.8	109.3	605.3	164.1	695.4	73.4	599.9
Urbanicity								
Metropolitan statistical area (MSA)	108.0	525.0	120.1	582.0	138.8	652.6	78.4	553.6
Non-MSA	98.0	250.1	68.2	203.5	82.0	253.9	74.5	236.1
Housing status								
Owner	211.5	687.2	212.6	720.9	246.0	817.6	174.5	713.4
Renter or other	5.9	67.7	4.6	62.3	5.4	74.7	5.1	57.2
Percentile of net worth								
Less than 25	1.4	.1	2.0	–1.6	1.3	–2.3	†	–12.8
25–49.9	50.1	54.4	50.2	54.2	56.8	60.9	32.2	35.6
50–74.9	193.6	204.9	196.7	213.7	230.8	238.6	157.2	168.9
75–89.9	528.0	553.5	586.7	608.4	601.2	616.7	482.7	527.9
90–100	1,602.6	3,390.0	1,645.5	3,591.1	1,991.9	4,176.9	1,864.1	3,716.5

† Less than 0.05 ($50).

changes. **Box 3**, "Shopping for Financial Services," provides a discussion of the intensity of families' decisionmaking efforts and their sources of financial information.

By age group, median and mean values of family net worth generally increase with age, though there are some signs of decrease among older age groups. This pattern reflects both life-cycle saving behavior and a historical pattern of long-run growth in inflation-adjusted wages. The median and mean values of wealth rise in tandem with income, a relationship reflecting both income earned from assets and a higher likelihood of substantial saving among higher-income families. Wealth shows strong differentials across groups defined in terms of family structure, education, racial or ethnic background, work status, occupation, housing status, and the urbanicity and region of residence; these differentials generally mirror those for income, but the wealth differences tend to be larger.

Net Worth by Demographic Category

Analysis by demographic group for the 2007–10 period shows a pattern of substantial losses in median and mean net worth for most groups, but a small number of groups experienced gains. Most groups saw declines in the median that far exceeded declines in the mean.

Box 3. Shopping for Financial Services

As a normal part of their financial lives, families must make a variety of decisions to select particular investments for any savings they may have, as well as to select the forms and terms of credit they may use. To the extent that families devote more or less attention to such activities or that they are better or worse informed, the wealth of otherwise comparable families may differ substantially over time.

The Survey of Consumer Finances (SCF) contains a self-assessment of families' intensity of shopping for borrowing or investing services. In 2010, 53.0 percent of families reported that they undertake a moderate amount of shopping for borrowing, and 54.7 percent reported that they undertake a moderate amount of shopping for investing (table A).[1] Only 26.2 percent of families reported shopping a great deal for loan terms, and only 23.3 percent reported shopping a great deal for the best terms on investments. These figures are little changed from 2007 (data not shown in the tables). Even though the survey questions are intended to elicit a description of behavior in general, the behavior reported could still be more reflective of the short-term needs for such services and consequently the immediate need for shopping. When broken out by categories of net worth, the patterns in 2010 are similar for all groups for loan shopping (data not shown in the tables). For investment shopping, the data show a more pronounced gradient toward more-intensive shopping by families with higher levels of wealth.

Table A. Intensity of shopping for borrowing or investing, 2010

Percent

Intensity of shopping	Type of service	
	Borrowing	Investing
Almost none	20.8	21.9
Moderate amount	53.0	54.7
A great deal	26.2	23.3

More families turn to friends, family members, or associates for financial information than to any other source of information on borrowing or investing (table B). This result suggests that there may be important feedback effects in financial outcomes; that is, families who know relatively well-informed people may obtain better services. Sellers of financial services—bankers, brokers, and so on—and the Internet are either the second or third most frequently cited sources of information for borrowing or investing. The Internet was reported by 41.7 percent of families as a source of information on borrowing and by 33.0 percent as a source of information on investing. When viewed across categories of net worth, the data show similar patterns of use of sources of information by all groups (data not shown in the tables).

Table B. Information used for decisions about borrowing or investing, 2010

Percent

Source	Type of service	
	Borrowing	Investing
Calling around	27.0	15.7
Magazines, newspapers, and other media	14.5	14.4
Material in the mail	28.3	19.0
Internet	41.7	33.0
Friends, relatives, associates	43.9	40.8
Bankers, brokers, and other sellers of financial services	39.5	39.1
Lawyers, accountants, and other financial advisors	19.5	31.1
Does not borrow or invest	14.6	11.7

Note: Figures sum to more than 100 because of reporting of multiple sources.

In addition to serving as a source of information, the Internet can also be a medium for obtaining financial services. In 2010, 58.5 percent of families reported using the Internet to

continued on next page

Box 3—*continued*

access at least some type of service at one of the financial institutions they used (data not shown in the tables). If accessing information and using services are combined, the Internet played a part in the financial life of 67.4 percent of all families (table C). This figure is up sharply from 59.7 percent in 2007 and 46.5 percent in 2004 (data not shown in the tables). The proportion of such users rises strongly over net worth groups: Among the least wealthy 25 percent of families, 60.3 percent made such use of the Internet, whereas the figure was 84.4 percent for the wealthiest 10 percent (data not shown in the tables). More striking is the variation over age groups. Among families headed by a person younger than age 35, 80.0 percent reported using the Internet for financial information or services, whereas the figure for families with a head aged 75 or older was only 25.8 percent. These figures are both up substantially from their respective values in 2007—71.9 percent and 16.4 percent (data not shown in tables). If the relatively greater expression of such behavior by younger families persists as they age, and if succeeding cohorts follow their example, Internet-based financial services may become even more important in the future.[2]

Table C. Use of the Internet for financial information or financial services, by age of head, 2010

Percent

Family characteristic	Percentage of families
All families	**67.4**
Age of head (years)	
Less than 35	80.0
35–44	77.2
45–54	74.6
55–64	69.0
65–74	51.7
75 or more	25.8

[1] The underlying question allows the survey respondent to shade the intermediate response toward a greater or lesser amount of shopping. About one-third of the respondents choose to do so, and of those, somewhat more than one-half shaded their response toward a greater degree of shopping.

[2] For a discussion of the definition of local banking markets, see Dean F. Amel, Arthur B. Kennickell, and Kevin B. Moore (2008), "Banking Market Definition: Evidence from the Survey of Consumer Finances," Finance and Economics Discussion Series 2008-35 (Washington: Board of Governors of the Federal Reserve System, August; paper dated July 7), www.federalreserve.gov/pubs/feds/2008/200835/200835pap.pdf.

Median net worth fell for all percentile groups of the distribution of net worth, with the largest decreases in proportional terms being for the groups below the 75th percentile of the net worth distribution. From 2007 to 2010, the median for the lowest quartile of net worth fell from $1,300 to zero—a 100 percent decline; at the same time, the mean for the group fell from negative $2,300 to negative $12,800. For the second and third quartiles, the median and mean declines in net worth were smaller but still sizable; for example, median net worth for the second quartile fell 43.3 percent. Median and mean net worth did not fall quite as much for the higher net worth groups. For the 75th-to-90th percentile group, the median fell 19.7 percent while the mean fell 14.4 percent. For the wealthiest decile, the 11.0 percent decline in the mean exceeded the 6.4 percent decline in the median for that group; as was discussed earlier in the case of family income, this pattern of the changes in the median and mean suggests that there was some compression of higher values in the wealth distribution.

Over the recent three-year period, median net worth decreased for all income groups except the top decile, for which it was basically unchanged; mean net worth fell substantially for all of the groups except the lowest quintile, for which mean wealth rose 5.9 percent. The broad middle of the income distribution (the groups between the 20th and 90th percentiles) saw consistently large drops in median net worth between 2007 and 2010, with much smaller drops in mean net worth within those income groups. In contrast to the stability of the median for the top decile, the mean for that group was down 15.3 percent over the recent three-year period.

The opposing pattern of a 27.1 percent decline in median net worth for the lowest income quintile and a 5.9 percent increase in the mean for the group differs from the patterns seen for the other groups. To some extent, this finding reflects composition effects. Box 2, “Cross-Sectional Data and Changes in Group Composition over Time” provides an example of how income-related composition affects median net worth across income groups.

The survey shows substantial declines in median and mean net worth by age group between 2007 and 2010, with the exception that mean net worth rose modestly (1.3 percent) for the 75-or-more age group. The 35-to-44 age group saw a 54.4 percent decline in median net worth during the most recent three-year period, and the mean for that age group fell 36.4 percent. The wealth decreases for the less-than-35 age group were also large; the median fell 25.0 percent while the mean fell 41.2 percent. The declines in median and mean net worth for middle-aged families (the 45-to-54 and 55-to-64 age groups) were also large.

By family structure, single families headed by a person younger than 55 with no children and couples with children (who also tend to be relatively young) had the largest drops in wealth from 2007 to 2010 in median net worth—declines of 44.5 percent and 41.2 percent, respectively. Single families with children and families headed by a single person who was aged 55 or older and without children also experienced large decreases in median net worth—36.5 percent and 32.3 percent, respectively. Mean net worth fell for all family structure groups as well, though the extent of the decreases ranged from 4.2 percent (childless families headed by a single person aged 55 or older) to 45.9 percent (other childless families headed by a single person).

From 2007 to 2010, median and mean net worth decreased for all education groups. Mirroring the pattern for all families, each of the four education groups experienced a very large decline in the median (ranging from a drop of 53.7 percent for the no-high-school-diploma group to a drop of 32.7 percent for the high-school-educated group) and smaller declines in the mean (ranging from 29.2 percent for the some-college group to a drop of 15.3 percent for the college-educated group). The patterns of changes in medians and means across education groups are similar to those for the income groups, largely because income and education are strongly correlated.

The data show losses from 2007 to 2010 in median and mean wealth for both categories of race or ethnicity. Declines in the median were roughly the same for white non-Hispanic families (27.2 percent) and for nonwhite or Hispanic families (31.3 percent).[19]

However, the decline in the mean was much smaller for white non-Hispanic families—10.0 percent—than the decline for nonwhite or Hispanic families—26.8 percent. Among nonwhite or Hispanic families, the subgroup of African American families saw a decline of 13.3 percent in their median net worth from 2007 ($17,900) to 2010 ($15,500), and their mean net worth fell 30.4 percent, from $140,800 to $98,000; over the 2004–07 period, the median for the group had fallen 23.9 percent, while the mean had risen 10.6 percent (data not shown in the tables).

[19] If the additional information on Hispanic or Latino ethnic identification available in the SCF is used in the classification of the 2010 results, the median net worth of nonwhites or Hispanics was $22,200, and the mean was $183,600; for other families, the median was $131,900, and the mean was $658,500. These figures are all slightly higher than the corresponding values reported in table 4 for the larger group of nonwhite or Hispanic families.

From 2007 to 2010, median and mean net worth fell among all work-status groups except one. The exception was families headed by persons who were not working, for reasons other than retirement (the other-not-working group), which showed increases in both measures (albeit from relatively low starting points); in both years, the group had the lowest levels of both median and mean net worth of all work-status groups. The dollar amounts of decreases in median and mean net worth for the self-employed group were far larger than those for the other groups that experienced losses over the period; in percentage terms, however, the decreases for this group in both median and mean wealth were well below the rates of decline for families headed by a person working for someone else.

Median and mean net worth decreased for all occupation groups in the recent three-year period, but they did so most markedly for families headed by a worker in a technical, sales, or service occupation, for whom median net worth fell 57.7 percent and mean net worth fell 32.8 percent. Wealth losses were substantial for every other occupation group as well, however, with median declines ranging from 35.4 percent (managerial and professional group) to 31.0 percent (retired group), and mean declines ranging from 19.1 (other-occupation group) to 10.9 percent (managerial and professional group).

Between 2007 and 2010, median net worth fell dramatically for families living in all regions of the country, but especially for those living in the West—a 55.3 percent decline. This pattern reflects the effect of the collapse of housing values in several parts of the West region. Median wealth in every other region fell 28.2 percent or more. As with the overall population and most other demographic groups discussed earlier, the decline in mean net worth within every region was smaller than the drop in the median. In the South and Midwest regions, the percentage decline in the median was about twice as large as the percentage decline in the mean, but in percentage terms, the median for the West fell four times as much as the mean.

By urbanicity of the place of residence, in the recent three-year period, median net worth fell much more dramatically in MSA areas than in non-MSA areas, but the declines in the means were more similar. The decline in median net worth in MSA areas was large enough to erase most of the widening gap that had developed since 1998, in large part due to a run-up in house values. Mean net worth remained much higher in MSA areas than in non-MSA areas in 2010.

As might be expected from the previous discussion on the role of the decline in housing values in explaining median and mean wealth losses across various demographic groups, there are large differences in net worth changes by housing status. Median net worth for homeowners fell 29.1 percent between 2007 and 2010, while the mean fell 12.7 percent. The decline in median net worth for non-homeowners (hereafter, renters) was only 5.6 percent, though the decline in the mean was much larger at 23.4 percent. Renters have much lower median and mean net worth than homeowners in any survey year, so the dollar value of wealth losses for the renter group tended to be much smaller; for example, the median net worth of renters fell $300 over the three-year period, in contrast with $71,500 for homeowners.

Assets

At 97.4 percent in 2010, the overall proportion of families with any asset was barely changed from 2007 (first half of tables 9.A and 9.B, last column). Overall, this figure has declined 0.3 percentage point since 2007 (data not shown in the tables). Across demographic groups, the pattern of changes in the recent three-year period is mostly one of small increases or decreases. Noticeable exceptions are declines for the following groups:

the second quintile of the income distribution (0.9 percentage point), families headed by a person aged less than 35 (1.6 percentage points) or between 65 and 74 (1.3 percentage points), families headed by a person with a high school diploma (1.2 percentage points), and families in the bottom quartile of the net worth distribution (1.2 percentage points). For many groups, the figure remained at or near 100 percent.

From 2007 to 2010, median assets for families having any assets fell 19.3 percent, from $232,100 to $187,200 (second half of tables 9.A and 9.B, last column), and the mean fell 12.8 percent, from $702,100 to $612,300 (memo line). The percentage change in median assets between 2007 and 2010 is only about half the percentage change in median net worth reported in table 4, in part for reasons related to housing. Because houses are frequently mortgaged, net equity in homes tends to be smaller than the asset value of the home itself; consequently, a given change in housing values will tend to have an amplified proportional effect on net worth changes relative to the change in value as a proportion of gross assets.

Across net worth groups, the percentage changes in median assets and net worth were most similar for families in the highest or lowest quartiles of the distribution of net worth. For the wealthier groups, housing tends to be a smaller share of net worth, and it is less likely to be mortgages than is the case for the middle wealth groups. For the least wealthy group, homeownership is much less common than for other groups. The divergence between fluctuations in median asset change and median net worth change is largest for the middle two quartiles, whose net worth tends to be dominated by housing. A similar effect shows up across income groups, as middle-income families experienced smaller declines in median assets than in median net worth, in part because they are more likely to be leveraged homeowners whose assets are dominated by housing. Across other demographic groups such as age, race or ethnicity, and education, the percentage declines in median assets are generally about half the percentage decline in median net worth. Not unexpectedly, such divergence of changes in wealth and assets was largest for homeowners, whose median assets fell 18.0 percent, well below their decline in median net worth of 29.1 percent; for renters, in contrast, median assets fell 11.3 percent, which is greater than their 5.6 percent decline in median net worth.

Financial Assets

Although median and mean financial assets declined from 2007 to 2010, financial assets as a share of total assets rose 3.9 percentage points to 37.9 percent (**table 5**, memo line); this movement reverses a decline in this share from a level in 2001 that marked the high point observed in the survey since at least 1989. The share of financial assets in total assets had fallen 8.2 percentage points between 2001 and 2007. The relative shares of various financial assets also shifted. The decline in the percentage share of directly held stock was mostly offset by increases in the shares of transaction and retirement accounts.[20] The share of financial assets held in retirement accounts has nearly doubled since 1989, and as of 2010, it stood at 38.1 percent of families' financial assets (data not shown in the tables).

Across the groups considered, the 94.0 percent rate of ownership of any financial asset in 2010 was almost unchanged over the recent three-year period (first half of tables **6.A** and **6.B**, last column). Changes in ownership rates were also generally small across demographic groups, though there are a few exceptions. By age, families in the less-than-35 group saw a 2.1 percentage point increase in their financial asset ownership rate, while those in the 55-to-64 group saw a 2.0 percentage point decline; by family structure, ownership increased

[20] The definitions of asset categories in table 5 are given later in the article, in the sections of text devoted to those categories.

Table 5. Value of financial assets of all families, distributed by type of asset, 2001–10 surveys
Percent

Type of financial asset	2001	2004	2007	2010
Transaction accounts	11.4	13.1	10.9	13.3
Certificates of deposit	3.1	3.7	4.0	3.9
Savings bonds	.7	.5	.4	.3
Bonds	4.5	5.3	4.1	4.4
Stocks	21.5	17.5	17.8	14.0
Pooled investment funds (excluding money market funds)	12.1	14.6	15.8	15.0
Retirement accounts	29.0	32.4	35.1	38.1
Cash value life insurance	5.3	2.9	3.2	2.5
Other managed assets	10.5	7.9	6.5	6.2
Other	1.9	2.1	2.1	2.3
Total	**100**	**100**	**100**	**100**
MEMO				
Financial assets as a share of total assets	42.2	35.8	34.0	37.9

Note: For this and following tables, see text for definition of asset categories. Also see note to table 1.

Table 6. Family holdings of financial assets, by selected characteristics of families and type of asset, 2007 and 2010 surveys
A. 2007 Survey of Consumer Finances

Family characteristic	Transaction accounts	Certificates of deposit	Savings bonds	Bonds	Stocks	Pooled investment funds	Retirement accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
Percentage of families holding asset											
All families	**92.1**	**16.1**	**14.9**	**1.6**	**17.9**	**11.4**	**53.0**	**23.0**	**5.8**	**9.3**	**93.9**
Percentile of income											
Less than 20	74.9	9.4	3.6	*	5.5	3.4	10.8	12.8	2.7	6.6	79.1
20–39.9	90.1	12.7	8.4	*	7.8	4.6	35.8	16.4	4.7	8.7	93.2
40–59.9	96.3	15.5	15.2	*	14.0	7.1	55.6	21.6	5.4	10.2	97.2
60–79.9	99.3	19.3	20.9	1.4	23.2	14.6	74.3	29.4	5.7	8.4	99.7
80–89.9	100.0	19.9	26.2	1.8	30.5	18.9	86.9	30.6	7.6	9.7	100.0
90–100	100.0	27.7	26.1	8.9	47.5	35.5	89.6	38.9	13.6	15.3	100.0
Age of head (years)											
Less than 35	87.3	6.7	13.7	*	13.7	5.3	42.1	11.4	*	10.0	89.2
35–44	91.2	9.0	16.8	.7	17.0	11.6	57.8	17.5	2.2	9.4	93.1
45–54	91.7	14.3	19.0	1.1	18.6	12.6	65.4	22.3	5.1	10.5	93.3
55–64	96.4	20.5	16.2	2.1	21.3	14.3	61.2	35.2	7.7	9.2	97.8
65–74	94.6	24.2	10.3	4.2	19.1	14.6	51.7	34.4	13.2	9.4	96.1
75 or more	95.3	37.0	7.9	3.5	20.2	13.2	30.0	27.6	14.0	5.3	97.4
Family structure											
Single with child(ren)	81.1	9.0	10.9	*	7.1	6.8	35.0	21.4	2.4	11.5	84.6
Single, no child, age less than 55	87.4	9.9	9.4	*	18.0	8.9	46.7	10.2	2.0	11.6	90.0
Single, no child, age 55 or more	94.6	24.0	9.6	2.1	13.5	10.8	36.7	22.0	11.2	7.9	96.2
Couple with child(ren)	94.3	12.5	24.0	1.2	18.9	12.0	62.1	23.6	4.4	8.6	95.1
Couple, no child	95.7	22.5	11.6	2.9	24.1	14.4	62.6	30.2	8.1	8.7	97.3
Education of head											
No high school diploma	75.7	9.5	3.4	*	3.9	2.2	21.6	12.6	1.7	7.1	79.7
High school diploma	90.9	14.1	11.5	.6	9.3	5.8	43.3	22.6	4.2	8.2	93.3
Some college	93.9	14.1	16.4	1.2	17.4	8.9	53.0	23.4	6.6	10.0	95.6
College degree	98.7	21.6	21.6	3.3	31.5	21.4	73.9	27.2	8.5	10.8	98.9

Table 6. Family holdings of financial assets, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

A. 2007 Survey of Consumer Finances—*continued*

Family characteristic	Trans-action accounts	Certifi-cates of deposit	Savings bonds	Bonds	Stocks	Pooled invest-ment funds	Retire-ment accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
Race or ethnicity of respondent											
White non-Hispanic	95.5	19.4	17.8	2.1	21.4	13.7	58.5	25.3	7.3	9.7	96.8
Nonwhite or Hispanic	83.9	8.2	7.8	.4	9.4	5.8	39.5	17.6	2.3	8.3	86.7
Current work status of head											
Working for someone else	92.6	13.2	17.0	.9	17.8	10.4	62.7	20.3	3.7	9.2	94.2
Self-employed	96.9	15.0	15.9	4.2	24.3	21.4	55.4	32.1	6.9	14.8	98.0
Retired	91.6	25.7	10.2	2.3	16.4	11.3	34.2	27.3	11.2	7.0	93.7
Other not working	78.6	5.6	10.7	*	12.8	*	22.4	14.6	*	10.4	81.3
Current occupation of head											
Managerial or professional	98.3	18.2	21.1	3.1	28.7	19.7	74.9	24.9	6.7	11.0	98.7
Technical, sales, or services	91.9	11.5	15.0	.4	14.9	8.8	54.9	21.3	4.0	9.1	94.1
Other occupation	87.9	9.2	13.1	*	9.9	5.4	51.3	19.0	1.1	9.8	90.2
Retired or other not working	89.5	22.5	10.3	2.0	15.8	9.9	32.3	25.3	9.8	7.5	91.8
Region											
Northeast	91.3	18.1	18.9	2.0	21.4	15.5	53.7	23.5	6.4	5.4	92.5
Midwest	93.6	16.8	16.0	1.2	17.9	10.6	58.1	26.6	6.7	9.3	95.4
South	91.3	15.1	12.0	1.7	15.4	9.7	49.3	23.4	5.2	8.5	93.5
West	92.7	15.5	15.0	1.6	19.2	11.5	53.1	18.3	5.5	13.9	93.9
Urbanicity											
Metropolitan statistical area (MSA)	92.8	16.2	15.1	1.8	19.4	12.1	55.1	22.2	5.9	9.5	94.3
Non-MSA	88.7	15.9	13.8	.8	10.9	7.7	42.5	26.8	5.5	8.5	91.8
Housing status											
Owner	97.3	20.0	18.2	2.2	22.4	15.0	63.7	28.9	7.5	9.4	98.4
Renter or other	80.8	7.7	7.5	.4	8.1	3.5	29.6	10.1	2.1	9.1	84.0
Percentile of net worth											
Less than 25	76.3	2.5	4.8	*	4.3	*	19.7	7.8	*	7.4	79.6
25–49.9	93.6	9.9	12.3	*	10.2	3.6	48.6	19.7	1.9	8.9	96.4
50–74.9	98.6	19.4	17.6	*	17.2	10.4	63.1	28.5	6.2	8.6	99.5
75–89.9	100.0	32.5	25.9	*	31.7	22.8	77.5	32.3	11.1	9.4	100.0
90–100	100.0	32.9	23.2	11.7	52.4	42.2	84.8	41.7	20.6	16.6	100.0

4.3 percentage points for single families with children but declined 2.7 percentage points for childless single families headed by someone 55 or older; and by work status, ownership fell 1.6 percentage points for families headed by a person who was self-employed. Ownership increased for nonwhite or Hispanic families and for white non-Hispanic families. The share of homeowners with financial assets fell 0.4 percentage points, but the ownership rate for renters rose 1.8 percentage points.

Although the overall ratio of financial assets to total assets rose over the recent period, that increase is attributable to the relatively larger declines in the value of nonfinancial assets; the median holding of financial assets for families having such assets fell 28.8 percent, while the mean fell 3.3 percent. The recent change in the median erased the gains experienced in the previous three-year period (2004 to 2007) and left median financial assets at their lowest level since the 1995 survey (data not shown in the tables). The decline in median financial asset holdings was widespread across demographic groups, with gains observed for families headed by someone 75 or older, the top 10 percent of families ranked by income, and the top 10 percent of families ranked by net worth.

Table 6. Family holdings of financial assets, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

A. 2007 Survey of Consumer Finances—*continued*

Family characteristic	Transaction accounts	Certificates of deposit	Savings bonds	Bonds	Stocks	Pooled investment funds	Retirement accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
Median value of holdings for families holding asset (thousands of 2010 dollars)											
All families	**4.2**	**21.0**	**1.0**	**83.8**	**17.8**	**58.7**	**47.1**	**8.4**	**73.3**	**6.3**	**30.2**
Percentile of income											
Less than 20	.8	18.9	.5	*	4.0	31.4	6.3	2.6	104.8	1.6	1.8
20–39.9	1.7	18.9	1.0	*	10.5	31.4	12.6	5.2	90.1	3.1	7.3
40–59.9	2.9	17.8	.7	*	5.8	39.3	25.1	5.4	61.8	4.2	19.9
60–79.9	6.3	11.5	1.0	19.9	14.7	36.7	50.3	10.4	54.5	10.5	62.9
80–89.9	13.5	21.0	2.1	84.9	15.7	48.2	94.7	9.4	31.4	10.5	138.0
90–100	38.4	44.0	2.6	261.9	78.6	188.6	214.8	29.4	94.3	47.1	423.8
Age of head (years)											
Less than 35	2.5	5.2	.7	*	3.1	18.9	10.0	2.9	*	1.6	7.1
35–44	3.6	5.2	1.0	10.2	15.7	23.6	38.8	8.7	25.1	8.4	27.2
45–54	5.2	15.7	1.0	209.5	19.4	52.4	66.0	10.5	47.1	6.3	56.9
55–64	5.4	24.1	2.0	95.1	25.1	117.3	104.8	10.5	61.8	21.0	77.2
65–74	8.1	24.4	1.0	52.4	39.8	90.1	80.7	10.5	73.3	10.5	71.3
75 or more	6.4	31.4	21.0	104.8	41.9	78.6	36.7	5.2	104.8	15.7	43.5
Family structure											
Single with child(ren)	1.7	7.9	1.0	*	10.5	48.2	17.8	4.0	21.0	4.2	6.3
Single, no child, age less than 55	2.6	6.3	1.6	*	4.0	16.8	25.4	5.8	62.9	3.1	13.3
Single, no child, age 55 or more	2.9	29.3	4.2	52.4	26.2	80.7	48.8	5.2	104.8	3.8	28.3
Couple with child(ren)	4.8	10.5	1.0	84.9	15.7	52.4	49.5	9.9	36.7	5.2	31.3
Couple, no child	7.9	27.2	1.6	83.8	26.2	65.5	69.1	10.5	54.5	15.7	73.8
Education of head											
No high school diploma	1.3	14.7	1.0	*	2.8	67.1	15.7	2.6	31.4	1.6	3.1
High school diploma	2.6	16.8	1.0	48.7	10.5	31.4	29.9	5.4	83.8	5.2	14.9
Some college	2.9	18.9	1.0	52.4	6.3	26.2	33.5	8.4	54.5	4.2	21.0
College degree	10.5	26.2	1.2	104.8	26.2	78.6	78.6	13.6	78.6	10.5	101.0

Note: See note to table 1.

* Ten or fewer observations.

Transaction Accounts and Certificates of Deposit

In 2010, 92.5 percent of families had some type of transaction account—a category comprising checking, savings, and money market deposit accounts; money market mutual funds; and call or cash accounts at brokerages. The increase of 0.4 percentage point in ownership since 2007 continued the general upward trend seen in recent surveys; the ownership rate is now 1.9 percentage points higher than in 1998 (data not shown in the tables). Families that did not have any type of transaction account in 2010 were disproportionately likely to have incomes in the lowest income quintile, to be headed by a person younger than age 35, to be nonwhite or Hispanic, to be headed by a person who was neither working nor retired, to be renters, or to have net worth in the lowest quartile. See **box 4** "Decisions about Checking Accounts" for a discussion of the reasons families do or do not have a checking account. Over the 2007–10 period, transaction account ownership rose noticeably—between 2.2 and 4.1 percentage points—for single families with children, families headed by a person in the other-not-working work-status group, and families in the bottom quartile of the net worth distribution.

Table 6. Family holdings of financial assets, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

A. 2007 Survey of Consumer Finances—*continued*

Family characteristic	Trans-action accounts	Certifi-cates of deposit	Savings bonds	Bonds	Stocks	Pooled invest-ment funds	Retire-ment accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
Race or ethnicity of respondent											
White non-Hispanic	5.3	21.0	1.0	100.4	19.9	67.1	55.5	9.4	73.3	10.1	47.2
Nonwhite or Hispanic	2.1	10.5	1.0	24.2	8.4	31.4	26.2	5.2	31.4	3.1	9.4
Current work status of head											
Working for someone else	4.0	10.5	1.0	49.1	11.0	44.0	42.1	7.9	28.5	5.2	30.2
Self-employed	10.4	26.2	1.0	157.2	62.9	83.8	95.3	25.1	83.8	16.8	56.7
Retired	4.2	31.4	2.6	83.3	30.1	81.9	52.4	5.8	104.8	10.5	31.3
Other not working	1.0	15.7	2.1	*	6.5	*	21.8	2.3	*	3.1	3.9
Current occupation of head											
Managerial or professional	9.2	15.7	1.0	83.8	21.0	78.6	75.4	13.6	61.8	10.5	82.1
Technical, sales, or services	3.1	15.7	1.0	129.1	12.6	41.9	31.4	9.4	10.5	5.2	18.4
Other occupation	2.6	10.5	.7	*	4.2	18.9	25.3	5.2	21.0	5.2	14.6
Retired or other not working	3.5	31.4	2.1	100.4	26.2	81.9	47.1	5.2	104.8	5.8	24.8
Region											
Northeast	5.3	21.0	1.0	120.1	18.7	52.4	60.1	9.4	76.5	10.5	46.4
Midwest	3.9	12.6	1.0	51.6	14.7	39.3	38.3	7.3	70.2	6.3	32.7
South	3.7	21.0	1.3	104.8	18.7	73.3	41.9	8.4	83.8	4.2	22.0
West	4.5	24.1	1.0	62.9	18.9	61.6	47.7	10.4	62.9	6.3	30.5
Urbanicity											
Metropolitan statistical area (MSA)	4.7	21.0	1.0	104.8	19.9	62.9	50.0	9.4	73.3	8.4	34.2
Non-MSA	2.6	10.5	1.3	52.4	11.5	35.6	35.3	5.2	47.1	2.5	16.8
Housing status											
Owner	6.5	21.0	1.0	104.8	21.0	62.9	59.7	10.4	73.3	10.5	57.7
Renter or other	1.3	10.5	.7	15.7	5.8	41.9	10.5	2.1	56.6	2.1	4.0
Percentile of net worth											
Less than 25	.7	2.1	.5	*	1.1	*	3.1	1.3	*	1.3	1.5
25–49.9	2.1	7.3	.7	*	3.1	9.4	15.7	3.1	14.5	3.1	14.0
50–74.9	6.3	15.7	1.3	*	6.3	26.2	52.4	6.8	52.4	10.5	63.6
75–89.9	16.2	26.2	2.1	*	21.0	52.4	125.7	15.7	83.8	21.0	226.6
90–100	48.7	52.4	3.7	173.8	131.0	276.6	333.2	31.4	165.5	52.4	809.9
MEMO											
Mean value of holdings for families holding asset	27.7	58.3	6.9	601.7	231.7	324.4	154.7	32.7	260.7	52.7	248.8

The slight overall expansion in ownership of transaction accounts in the recent three-year period is reflected in the mostly offsetting changes in the types of transaction account held by families. Ownership of checking and savings accounts rose, while ownership of money market accounts declined and that of call accounts was basically unchanged, as shown in table 6.1:

Table 6. Family holdings of financial assets, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

B. 2010 Survey of Consumer Finances

Family characteristic	Trans-action accounts	Certifi-cates of deposit	Savings bonds	Bonds	Stocks	Pooled invest-ment funds	Retire-ment accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
Percentage of families holding asset											
All families	**92.5**	**12.2**	**12.0**	**1.6**	**15.1**	**8.7**	**50.4**	**19.7**	**5.7**	**8.0**	**94.0**
Percentile of income											
Less than 20	76.2	5.7	3.6	.1	3.8	2.1	11.2	10.7	1.7	7.0	79.2
20–39.9	91.1	11.1	6.0	*	6.0	3.5	30.5	17.2	4.2	6.7	93.6
40–59.9	96.4	11.7	10.8	*	11.7	5.8	52.8	19.5	5.5	9.6	97.8
60–79.9	98.9	15.8	16.0	1.3	17.3	8.8	69.7	22.8	6.9	7.3	99.6
80–89.9	99.8	12.1	23.0	2.0	25.7	14.6	85.7	25.8	7.8	8.5	100.0
90–100	99.9	21.5	24.4	8.3	47.8	32.1	90.1	30.9	12.3	10.3	100.0
Age of head (years)											
Less than 35	89.0	5.7	10.0	*	10.1	3.6	41.1	9.6	.9	9.0	91.3
35–44	90.6	5.7	11.6	.4	12.1	7.7	52.2	12.3	2.0	8.4	92.7
45–54	92.5	10.0	15.0	1.4	16.0	9.6	60.0	19.8	4.5	7.7	94.2
55–64	94.2	14.6	14.3	2.4	19.5	11.3	59.8	25.7	7.7	8.9	95.8
65–74	95.8	20.6	9.1	3.4	16.1	11.1	49.0	28.4	11.4	7.5	96.2
75 or more	96.4	27.2	10.1	3.6	20.1	11.9	32.8	32.4	14.1	5.0	96.4
Family structure											
Single with child(ren)	84.9	6.7	6.3	*	6.9	3.0	34.0	11.1	3.3	8.3	88.9
Single, no child, age less than 55	88.3	6.0	6.3	*	10.7	5.0	40.2	9.8	1.5	11.3	90.6
Single, no child, age 55 or more	92.8	20.1	7.0	2.5	11.9	9.5	33.7	23.5	9.9	7.7	93.5
Couple with child(ren)	94.3	10.4	18.9	1.2	17.0	9.1	60.1	18.9	3.9	7.6	95.7
Couple, no child	95.9	15.8	12.4	2.9	20.9	12.4	61.6	27.9	8.8	6.7	96.6
Education of head											
No high school diploma	77.4	6.0	2.7	*	2.2	*	17.1	11.9	3.1	5.3	80.8
High school diploma	90.0	10.8	9.1	.2	8.1	3.2	40.6	19.8	4.2	7.2	92.7
Some college	94.6	11.8	11.7	1.0	11.3	5.4	48.6	17.3	5.5	7.6	95.0
College degree	98.4	15.6	17.7	3.6	27.2	17.6	70.5	23.3	7.9	9.8	98.9

Table 6.1

Type of transaction account	All families	
	2010 (percent)	Change, 2007–10 (percentage points)
Checking	90.4	.7
Savings	50.5	3.4
Money market	17.2	–3.7
Call	2.0	–.1

The savings account category includes a relatively small number of tax-preferred accounts such as medical or health savings accounts and Coverdell or 529 education accounts.[21] Ownership of any of these types of tax-preferred accounts decreased from 3.8 percent in 2007 to 2.9 percent in 2010 (data not shown in the tables). In both of the two years,

[21] Coverdell savings accounts, formerly known as education individual retirement accounts, and 529 saving plans are tax-preferred plans that parents or others may use to save for educational expenses.

Table 6. Family holdings of financial assets, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

B. 2010 Survey of Consumer Finances—*continued*

Family characteristic	Transaction accounts	Certificates of deposit	Savings bonds	Bonds	Stocks	Pooled investment funds	Retirement accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
Race or ethnicity of respondent											
White non-Hispanic	96.5	15.0	14.8	2.3	18.6	11.6	58.1	22.6	7.3	8.2	97.3
Nonwhite or Hispanic	84.3	6.5	6.3	.2	7.9	2.6	34.4	13.7	2.3	7.6	87.2
Current work status of head											
Working for someone else	93.6	9.0	13.7	1.0	13.8	8.1	59.6	17.1	3.6	7.7	95.2
Self-employed	94.8	15.7	12.9	3.5	24.5	14.9	54.7	25.9	8.3	11.1	96.4
Retired	91.7	20.1	9.6	2.6	15.4	8.9	34.4	25.5	10.4	7.3	92.9
Other not working	82.7	3.9	5.8	*	9.5	2.8	24.6	10.2	*	8.3	85.0
Current occupation of head											
Managerial or professional	98.2	14.1	17.3	2.6	24.3	16.0	73.5	21.6	6.8	10.2	99.2
Technical, sales, or services	91.7	7.4	11.0	.8	10.8	5.8	47.7	17.3	2.8	7.5	93.8
Other occupation	89.6	7.5	11.0	*	8.3	3.1	50.0	15.6	2.4	6.2	91.6
Retired or other not working	89.7	16.6	8.8	2.1	14.1	7.6	32.3	22.2	8.5	7.5	91.2
Region											
Northeast	91.2	12.4	16.9	2.0	16.5	11.7	54.4	20.6	6.1	7.1	93.0
Midwest	94.2	13.5	13.5	.8	13.8	7.2	54.6	23.3	6.1	7.3	95.5
South	91.1	11.4	9.8	1.5	13.1	7.2	45.9	19.3	5.1	7.2	92.9
West	94.2	12.0	10.1	2.3	18.7	10.4	50.5	16.1	6.0	10.8	95.4
Urbanicity											
Metropolitan statistical area (MSA)	92.8	12.1	12.7	1.8	16.6	9.6	52.2	19.3	6.0	8.1	94.2
Non-MSA	91.2	12.6	8.8	.8	7.9	4.5	41.9	21.9	3.9	7.5	93.1
Housing status											
Owner	97.4	15.6	15.0	2.3	19.6	11.4	61.7	24.0	7.6	7.6	98.0
Renter or other	82.4	5.2	5.8	.3	6.0	3.1	27.1	10.9	1.8	8.7	85.8
Percentile of net worth											
Less than 25	78.5	1.4	4.8	*	2.9	*	19.8	7.3	*	5.9	81.7
25–49.9	94.2	5.3	7.0	*	5.6	2.1	42.7	14.2	1.9	8.5	96.1
50–74.9	98.0	14.8	14.2	*	14.0	6.1	58.6	24.1	4.6	7.2	98.7
75–89.9	99.0	27.0	21.6	2.0	26.8	15.5	75.8	30.8	13.1	8.0	99.4
90–100	99.9	27.7	22.8	12.0	54.9	41.8	87.8	36.8	19.3	13.7	100.0

529 plans accounted for about 80 percent of the number of these tax-preferred savings accounts, up from 71 percent in 2004.

Median holdings in transaction accounts for those who had such accounts fell 16.7 percent from 2007 to 2010, while the mean rose 17.0 percent. The decline in median transaction account balances was widely observed across demographic groups, but there were noticeable exceptions for childless single families headed by someone aged 55 or older, families headed by individuals who reported their current work status as retired, families in the 75-or-older age group, and families in the highest decile of the net worth distribution. Indeed, within the highest decile of net worth, median transaction balances rose from $48,700 to $60,800, an increase of 24.8 percent. The increase in the already substantial holdings of highly liquid and secure transaction account balances among this group of wealthy families is a key to understanding the rise in the overall mean transaction account balances while the overall median fell.

Table 6. Family holdings of financial assets, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

B. 2010 Survey of Consumer Finances—*continued*

Family characteristic	Trans-action accounts	Certifi-cates of deposit	Savings bonds	Bonds	Stocks	Pooled invest-ment funds	Retire-ment accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
Median value of holdings for families holding asset (thousands of 2010 dollars)											
All families	**3.5**	**20.0**	**1.0**	**137.0**	**20.0**	**80.0**	**44.0**	**7.3**	**70.0**	**5.0**	**21.5**
Percentile of income											
Less than 20	.7	15.0	.5	20.0	20.0	38.0	8.0	3.1	38.0	2.3	1.1
20–39.9	1.5	15.0	.5	*	8.0	38.1	11.0	4.2	45.0	2.7	5.2
40–59.9	2.8	18.0	1.0	*	5.6	50.0	22.8	5.0	60.0	5.0	17.1
60–79.9	5.3	16.0	.7	30.0	13.0	50.0	37.0	7.5	33.0	7.0	39.5
80–89.9	11.1	29.0	.8	141.0	14.0	65.5	88.0	10.0	82.0	10.0	120.2
90–100	35.0	34.0	2.0	297.2	60.0	200.0	277.0	30.0	150.0	28.0	550.8
Age of head (years)											
Less than 35	2.1	5.2	.5	*	5.4	8.5	10.5	2.1	9.0	2.0	5.5
35–44	2.5	7.0	.9	10.0	10.0	41.0	31.2	5.0	10.0	2.7	14.5
45–54	3.5	16.0	.8	150.0	30.0	110.0	60.0	10.0	50.0	7.0	33.7
55–64	5.0	20.0	1.2	250.0	35.0	110.0	100.0	9.3	65.0	11.0	55.8
65–74	5.7	25.0	4.0	100.0	48.0	115.0	100.0	10.0	95.0	15.0	45.2
75 or more	7.2	32.2	1.0	141.0	45.0	120.0	54.0	7.0	82.0	16.0	43.8
Family structure											
Single with child(ren)	1.0	6.0	1.3	*	15.0	28.0	17.8	2.0	30.0	8.0	4.8
Single, no child, age less than 55	2.0	6.7	.5	*	7.9	21.0	20.5	5.0	15.0	2.0	7.9
Single, no child, age 55 or more	3.9	20.0	1.7	120.0	37.5	120.0	46.0	4.0	70.0	10.0	22.1
Couple with child(ren)	3.8	14.0	.8	129.0	15.0	75.0	44.1	8.0	50.0	5.0	25.1
Couple, no child	7.1	30.0	1.2	175.0	33.0	90.0	77.4	11.6	90.0	9.0	57.2
Education of head											
No high school diploma	.8	40.0	.5	*	2.7	*	16.3	4.5	50.0	1.3	1.6
High school diploma	2.0	20.0	.6	49.8	9.5	62.0	25.0	5.2	35.0	3.6	10.3
Some college	2.5	12.0	.8	40.0	9.9	35.0	27.0	6.0	60.0	5.0	14.1
College degree	9.3	20.0	1.0	150.0	32.0	101.0	76.3	12.0	95.0	10.0	75.7

Note: See note to table 1.

* Ten or fewer observations.

Certificates of deposit—interest-bearing deposits with a set term—are traditionally viewed as a low-risk saving vehicle, and they are often used by persons who desire a safe haven from the volatility of financial markets. Over the 2007–10 period, the attractiveness of CDs was subjected to competing forces, two of which seem particularly powerful. Increased volatility in stock and bond markets made CDs more attractive relative to those investments as a haven from risk, but the convergence of yields on all relatively safe assets at a level near zero implied that the advantage CDs typically hold over transaction accounts was greatly reduced. The net result of these and other factors is that CD ownership fell 3.9 percentage points between 2007 and 2010, and the median balance held in CDs among those owning them fell 4.8 percent; at the same time, the mean holdings rose 24.5 percent. The decline in ownership rates was widespread, with the self-employed being the only demographic group to show an increase in the ownership rate. However, the growth in median balances across demographic groups was more diverse; notable increases in median balances were observed for the highest decile of the net worth distribution, families in the Midwest region, families headed by a person who was self-employed, families with incomes

Table 6. Family holdings of financial assets, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

B. 2010 Survey of Consumer Finances—*continued*

Family characteristic	Transaction accounts	Certificates of deposit	Savings bonds	Bonds	Stocks	Pooled investment funds	Retirement accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
Race or ethnicity of respondent											
White non-Hispanic	5.0	20.0	1.0	142.0	25.0	91.0	54.0	8.0	73.0	7.5	37.1
Nonwhite or Hispanic	1.6	13.0	1.0	5.0	10.0	50.0	25.0	5.0	25.0	3.0	6.0
Current work status of head											
Working for someone else	3.3	10.0	.6	100.0	12.5	50.0	35.6	6.0	31.7	3.0	20.9
Self-employed	7.5	30.0	1.3	257.4	50.0	103.6	85.0	19.0	89.0	10.0	50.5
Retired	4.5	30.0	2.0	140.0	35.0	120.0	66.7	7.3	75.0	10.0	29.1
Other not working	1.0	10.0	1.0	*	11.0	120.0	19.3	5.0	*	3.5	2.8
Current occupation of head											
Managerial or professional	8.5	15.0	1.0	170.0	30.0	100.0	73.1	10.0	84.0	9.0	64.5
Technical, sales, or services	2.1	12.0	1.0	36.4	10.0	54.9	25.0	5.0	25.0	2.5	10.6
Other occupation	2.2	10.0	.5	*	5.6	9.0	25.3	6.0	17.8	2.8	11.7
Retired or other not working	3.0	29.0	1.5	141.0	30.0	120.0	56.5	7.0	73.0	7.0	15.9
Region											
Northeast	4.5	15.0	1.0	104.0	25.0	110.0	60.0	10.0	38.0	6.5	33.4
Midwest	3.4	17.0	.5	300.0	11.0	52.0	40.0	5.6	80.0	3.0	23.5
South	3.0	20.0	1.0	200.0	20.0	87.5	37.2	7.0	85.0	5.0	16.6
West	4.0	20.0	1.0	100.0	30.0	75.0	45.0	9.0	40.0	8.0	20.3
Urbanicity											
Metropolitan statistical area (MSA)	3.9	19.0	1.0	142.6	23.4	91.0	49.6	8.0	70.0	5.0	23.9
Non-MSA	2.5	20.0	.5	53.1	10.0	40.0	28.8	5.0	70.0	4.0	13.3
Housing status											
Owner	5.8	20.0	1.0	129.0	26.5	100.0	59.3	8.5	75.0	8.0	45.8
Renter or other	1.0	10.0	.6	164.0	5.6	20.0	10.0	4.0	16.0	3.0	3.0
Percentile of net worth											
Less than 25	.6	1.5	.2	*	1.0	*	5.0	1.5	*	1.0	1.1
25–49.9	1.7	5.5	.5	*	2.5	5.0	12.0	3.1	10.0	3.0	7.8
50–74.9	5.2	15.0	.6	*	7.0	20.5	42.0	5.8	30.0	5.0	45.2
75–89.9	14.5	25.0	1.4	50.0	25.0	60.0	133.0	13.7	70.0	10.0	201.0
90–100	60.8	65.0	3.0	220.0	110.0	245.0	413.0	30.0	150.0	70.0	888.0
MEMO											
Mean value of holdings for families holding asset	32.4	72.6	6.1	615.0	209.7	388.6	171.2	28.4	247.9	63.9	240.6

between the 40th and 90th percentiles of the income distribution, and families headed by a person who did not have any college education.

Savings Bonds and Other Bonds

Savings bonds are owned disproportionately by families in the highest 40 percent of the income distribution and by families in the top half of the distribution of net worth. Over the 2007–10 period, the ownership of savings bonds declined 2.9 percentage points to 12.0 percent overall, and it fell for virtually all demographic groups. The drop in ownership between 2007 and 2010 continued a general downward trend observed in the SCF for some time; in 1998, 19.3 percent of families owned savings bonds (data not shown in the tables). Median holdings were unchanged over the recent three-year period, but the mean fell 11.6 percent.

Box 4. Decisions about Checking Accounts

Between 2007 and 2010, the proportion of families with any type of transaction account edged up (table 6 in the main text), while the share without a checking account fell 0.7 percentage point, from 10.3 percent to 9.6 percent (data not shown in the tables). The decline in the fraction of families without a checking account follows a longer trend; in 1989, the share was 18.7 percent.[1]

Among families without a checking account in 2010, 55.5 percent had held such an account in the past, 59.1 percent had incomes in the lowest quintile of that distribution, 50.9 percent were headed by a person younger than age 45, and 66.0 percent were nonwhite or Hispanic. The Survey of Consumer Finances (SCF) asked all families that did not have a checking account to give a reason for not having an account (table A). The most commonly reported reason—given by 27.8 percent of such families—was that the family did not like dealing with banks; the percentage citing this reason has risen steadily since 1989. Another 20.3 percent did not write enough checks to make account ownership worthwhile; this reason had been the most frequently reported one in each of the years before 2007. Another 10.6 percent of families said that service charges were too high. The SCF showed a decrease in the fraction of families reporting credit problems as a reason—from 6.6 percent in 2007 to 4.2 percent in 2010; this reason had risen substantially through 2007 from previous years.

Table A. Distribution of reasons cited by respondents for their families' not having a checking account, by reason, 2001–10 surveys

Percent

Reason	2001	2004	2007	2010
Do not write enough checks to make it worthwhile	28.5	27.9	18.7	20.3
Minimum balance is too high	6.5	5.6	7.6	7.4
Do not like dealing with banks	22.6	22.6	25.2	27.8
Service charges are too high	10.2	11.6	12.3	10.6
Cannot manage or balance a checking account	6.6	6.8	3.9	4.7
Do not have enough money	14.0	14.4	10.4	10.3
Credit problems	3.6	*	6.6	4.2
Do not need/want an account	5.1	5.2	8.9	7.3
Other	2.8	3.5	6.4	7.4
Total	**100**	**100**	**100**	**100**

* Ten or fewer observations in any of the types of income.

When attention is further restricted to families that once had a checking account (data not shown in the tables), the general pattern of responses is similar to that for all families without a checking account, but some differences are evident. For families that once had a checking account, the proportion reporting they do not have enough money, do not write enough checks, or do not need or want an account rose in 2010. These increases were offset by decreases in the proportion reporting they have credit problems, dislike dealing with banks, or cannot manage or balance a checking account.

The SCF asked all families with a checking account to give the most important reason they chose the financial institution for their main checking account (table B). In 2010, 46.0 percent of families chose the institution for their main checking account for reasons related to the location of the offices of the institution.[2] Another 16.6 percent placed the most importance on the ability to obtain many services at one place, and 14.2 percent singled out the importance of obtaining the lowest fees or minimum balance requirements. Absence of risk was of primary importance for only a relatively small fraction of families. Over the 2007–10 period, the most noticeable changes in these responses were decreases in the fraction of families citing reasons related to a personal relationship with the bank or a connection through work or school. Overall, the fractions of families reporting each reason changed little from 2007.

continued on next page

Box 4—*continued*

Table B. Distribution of reasons cited by respondents as the most important reason for choosing institution for their main checking account, 2001–10 surveys

Percent

Reason	2001	2004	2007	2010
Location of their offices	42.8	45.4	45.9	46.0
Had the lowest fees/minimum balance requirement	16.6	16.3	13.7	14.2
Able to obtain many services at one place	16.4	15.3	16.2	16.6
Recommended; friend/family has account there	4.7	3.9	4.2	4.0
Personal relationship; they know me; family member works there	4.0	3.5	4.2	3.3
Connection through work or school	2.0	3.5	3.3	2.1
Always done business there; banked there a long time; other business there	2.4	2.9	3.0	2.4
Offered safety and absence of risk	2.2	1.9	2.9	3.6
Other convenience; payroll deduction/direct deposit	1.3	1.2	.5	.7
Other	7.5	6.1	6.1	7.1
Total	**100**	**100**	**100**	**100**

1 For the definition of "transaction account," see the main text. For a more extensive discussion of the ways that families obtain checking and credit services, see Jeanne M. Hogarth, Christoslav E. Anguelov, and Jinhook Lee (2005), "Who Has a Bank Account? Exploring Changes over Time, 1989–2001," *Journal of Family and Economic Issues*, vol. 26 (Spring), pp. 7–30.

2 For a discussion of the definition of local banking markets, see Dean F. Amel, Arthur B. Kennickell, and Kevin B. Moore (2008), "Banking Market Definition: Evidence from the Survey of Consumer Finances," Finance and Economics Discussion Series 2008-35 (Washington: Board of Governors of the Federal Reserve System, August; paper dated July 7), www.federalreserve.gov/pubs/feds/2008/200835/200835pap.pdf.

Other bond types tend to be very narrowly held, and the ownership rate was unchanged from 2007 at 1.6 percent in 2010.[22] As shown in the following table, the proportion of families that owned tax-exempt bonds or corporate or foreign bonds increased slightly in the recent period, while ownership of other types of bonds declined slightly:

Table 6.2

Type of bond	All families	
	2010 (percent)	Change, 2007–10 (percentage points)
Government	.3	–.1
Tax exempt	1.2	.2
Mortgage backed	.2	–.1
Corporate or foreign	.5	.1

Ownership of any type of bond other than savings bonds is concentrated among the highest tiers of the income and wealth distributions, and these groups saw little change in ownership from 2007 to 2010. The median value of holdings of such bonds for families that had them rose 63.5 percent over this period, while the mean rose 2.2 percent.

22 "Other bonds" as reported in the survey are held directly and include corporate and mortgage-backed bonds; federal, state, and local government bonds; and foreign bonds. In this article, financial assets held indirectly are those held in tax-preferred retirement accounts or managed accounts such as trusts or annuities.

Publicly Traded Stock

The direct ownership of publicly traded stocks is more widespread than the direct ownership of bonds, but, as with bonds, it is also concentrated among high-income and high-wealth families. The overall share of families with any such stock holdings declined 2.8 percentage points from 2007 to 2010, to 15.1 percent, thereby continuing a decrease observed since direct stock ownership peaked in the 2001 SCF at 21.3 percent (data not shown in the tables). Across demographic groups, declines in ownership were more common than increases, with the noticeable exception of families in the top decile of net worth, for whom ownership rose 2.5 percentage points. Ownership also rose slightly for families in the top decile of income (by 0.3 percentage point) and for families headed by a person who was self-employed (by 0.2 percentage point).

Although the major stock price indexes decreased about 25 percent over the 2007–10 period, the median amount of directly held stock for families with such assets rose 12.4 percent, and the mean fell only 9.5 percent. The seeming contradiction between the movement in the indexes and the movement in the median and mean may be explained, in part, by the exit of holders of smaller amounts of stocks.

The wide variation in changes observed across demographic groups reflects changes in ownership rates as well as changes in the composition of some of the demographic groups noted earlier. One noticeable such instance is the group of families included in the lowest 20 percent of the income distribution in each year. The direct stock ownership rate for this group fell from 5.5 percent in 2007 to 3.8 percent in 2010, while median holdings for direct stock owners within the group rose from $4,000 in 2007 to $20,000 in 2010, a level that exceeded that for all but the highest income quintile group. An important part of the change in the median for the lowest income group may be explained by a change in the composition of the group to include a larger-than-usual fraction of families with relatively high net worth.

The great majority of families with directly held stock owned stock in only a small number of companies. As shown in the following table, over the three-year period, there were signs of increased diversification as the share of families owning stock in only one company decreased:

Table 6.3

Number of directly-held stocks	Families with directly-held stocks	
	2010 (percent)	Change, 2007–10 (percentage points)
1	29.2	–7.2
2 to 9	53.0	5.4
10 or more	17.8	1.8

For 35.5 percent of stockowners in 2010, at least one of the companies in which they owned stock was one that employed, or had employed, the family head or that person's spouse or partner (data not shown in the tables). Direct ownership of stock in a foreign company was less common; only 15.3 percent of stockholders had this type of stock.

Pooled Investment Funds

Directly held pooled investment funds are among the least commonly held of the types of financial assets shown in table 6.[23] As was the case for directly held stocks, from 2007 to 2010, direct ownership of pooled investment funds fell—a decline of 2.7 percentage points, to 8.7 percent of families in 2010. Ownership of pooled investment funds dropped for almost every demographic group over the three-year period, though the decrease was very slight for the top decile of the net worth distribution. The ownership declines at both the overall level and the level of the demographic groups continue a pattern observed since 2001, when overall ownership of pooled investment funds was at 17.7 percent (data not shown in the tables).

The survey also collects information on the different types of pooled investment funds owned by families. Ownership shifted over the recent period away from stock funds and toward "other bond" funds (largely corporate bonds); the residual "other" category, which consists almost entirely of hedge funds and exchange-traded funds, also increased, as shown in the following table:

Table 6.4

Type of pooled investment fund	All families	
	2010 (percent)	Change, 2007–10 (percentage points)
Stock	7.7	–2.6
Tax-free bond	1.9	–.1
Government bond	1.0	–.2
Other bond	1.4	.4
Combination	1.4	.1
Other	.9	.4

Among families owning pooled investment funds, the value of holdings has continued an increase seen over the preceding decade; in the recent three-year period, the median holding rose 36.3 percent, and the mean rose 19.8 percent. Median and mean values increased across almost every demographic group, evidence that the decrease in ownership may have been concentrated among families with relatively small account balances (data not shown in the tables).

Retirement Accounts

Ownership of tax-deferred retirement assets such as personally established individual retirement accounts (IRAs) or job-based 401(k) accounts tends to increase with families' income and net worth.[24] For several reasons, ownership is also more likely among families headed by a person less than 65 years of age than among the older groups. First, even though

[23] In this article, pooled investment funds exclude money market mutual funds and indirectly held mutual funds and include all other types of directly held pooled investment funds, such as traditional open-end and closed-end mutual funds, real estate investment trusts, and hedge funds.

[24] Tax-deferred retirement accounts consist of IRAs, Keogh accounts, and certain employer-sponsored accounts. Employer-sponsored accounts consist of 401(k), 403(b), and thrift savings accounts from current or past jobs; other current job plans from which loans or withdrawals can be made; and accounts from past jobs from which the family expects to receive the account balance in the future. This definition of employer-sponsored plans is intended to confine the analysis to accounts that are portable across jobs and for which families will ultimately have the option to withdraw the balance.

Usually, such accounts may be invested in virtually any asset, including stocks, bonds, pooled investment funds, options, and real estate. In principle, employer-sponsored plans may be invested in a similarly broad way, but, in practice, a person's choices for investment are sometimes limited to a narrower set of assets.

retirement accounts have been increasingly prevalent in the past 30 years, they may not have become available until relatively late in the careers of many persons in the older groups. Second, beginning in the year that a person reaches age 59½, funds held by that person in retirement accounts may be withdrawn without penalty, and some in the two oldest age groups may have already done so. Third, families may have used funds from retirement accounts accumulated from previous employment to purchase an annuity at retirement; annuities are treated in the SCF as a separate type of managed asset.

From 2007 to 2010, the fraction of families with retirement accounts fell 2.6 percentage points to 50.4 percent; the decrease offset most of the 3.1 percentage point increase over the preceding three years. The overall rate of retirement account ownership has varied around 50 percent for about the past decade. In the recent three-year period, the fraction of families that had some type of account plan associated with a current or past job or that held an IRA or Keogh account decreased, and the fraction that had at least one account of each type declined as well, as shown in the following table:

Table 6.5

Type of retirement account	All families	
	2010 (percent)	Change, 2007–10 (percentage points)
Account plan from current or past job	35.1	–2.9
Individual retirement account or Keogh	28.1	–2.5
MEMO		
Both types	12.6	–2.1

Over the 2007–10 period, ownership of retirement accounts decreased for nearly all of the groups considered here. The most noticeable declines in ownership were among families in the middle-income, middle-wealth, and middle-age groups; for those groups, retirement accounts had been growing in importance as a supplement to Social Security and other types of retirement income, and the decrease in ownership in the past three years may represent a setback in retirement preparedness. Across employment and occupation categories, the largest changes were the 3.1 percentage point drop in retirement account ownership among families whose head was working for someone else and the 7.2 percentage point drop for the technical, sales, or services occupation group.

In a reversal of a trend over the preceding decade, median holdings in retirement accounts decreased in the 2007–10 period; for families having such accounts, the median fell 6.6 percent. Mean balances continued to grow, however, at a rate of 10.7 percent over the three-year period. The patterns of changes in median account balances across demographic groups were mixed, but as with ownership rates, families in the middle-income, middle-wealth, and middle-age groups saw decreases in median account balances, while retirees and those with higher incomes and higher net worth saw noticeable increases.[25]

Although tax-deferred retirement assets are clearly an important element in retirement planning, families may hold a variety of other assets that are intended, at least in part, to finance retirement. Such other assets might also be used for contingencies as necessary.

[25] In addition, the 2009 panel interview with the 2007 SCF respondents indicated that some families in the age range for which a penalty is assessed for withdrawals from such accounts had closed their retirement accounts during the two-year period. Of the 55.8 percent of families headed by someone younger than age 58 that owned retirement accounts in 2007, 10.8 percent of the group reported not having such an account in 2009 (data not shown in the tables).

Similarly, a need for liquidity might drive a family to liquidate or borrow against a tax-deferred retirement asset, even if it will be assessed a penalty for doing so.

Two common and often particularly important types of retirement plans are not included in the assets described in this section: Social Security (the federally funded Old-Age and Survivors' Insurance program (OASI)) and employer-sponsored defined-benefit plans. OASI is well described elsewhere, and it covers the great majority of the population.[26] The retirement income provided by defined-benefit plans is typically based on workers' salaries and years of work with an employer, a group of employers, or a union. Unfortunately, future income streams from OASI and defined-benefit plans cannot be translated directly into a current value because valuation depends critically on assumptions about future events and conditions—work decisions, earnings, inflation rates, discount rates, mortality, and so on—and no widely agreed-upon standards exist for making these assumptions.[27]

However, the SCF does contain substantial information for family heads and their spouse or partner regarding any defined-benefit plans or other types of plans with some kind of account feature to which they have rights from a current or past job.[28] In 2010, 55.1 percent of families had rights to some type of plan other than OASI through the current or past work of either the family head or that person's spouse or partner, below the 57.7 percent level in 2007. For this group of families, the fraction with a standard defined-benefit plan with an annuity payout scheme increased slightly over the recent period, while the fraction with a plan with at least some account feature and the fraction that had both types of plans decreased, as shown in the following table:

Table 6.6

Type of pension plan	Families with any pension plan	
	2010 (percent)	Change, 2007–10 (percentage points)
Defined benefit	56.4	.6
Account plan	63.6	–2.2
MEMO		
Both types	20.0	–1.6

In many pension plans with account features, contributions may be made by the employer, the worker, or both. In some cases, these contributions represent a substantial amount of saving, though workers may offset this saving by reducing their saving in other forms. An employer's contributions also represent additional income for the worker. In 2010, 85.4 percent of families with an account plan on a current job of either the family head or that person's spouse or partner had an employer that made contributions to the plan, a decline of 1.8 percentage points from 2007. In 2010, 91.9 percent of families with such plans made contributions themselves, an increase of 0.5 percentage point from 2007. The median annual contribution by employers who contributed to such accounts was $2,300 in 2010,

26 For a detailed description of OASI, see Social Security Administration, "Online Social Security Handbook: Your Basic Guide to the Social Security Programs," Publication 65-008, www.ssa.gov/OP_Home/handbook/ssa-hbk.htm.

27 For one possible calculation of net worth that includes the annuity value of payments from defined-benefit pensions and OASI, see Arthur B. Kennickell and Annika E. Sundén (1997), "Pensions, Social Security, and the Distribution of Wealth," Finance and Economics Discussion Series 1997-55 (Washington: Board of Governors of the Federal Reserve System, October), www.federalreserve.gov/pubs/feds/1997/index.html.

28 The definition of account plan used here differs slightly from that used in computing the survey wealth measure, which includes account balances only if the family has the ability to make withdrawals from, or borrow against, the account. Here the only criterion used in classification is whether any account balance exists. For example, a defined-benefit plan with a portable cash option, which would allow the covered worker to receive a lump sum in lieu of regular payments in retirement, would be treated as an account plan here.

and the median contribution by families who contributed was $3,000; both amounts were little changed from 2007 levels (data not shown in the tables).

The eligibility of working heads of families to participate in any type of job-related pension fell from 55.9 percent in 2007 to 52.9 percent in 2010; it had risen 1.1 percentage points over the preceding three years (data not shown in the tables). Participation by eligible workers is usually voluntary. In 2010, 84.3 percent of family heads who were eligible to participate elected to do so, up slightly from 83.8 percent in 2007.[29] The choice to participate appears to be related strongly to income. In 2010, the fraction of eligible family heads declining to participate was progressively lower at higher income levels, and this general pattern was not substantially altered from 2007, as shown by the following table:

Table 6.7

Percentile of income	Families headed by a person who was eligible for a work-related retirement plan on a current job and who declined to participate	
	2010 (percent)	Change, 2007–10 (percentage points)
Less than 20	54.6	.3
20–39.9	26.8	–1.3
40–59.9	17.0	–1.5
60–79.9	14.3	3.8
80–89.9	7.7	–3.2
90–100	5.5	–1.0

Cash Value Life Insurance

Cash value life insurance combines an investment vehicle with insurance coverage in the form of a death benefit.[30] Some cash value life insurance policies offer a high degree of choice in the way the policy payments are invested. Investment returns on such policies are typically shielded from taxation until the money is withdrawn; if the funds remain untapped until the policyholder dies, the beneficiary of the policy may receive, tax-free, the death benefit. In contrast, term insurance, the other popular type of life insurance, offers only a death benefit. One attraction of cash value policies for some people is that they promote regular saving funded through the required policy premium.

Ownership of cash value life insurance is broadly spread across demographic groups, with a tendency toward increasing rates among families with higher levels of income and net worth and those with older family heads. The change in ownership of cash value policies over the 2007–10 period continued a declining trend, decreasing 3.3 percentage points, to 19.7 percent of families in 2010. The decline was shared by virtually all demographic groups; the only group with a noticeable increase in ownership is families headed by someone aged 75 or older. Over the three-year period, ownership of any type of life insurance, cash value or term, also fell—from 64.9 percent in 2007 to 62.6 percent in 2010 (data not shown in the tables). Of those families with some type of life insurance, the proportion

[29] An analysis of the March Current Population Survey (CPS) with a definition of family head that is closest to that in this article does not show the same magnitude of decline in pension eligibility for employed family heads, but the levels are generally similar to those seen in the SCF. The CPS eligibility estimate for family heads with a job in the past year was 53.9 percent in 2007 and 53.5 percent in 2010. Differences in the definition of employment may explain some of the difference between the two surveys. Like the SCF, the CPS shows a small increase in the uptake rate for eligible workers—from 83.3 percent in 2007 to 83.6 percent in 2010.

[30] The survey measures the value of such policies according to their current cash value, not their death benefit. The cash value is included as an asset in this article only when the cash value at the time of the interview was nonzero.

with term policies was about unchanged, while the proportion with cash value policies fell; these changes are similar to trends observed in the earlier surveys.

After rising over the previous three-year period, the median value of cash value life insurance for families that had any such insurance fell 13.1 percent between 2007 and 2010, and the mean fell 13.1 percent. The median showed a mix of increases and decreases across demographic groups, although it declined considerably for younger families, single families with children, families headed by a person who was self-employed or working for someone else, and families headed by someone working in a technical, sales, or service occupation.

Other Managed Assets

Ownership of other managed assets—personal annuities and trusts with an equity interest and managed investment accounts—is concentrated among families with higher levels of income and wealth and among families headed by a person who is aged 55 or older or who is retired.[31] Ownership of these assets was little changed between 2007 and 2010, following a more substantial decrease over the previous three years. Changes in ownership rates across demographic groups were mixed in the recent three-year period, with the vast majority of 2010 values within 2 percentage points of the corresponding 2007 values. Across all families, the fraction with an annuity was nearly unchanged over the period, and the fraction with a trust or managed investment account edged down, as shown in the following table:

Table 6.8

Type of other managed asset	All families	
	2010 (percent)	Change, 2007–10 (percentage points)
Annuity	4.5	.1
Trust or managed investment account	1.3	–.3
MEMO		
Both types	.2	–.1

Between 2007 and 2010, the median value of other managed assets for families that had such assets decreased 4.5 percent, offsetting some of the substantial increase in the preceding three-year period. Over the more recent period, the corresponding mean value fell 4.9 percent. Changes in median holdings varied greatly across demographic groups—for example, increasing substantially in the top two income groups, but falling by more than 60 percent in the group of families headed by someone aged 35 to 44. For families with an equity interest in an annuity, the median holding increased 14.5 percent, to $60,000

[31] Annuities may be those in which the family has an equity interest in the asset or in which the family possesses an entitlement only to a stream of income. The wealth figures in this article include only the annuities in which the family has an equity interest. In 2010, 5.9 percent of families reported having any type of annuity, and of these families, 77.3 percent reported having an equity interest. The trusts or managed investment accounts included in other managed assets are those in which families have an equity interest and for which component parts were not separately reported; typically, such accounts are those in which the ownership is complicated or the management is undertaken by a professional. In 2010, 88.6 percent of families with trusts or managed investment accounts had an equity interest in such an account.

The survey encourages respondents who have trusts or managed investment accounts that are held in relatively common investments to report the components separately. Of the 3.9 percent of families that reported having any kind of trust or managed investment account in 2010, 59.3 percent of them reported at least one of the component assets separately. Of families that detailed the components in 2010, 89.2 percent reported some type of financial asset, 11.5 percent reported a primary residence, 17.0 percent reported other real estate, 5.0 percent reported a business, and 2.0 percent reported another type of asset (data not shown in the tables). The fraction of these families reporting the primary residence as a component of a trust decreased 7.4 percentage points between 2007 and 2010, and the fraction reporting a business decreased 10.3 percentage points.

in 2010; for families with a trust or managed investment account as defined in this article, the median holding fell 13.3 percent, to $109,000 (data not shown in the tables).

As noted in the discussion of retirement accounts, some families use settlements from retirement accounts to purchase an annuity. In 2010, 35.0 percent of families with annuities had done so (data not shown in the tables). Of these families, 73.7 percent had an equity interest in their annuities.

Other Financial Assets

Ownership of other financial assets—a heterogeneous category including oil and gas leases, futures contracts, royalties, proceeds from lawsuits or estates in settlement, and loans made to others—fell 1.3 percentage points between 2007 and 2010, to 8.0 percent. Ownership of such assets tends to be more common among higher income and wealth groups, younger age groups, and families headed by a person who is self-employed or retired. Ownership across demographic groups generally declined over this period, while the median holding for those who had such assets decreased 20.6 percent, to $5,000.

Holdings may be grouped into four categories: cash, which includes money owed to families by other persons; future proceeds, which include amounts to be received from a lawsuit, estate, or other type of settlement; employment and business-related items, which include deferred compensation, royalties, futures contracts, and derivatives; and other. As shown in the following table, the proportion of families holding various types of other financial assets remained fairly constant over the three-year period, with cash being by far the most frequently held component:

Table 6.9

Type of other financial asset	All families	
	2010 (percent)	Change, 2007–10 (percentage points)
Cash	6.8	–1.3
Future proceeds	.8	–.1
Business items	.4	†
Other	.2	.2

† Less than 0.05 percent.

Some publicly traded companies offer stock options to their employees as a form of compensation.[32] Although stock options, when executed, may represent an appreciable part of a family's net worth, the survey does not specifically ask for the value of these options.[33] Instead, the survey asks whether the family head or that person's spouse or partner had been given stock options by an employer during the preceding year. In 2010, 6.2 percent of families reported having received stock options, a decline of 2.1 percentage points below the level in 2007; this decrease continues a downward trend since the peak of 11.4 percent recorded in the SCF in 2001 (data not shown in the tables).

[32] See Jeffrey L. Schildkraut (2004), "Stock Options: National Compensation Survey Update" (Washington: Bureau of Labor Statistics, September), www.bls.gov/opub/cwc/cm20040628yb01p1.htm.

[33] Because such options are typically not publicly traded or their execution is otherwise constrained, their value is uncertain until the exercise date; until then, meaningful valuation would require complex assumptions about the future behavior of stock prices.

Table 7. Direct and indirect family holdings of stock, by selected characteristics of families, 2001–10 surveys
Percent except as noted

Family characteristic	Families having stock holdings, direct or indirect				Median value among families with holdings (thousands of 2010 dollars)				Stock holdings as share of group's financial assets			
	2001	2004	2007	2010	2001	2004	2007	2010	2001	2004	2007	2010
All families	**52.3**	**50.3**	**53.2**	**49.9**	**42.3**	**37.7**	**35.5**	**29.0**	**56.0**	**51.4**	**54.0**	**47.0**
Percentile of income												
Less than 20	12.9	11.7	14.3	12.5	9.2	8.6	6.3	5.3	37.4	32.0	39.2	40.5
20–39.9	34.3	29.8	36.5	30.5	9.2	11.5	8.7	7.1	35.6	30.9	34.6	31.3
40–59.9	52.6	51.9	52.9	51.7	18.4	16.9	18.3	12.0	46.8	43.4	39.5	37.5
60–79.9	75.9	69.9	73.3	68.1	35.5	30.6	35.2	22.3	52.0	41.9	53.1	41.6
80–89.9	82.1	83.9	86.3	82.6	79.2	65.0	66.1	57.9	57.3	48.9	50.5	44.4
90–100	89.7	92.7	91.5	90.6	305.2	235.8	234.7	267.5	60.4	57.6	58.3	50.9
Age of head (years)												
Less than 35	49.1	40.8	41.6	39.8	8.6	9.2	6.8	7.0	52.5	40.4	45.6	39.3
35–44	59.7	54.5	55.9	50.1	33.7	23.0	25.7	19.8	57.2	53.7	54.7	50.5
45–54	59.4	56.6	63.1	58.0	61.3	57.5	47.1	37.8	59.2	53.8	54.5	48.6
55–64	57.4	63.2	60.8	59.7	98.6	80.5	81.7	56.0	56.0	55.2	55.6	48.3
65–74	40.0	46.9	53.1	45.6	184.2	80.5	58.1	78.1	55.4	51.5	55.6	44.2
75 or more	35.7	34.8	40.2	42.0	134.8	98.8	47.1	55.0	51.8	39.3	48.2	44.6
Housing status												
Owner	62.5	61.0	64.6	61.3	61.3	51.8	41.9	39.9	56.7	52.0	54.5	47.5
Renter or other	31.0	26.5	28.1	26.3	8.6	10.1	8.2	6.0	46.1	39.3	46.2	37.3

Note: Indirect holdings are those in pooled investment trusts, retirement accounts, and other managed assets. See also note to table 1.

Direct and Indirect Holdings of Publicly Traded Stocks

Families may hold stocks in publicly traded companies directly or indirectly, and information about each of these forms of ownership is collected separately in the SCF. When direct and indirect forms are combined, the 2010 data show a decline in stock ownership to levels not seen in the SCF since the late 1990s (**table 7**). Between 2007 and 2010, the fraction of families holding any such stock fell 3.3 percentage points to 49.9 percent, a level well below the 2007 peak. Much like ownership of directly held stock, ownership of direct and indirect equity holdings is more common among higher-income groups and among families headed by a person aged 35 to 64. Over the recent three-year period, ownership decreased for all income groups. Across age groups, ownership fell the most—7.5 percentage points—for families headed by persons aged 65 to 74; for other age groups, the declines were much more modest, and for some, ownership rates were basically unchanged or rose slightly.

The overall median value of direct and indirect stock holdings dropped 18.3 percent between 2007 and 2010. Changes in the median value across demographic groups were generally negative, with the exception of the highest income decile and families headed by a person aged less than 35 or by a person aged 65 or older. As a proportion of financial assets, holdings fell from 54.0 percent in 2007 to 47.0 percent in 2010. The lowest income quintile is the only demographic group that saw an increase in the share of financial assets held in stocks, rising from 39.2 percent in 2007 to 40.5 percent in 2010.

Among families that held equity, either directly or indirectly in 2010, ownership through a tax-deferred retirement account was most common, followed by direct holdings of stocks, direct holdings of pooled investment funds, and managed investment accounts or an equity interest in a trust or annuity. Over the 2007–10 period, ownership of equity holdings through tax-deferred accounts rose, while both direct ownership of equity and ownership through pooled investment funds fell. Ownership of equity through a trust or annuity was basically unchanged. The fraction of equity owners with multiple types also declined, as shown in the following table:

Table 7.1

Type of direct or indirect equity	Families with equity	
	2010 (percent)	Change, 2007–10 (percentage points)
Tax-deferred account	85.9	.9
Directly held stock	30.3	–3.4
Directly held pooled investment fund	16.6	–3.7
Managed investment account, or equity interest in a trust or annuity	8.1	.3
MEMO		
Multiple types	32.8	–3.6

The distribution of amounts of holdings over these types of equities shows a different pattern. Of the total amount of equity, 42.3 percent was held in tax-deferred retirement accounts, 30.9 percent as directly held stocks, 20.4 percent as directly held pooled investment funds, and 6.4 percent as other managed assets (data not shown in the tables).

Nonfinancial Assets

By definition, a decrease in nonfinancial assets as a share of total assets from 2007 to 2010 must exactly offset the 3.9 percentage point rise in the share of financial assets from 2007 to 2010 that was discussed earlier in this article (table 5). In any given survey, the changes in these shares are driven by spending decisions, changes in portfolio choices, portfolio valuation, or all three. Between 2007 and 2010, the largest drivers were declines in house values and business equity.

Over the 2007 to 2010 period, housing as a share of total nonfinancial assets fell 0.6 percentage point, while business equity as a share of total nonfinancial assets fell 1.5 percentage points (**table 8**). However, housing is a much larger share of total nonfinancial assets than business equity in any given year, so the two asset types account for roughly the same share of the overall decline in the ratio of nonfinancial to total assets. That is, of the 3.9 percentage point decrease in the overall *share* of nonfinancial assets, housing and business equity each accounted for approximately 2.2 percentage points. Other residential property contributed slightly to the decline (0.2 percentage point). These drops in asset shares

Table 8. Value of nonfinancial assets of all families, distributed by type of asset, 2001–10 surveys
Percent

Type of nonfinancial asset	2001	2004	2007	2010
Vehicles[1]	5.9	5.1	4.4	5.2
Primary residence	46.9	50.3	48.0	47.4
Other residential property	8.1	9.9	10.7	11.2
Equity in nonresidential property	8.2	7.3	5.8	6.7
Business equity	29.3	25.9	29.7	28.2
Other	1.6	1.5	1.3	1.3
Total	**100**	**100**	**100**	**100**
MEMO				
Nonfinancial assets as a share of total assets	57.8	64.2	66.0	62.1

Note: See note to table 1.
[1] For definition, see text note 34.

Table 9. Family holdings of nonfinancial assets and of any asset, by selected characteristics of families and type of asset, 2007 and 2010 surveys

A. 2007 Survey of Consumer Finances

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresidential property	Business equity	Other	Any nonfinancial asset	Any asset
Percentage of families holding asset								
All families	**87.0**	**68.6**	**13.8**	**8.1**	**13.6**	**7.2**	**92.0**	**97.7**
Percentile of income								
Less than 20	64.4	41.4	5.4	2.5	3.3	3.9	73.5	89.8
20–39.9	85.9	55.2	6.5	3.9	5.3	5.7	91.2	98.9
40–59.9	94.3	69.3	9.9	7.5	10.6	7.4	97.2	100.0
60–79.9	95.4	83.9	15.4	9.4	18.1	7.2	98.5	100.0
80–89.9	95.6	92.6	21.0	13.6	20.0	9.0	99.6	100.0
90–100	94.8	94.3	42.2	21.0	40.9	14.1	99.7	100.0
Age of head (years)								
Less than 35	85.4	40.6	5.6	3.2	8.0	5.8	88.2	97.1
35–44	87.5	66.1	12.0	7.5	18.2	5.5	91.3	96.9
45–54	90.3	77.3	15.7	9.5	17.2	8.7	95.0	97.6
55–64	92.2	81.0	20.9	11.5	18.1	8.5	95.6	99.1
65–74	90.6	85.5	18.9	12.3	11.2	9.1	94.5	98.4
75 or more	71.5	77.0	13.4	6.8	4.5	5.8	87.3	98.1
Family structure								
Single with child(ren)	77.3	48.9	7.4	4.3	7.5	5.4	85.0	93.8
Single, no child, age less than 55	78.4	43.4	6.2	3.2	8.8	7.6	83.6	94.8
Single, no child, age 55 or more	73.7	67.5	12.1	7.1	3.6	5.9	85.0	97.6
Couple with child(ren)	94.9	78.1	15.5	9.8	18.5	6.3	97.4	99.2
Couple, no child	94.0	80.1	19.4	10.9	18.4	9.3	97.0	99.4
Education of head								
No high school diploma	73.7	52.8	5.8	2.6	5.9	2.2	80.9	91.7
High school diploma	87.5	68.9	10.0	7.3	9.5	5.1	92.2	97.7
Some college	86.7	62.3	13.2	6.5	12.7	7.0	91.0	98.6
College degree	91.9	77.8	20.6	11.9	20.7	11.0	96.6	99.6

were offset by a 0.8 percentage point increase in the share of vehicles and a 0.9 percentage point increase in the share of nonresidential property.

In 2010, the level of ownership of nonfinancial assets was 91.3 percent of families, 0.7 percentage point lower than in 2007 (first half of tables 9.A and 9.B, next-to-last column). Across most of the demographic groups shown, the 2010 ownership rate was 80 percent or more; exceptions were the lowest income and wealth groups, families headed by a person who was neither working nor retired, and renters. Over the 2007–10 period, ownership fell most for the less-than-35 age group, childless single families headed by someone younger than age 55, nonwhite or Hispanic families, families living in the South or the West, and families in the lowest quartile of the net worth distribution.

Over the recent period, the median holdings of nonfinancial assets for families having any such assets fell 16.8 percent, and the mean fell 17.6 percent. Across demographic groups, substantial declines in the medians far outnumbered increases. The largest drops in the median value occurred for the lowest quintile of the income distribution; families headed by someone with less than a high school diploma; families headed by someone working in technical, sales, or service occupations; and families in the second quartile of the net worth distribution. Median holdings inched up for a few demographic groups whose total nonfinancial holdings tend to be relatively low and that are generally not dominated by housing or business assets.

Table 9. Family holdings of nonfinancial assets and of any asset, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

A. 2007 Survey of Consumer Finances—*continued*

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresidential property	Business equity	Other	Any nonfinancial asset	Any asset
Race or ethnicity of respondent								
White non-Hispanic	89.6	75.6	15.3	9.0	15.8	8.3	94.6	98.9
Nonwhite or Hispanic	80.9	51.9	10.0	5.9	8.2	4.3	85.8	94.9
Current work status of head								
Working for someone else	91.3	67.2	11.9	7.0	7.7	7.1	94.4	98.7
Self-employed	90.6	82.4	26.5	17.3	74.9	11.0	97.6	99.7
Retired	78.6	72.9	14.6	7.7	3.8	5.4	87.2	96.1
Other not working	69.3	33.1	3.8	4.7	3.7	8.2	74.8	90.0
Current occupation of head								
Managerial or professional	93.1	78.2	20.7	10.8	25.4	9.9	97.2	99.8
Technical, sales, or services	87.4	61.5	10.2	7.3	10.8	7.7	91.6	97.8
Other occupation	92.6	66.3	9.6	6.7	14.7	4.9	95.2	98.5
Retired or other not working	77.1	66.7	12.9	7.2	3.8	5.8	85.2	95.2
Region								
Northeast	75.4	66.1	13.3	5.6	9.1	5.5	84.2	94.6
Midwest	89.5	71.3	13.7	8.4	15.4	6.4	93.4	98.4
South	89.2	70.1	11.3	8.8	12.6	7.2	93.8	98.5
West	90.5	65.4	18.3	8.7	16.9	9.3	94.1	98.4
Urbanicity								
Metropolitan statistical area (MSA)	86.2	68.1	14.2	7.6	13.9	7.6	91.5	97.7
Non-MSA	90.9	71.1	11.7	10.7	11.8	5.1	94.3	97.9
Housing status								
Owner	93.8	100.0	17.5	10.8	17.5	8.0	100.0	100.0
Renter or other	72.3	*	5.6	2.1	5.0	5.3	74.5	92.8
Percentile of net worth								
Less than 25	69.5	13.7	*	*	2.3	2.4	71.6	91.0
25–49.9	91.2	72.2	7.1	3.7	7.5	6.4	97.7	100.0
50–74.9	93.3	92.8	11.9	7.6	13.4	7.8	99.5	100.0
75–89.9	94.5	95.2	26.4	16.5	19.6	7.3	99.0	100.0
90–100	93.6	96.8	47.5	27.2	48.3	19.0	99.6	100.0

Vehicles

Vehicles continue to be the most commonly held nonfinancial asset.[34] From 2007 to 2010, the share of families that owned some type of vehicle edged down 0.3 percentage point to 86.7 percent. Trends in ownership rates over the recent three years were mixed across most demographic groups. Across age groups, ownership decreased for the less-than-35 and 55-to-74 age groups while rising for the 75-or-more age category. Vehicle ownership decreased for single families without children headed by someone younger than age 55; families headed by a person with a high school degree, some college, or a college degree; families headed by a person who was working for someone else, self-employed, or included in any occupation group except retired; nonwhite or Hispanic families; families living in the South or the West; and renters.

[34] The definition of vehicles in this article is a broad one that includes cars, vans, sport utility vehicles, trucks, motor homes, recreational vehicles, motorcycles, boats, airplanes, and helicopters. Of families owning any type of vehicle in 2010, 99.8 percent had a car, van, sport utility vehicle, motorcycle, or truck. The remaining types of vehicles were held by 14.4 percent of families.

Table 9. Family holdings of nonfinancial assets and of any asset, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

A. 2007 Survey of Consumer Finances—*continued*

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresidential property	Business equity	Other	Any nonfinancial asset	Any asset
Median value of holdings for families holding asset (thousands of 2010 dollars)								
All families	**16.2**	**209.5**	**154.0**	**78.6**	**96.6**	**14.7**	**185.9**	**232.1**
Percentile of income								
Less than 20	5.9	104.8	62.9	68.1	52.4	3.1	41.9	24.6
20–39.9	9.6	125.7	60.2	62.9	20.4	6.3	80.9	89.0
40–59.9	15.3	157.2	104.8	41.9	32.2	10.5	145.6	192.2
60–79.9	21.4	225.3	125.7	74.4	57.8	15.7	258.0	359.8
80–89.9	26.6	314.3	183.3	75.4	75.5	21.0	377.3	593.6
90–100	35.5	523.8	340.5	183.3	397.6	78.6	838.0	1,423.2
Age of head (years)								
Less than 35	14.0	183.3	89.1	52.4	36.7	8.7	32.3	40.7
35–44	18.3	214.8	157.2	52.4	61.8	10.5	191.3	232.9
45–54	19.6	241.0	157.2	83.8	80.5	15.7	235.6	320.6
55–64	18.2	220.0	164.5	94.3	104.8	21.0	244.2	365.1
65–74	15.3	209.5	157.2	78.6	314.3	21.0	222.3	317.8
75 or more	9.8	157.2	104.8	115.2	235.7	26.2	164.5	229.8
Family structure								
Single with child(ren)	9.0	157.2	52.4	45.1	52.4	10.5	85.2	74.4
Single, no child, age less than 55	10.3	162.4	157.2	52.4	34.0	8.7	56.6	61.5
Single, no child, age 55 or more	8.0	151.9	83.8	78.6	261.9	10.5	141.4	191.5
Couple with child(ren)	22.6	251.4	157.2	68.1	94.3	15.7	249.3	312.1
Couple, no child	20.2	220.0	188.6	104.8	104.8	24.6	240.7	342.4
Education of head								
No high school diploma	10.9	128.4	68.1	131.0	61.8	13.8	88.4	67.7
High school diploma	13.9	157.2	79.6	52.4	94.3	7.6	144.2	169.6
Some college	15.2	201.2	104.8	55.3	47.1	13.6	164.8	195.2
College degree	20.8	293.4	209.5	94.3	104.8	23.0	303.2	456.5

Note: See note to table 1.

Given the slowdown in purchases of new cars during the period between 2007 and 2010 noted earlier and the consequent aging of families' holdings of vehicles, it is not surprising that the median market value of vehicles for those who owned at least one vehicle declined 5.6 percent from 2007 to 2010, and the mean declined 4.3 percent.[35] Indeed, the median value of vehicle holdings was flat or rising only for higher-income or higher-wealth groups, families headed by someone aged 65 or older, and families in the other-not-working work-status group. The largest declines in the median were observed for the third and fourth quintiles of income, the lowest three quartiles of wealth, and families headed by someone younger than 55 years of age. Continuing a trend, the share of the total value of owned vehicles attributable to sport utility vehicles rose over the recent period from 21.5 percent to 23.8 percent (data not shown in the tables).

Some families have vehicles that they lease or that are provided to them by an employer for personal use. The share of families having a vehicle from any source fell 0.7 percentage point over the recent period, to 88.9 percent (data not shown in the tables). The small dif-

[35] Survey respondents are asked to provide the year, make, and model of each of their cars, vans, sport utility vehicles, and trucks. This information is used to obtain market prices from data collected by the National Automobile Dealers Association and a variety of other sources. For other types of vehicles, the respondent is asked to provide a best estimate of the current value.

Table 9. Family holdings of nonfinancial assets and of any asset, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

A. 2007 Survey of Consumer Finances—*continued*

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresidential property	Business equity	Other	Any nonfinancial asset	Any asset
Race or ethnicity of respondent								
White non-Hispanic	17.9	209.5	143.0	78.6	104.8	15.7	213.8	285.2
Nonwhite or Hispanic	12.5	188.6	183.3	65.7	52.4	8.4	106.8	93.5
Current work status of head								
Working for someone else	17.8	209.5	125.7	55.3	21.0	10.5	175.1	223.5
Self-employed	23.2	314.3	314.3	159.8	110.0	52.4	476.7	569.8
Retired	11.9	162.4	104.8	78.6	157.2	13.8	163.4	213.2
Other not working	7.2	167.6	136.7	51.1	98.1	2.6	30.7	29.1
Current occupation of head								
Managerial or professional	21.2	282.9	209.5	110.0	118.8	21.0	292.2	431.0
Technical, sales, or services	15.1	209.5	131.0	89.1	26.2	15.7	162.4	195.9
Other occupation	17.5	165.4	94.3	38.8	61.8	10.5	142.0	165.1
Retired or other not working	10.9	162.4	104.8	78.6	157.2	13.1	154.5	186.0
Region								
Northeast	15.1	288.1	199.1	117.3	104.8	21.0	261.9	304.2
Midwest	15.2	162.4	115.2	55.3	104.8	10.5	165.0	214.5
South	16.3	167.6	125.7	74.9	62.9	15.7	152.7	189.6
West	17.9	314.3	225.3	94.3	99.5	14.7	263.5	308.5
Urbanicity								
Metropolitan statistical area (MSA)	16.6	230.5	157.2	86.4	98.1	14.1	203.2	255.7
Non-MSA	15.1	120.5	99.5	52.4	94.3	23.0	124.2	156.3
Housing status								
Owner	19.3	209.5	157.2	83.8	104.8	21.0	265.6	361.4
Renter or other	9.0	*	89.1	39.8	34.6	5.6	10.6	14.2
Percentile of net worth								
Less than 25	7.2	89.2	*	*	.5	1.4	9.0	8.5
25–49.9	13.7	104.8	31.4	26.2	12.0	7.9	100.4	113.4
50–74.9	18.3	209.5	62.9	41.9	52.4	13.6	240.8	319.3
75–89.9	22.9	330.0	153.0	86.4	104.8	31.4	460.1	721.6
90–100	32.8	588.6	419.1	279.4	639.1	71.2	1,215.3	2,211.1
MEMO								
Mean value of holdings for families holding asset	23.1	316.9	352.3	324.2	991.4	84.6	492.0	702.1

* Ten or fewer observations.

ference between this rate and the ownership rate for personally owned vehicles belies a larger change in the rates of holding for leased and employer-provided vehicles. The proportion of families with a leased vehicle fell from 5.2 percent in 2007 to 3.0 percent in 2010, while that of families with an employer-provided vehicle fell less dramatically, from 6.8 percent to 6.4 percent over the recent period.

Primary Residence and Other Residential Real Estate

The homeownership rate fell 1.3 percentage points over the 2007−10 period, to 67.3 percent.[36] Homeownership had fallen in the previous three-year period as well after reaching a peak of 69.1 percent of families in 2004. The 2010 homeownership rate is roughly the same

[36] This measure of primary residences comprises mobile homes and their sites, the parts of farms and ranches not used for a farming or ranching business, condominiums, cooperatives, townhouses, other single-family homes, and other permanent dwellings. The 2007 and 2010 SCF estimates of homeownership differ only marginally

Table 9. Family holdings of nonfinancial assets and of any asset, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

B. 2010 Survey of Consumer Finances

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresidential property	Business equity	Other	Any nonfinancial asset	Any asset
Percentage of families holding asset								
All families	**86.7**	**67.3**	**14.4**	**7.7**	**13.3**	**7.0**	**91.3**	**97.4**
Percentile of income								
Less than 20	64.9	37.2	4.4	3.9	5.1	2.7	72.0	89.9
20–39.9	85.4	55.9	7.4	5.2	6.6	4.4	90.7	98.0
40–59.9	91.8	71.1	11.6	6.3	10.6	7.3	96.0	99.5
60–79.9	95.4	80.7	16.0	7.9	15.5	9.3	98.6	99.9
80–89.9	96.4	90.6	22.8	11.4	19.3	10.8	99.4	100.0
90–100	95.7	92.4	42.1	18.8	37.6	12.3	99.4	100.0
Age of head (years)								
Less than 35	79.4	37.5	4.5	2.3	8.4	6.1	82.8	95.5
35–44	88.9	63.8	9.7	3.9	11.2	4.2	92.7	97.4
45–54	91.0	75.2	17.0	7.5	16.8	6.7	94.7	98.3
55–64	90.3	78.1	22.1	12.6	19.6	9.6	94.4	98.3
65–74	86.5	82.6	22.8	11.0	15.8	11.0	92.6	97.1
75 or more	83.4	81.9	14.6	13.4	6.0	6.0	93.0	98.7
Family structure								
Single with child(ren)	79.1	52.0	6.2	4.0	5.2	3.9	84.5	94.6
Single, no child, age less than 55	74.6	40.2	6.3	2.4	7.4	5.7	80.7	95.3
Single, no child, age 55 or more	76.3	66.7	11.8	8.2	6.6	8.0	86.8	96.6
Couple with child(ren)	94.8	75.6	15.5	7.1	17.0	5.9	97.0	99.0
Couple, no child	93.2	79.7	22.6	12.8	19.5	10.0	96.3	98.5
Education of head								
No high school diploma	76.2	54.3	5.0	3.3	5.2	1.3	82.2	92.5
High school diploma	85.8	64.7	10.0	6.9	10.9	5.5	90.5	96.5
Some college	85.4	61.5	11.7	6.4	11.2	7.6	89.6	98.2
College degree	91.5	76.6	22.4	10.4	18.9	9.9	95.9	99.5

as it was in 2001, which was 3.0 percentage points higher than the rate in1995 (data not shown in the tables).

In 2010, groups that had an ownership rate less than the overall rate included nonwhite or Hispanic families; families with relatively low income or wealth; families living in the Northeast or the West; single families; and families headed by a person who was working for someone else, who was neither working nor retired, who was aged less than 45, or who had less than a college degree. Over the three-year period, homeownership fell most for the lowest quintile of the income distribution; families in the second quartile of the net worth distribution; families headed by a person who was self-employed or working in a technical, sales, or service job; and families headed by a high school graduate. Across geographic regions, the decline in ownership was most pronounced in the South and West regions but also fell in the Northeast; in contrast, the Midwest saw a 2.0 percentage point increase in homeownership.

Housing wealth represents a large component of total family wealth; in 2010, primary residences accounted for 29.5 percent of total family assets. Over the 2007–10 period, this percentage declined 2.2 percentage points overall. The relative importance of housing in the total asset portfolio varies substantially over the income distribution, with housing

from those of the Current Population Survey (CPS) for a comparable specification of household; the CPS shows an identical decline in the homeownership rate.

Table 9. Family holdings of nonfinancial assets and of any asset, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

B. 2010 Survey of Consumer Finances—*continued*

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresidential property	Business equity	Other	Any nonfinancial asset	Any asset
Race or ethnicity of respondent								
White non-Hispanic	90.9	75.3	16.5	9.4	15.6	8.8	94.9	99.1
Nonwhite or Hispanic	78.1	50.6	9.9	4.2	8.3	3.3	84.0	94.1
Current work status of head								
Working for someone else	89.9	64.8	11.9	5.5	6.6	6.4	92.8	98.3
Self-employed	88.5	78.4	28.3	17.5	71.1	12.0	96.4	98.8
Retired	82.4	74.6	15.0	9.6	4.5	6.8	89.2	96.3
Other not working	72.8	42.9	8.7	2.8	4.1	4.8	78.6	92.5
Current occupation of head								
Managerial or professional	91.0	76.1	22.9	10.7	25.9	9.6	95.7	99.7
Technical, sales, or services	86.7	56.0	9.7	5.1	9.6	5.1	90.1	97.7
Other occupation	91.1	66.6	8.4	5.6	13.8	6.6	93.8	97.1
Retired or other not working	80.3	67.8	13.7	8.1	4.4	6.3	86.9	95.5
Region								
Northeast	78.5	65.0	15.3	5.9	11.1	5.5	85.6	95.1
Midwest	90.1	73.3	11.0	7.6	13.0	5.8	93.8	98.0
South	87.5	67.6	14.1	9.4	12.5	6.6	92.1	97.5
West	88.8	62.5	17.4	6.4	16.6	10.2	92.4	98.7
Urbanicity								
Metropolitan statistical area (MSA)	86.0	65.9	14.9	7.2	13.4	6.9	90.6	97.4
Non-MSA	90.2	73.9	11.9	10.1	12.3	7.8	95.0	97.8
Housing status								
Owner	93.9	100.0	19.1	10.5	17.0	8.4	100.0	100.0
Renter or other	71.9	*	4.6	1.9	5.5	4.2	73.6	92.2
Percentile of net worth								
Less than 25	67.4	21.8	2.8	.8	2.9	2.5	69.7	89.8
25–49.9	91.6	61.3	4.6	2.1	6.1	4.9	96.8	100.0
50–74.9	93.2	90.1	13.1	7.8	12.9	7.3	99.2	100.0
75–89.9	94.3	95.3	27.1	14.9	20.8	9.2	99.6	100.0
90–100	95.2	97.1	51.7	27.9	46.6	19.7	99.9	100.0

generally constituting a progressively smaller share of assets with increasing levels of income, as shown in the following table:

Table 9.1

Family characteristic	House value as a percentage of all assets in group	
	2010 (percent)	Change, 2007–10 (percentage points)
All families	**29.5**	**–2.2**
Percentile of income		
Less than 20	35.6	–11.5
20–39.9	50.6	–1.2
40–59.9	44.8	–3.5
60–79.9	42.7	–2.5
80–89.9	37.5	–6.9
90–100	19.2	–.6

The median and mean values of the primary residences of homeowners fell between 2007 and 2010; overall, the median decreased 18.9 percent, and the mean fell 17.6 percent. These percentage losses in the median and mean translated into large dollar losses:

Table 9. Family holdings of nonfinancial assets and of any asset, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

B. 2010 Survey of Consumer Finances—*continued*

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresidential property	Business equity	Other	Any nonfinancial asset	Any asset
Median value of holdings for families holding asset (thousands of 2010 dollars)								
All families	**15.3**	**170.0**	**120.0**	**65.0**	**78.7**	**15.0**	**154.6**	**187.2**
Percentile of income								
Less than 20	5.8	89.0	82.0	36.0	25.0	5.3	23.6	15.2
20–39.9	9.3	110.0	70.0	60.0	25.3	5.0	73.5	75.4
40–59.9	13.8	135.0	82.0	60.0	44.7	10.0	131.2	159.8
60–79.9	20.1	175.0	71.0	50.0	50.0	13.0	198.3	267.0
80–89.9	27.9	250.0	120.0	58.0	82.4	22.0	311.1	448.4
90–100	35.8	475.0	320.0	200.0	455.0	35.0	756.4	1,486.7
Age of head (years)								
Less than 35	12.4	140.0	72.0	24.0	30.0	5.0	34.2	35.7
35–44	16.5	170.0	75.0	50.0	50.0	10.0	142.8	156.3
45–54	18.4	200.0	103.5	50.0	80.0	15.0	191.4	248.4
55–64	17.8	185.0	165.0	102.0	100.0	20.0	206.6	286.6
65–74	16.0	165.0	125.0	60.0	100.0	28.1	199.8	281.7
75 or more	10.6	150.0	125.0	65.0	220.9	26.0	168.2	237.7
Family structure								
Single with child(ren)	9.7	134.0	100.0	50.0	20.0	15.0	79.0	70.0
Single, no child, age less than 55	9.6	135.2	70.0	75.0	43.0	7.0	56.9	50.1
Single, no child, age 55 or more	7.5	130.0	151.0	50.0	80.3	15.0	115.5	143.9
Couple with child(ren)	21.3	190.0	120.0	60.0	75.0	12.0	193.4	233.9
Couple, no child	20.3	180.0	120.0	75.0	109.0	20.0	209.0	306.7
Education of head								
No high school diploma	9.7	95.0	75.0	30.0	27.8	5.0	59.0	47.8
High school diploma	13.3	130.0	62.5	58.0	64.1	8.0	122.2	138.4
Some college	14.5	150.0	65.0	35.0	110.0	14.4	136.2	150.1
College degree	19.5	250.0	190.0	100.0	88.0	20.0	251.5	352.6

Note: See note to table 1.

$39,500 for the median and $55,700 for the mean. Homeowners in virtually all demographic groups saw losses in the median, and most of those losses were substantial; the one exception was the lowest quartile of the net worth distribution, where homeownership jumped 8.1 percentage points and the median home value increased 31.2 percent, most likely reflecting a compositional shift within that lowest wealth group. Otherwise, substantial decreases in median housing values were widespread.

In 2010, 14.4 percent of families owned some form of residential real estate other than a primary residence (second homes, time-shares, one- to four-family rental properties, and other types of residential properties), a level that is up 0.6 percentage point from the corresponding figure in 2007 and up 1.9 percentage points since 2004 (data not shown in the tables).[37] Although the survey does not ask directly about ownership of second homes, such homes should largely be captured as residential properties that are owned 100 percent by the family and for which no rent was collected; in 2010, 5.8 percent of families had at least one such property, down 0.3 percentage point from 2007 but still 1.2 percentage points higher than in 2004.

[37] This measure of residential real estate also includes outstanding balances on loans that the family may have made to finance the sale of properties they previously owned, which are still owed to the family.

Table 9. Family holdings of nonfinancial assets and of any asset, by selected characteristics of families and type of asset, 2007 and 2010 surveys—*continued*

B. 2010 Survey of Consumer Finances—*continued*

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresidential property	Business equity	Other	Any nonfinancial asset	Any asset
Race or ethnicity of respondent								
White non-Hispanic	16.7	175.0	140.0	75.0	97.2	15.0	183.6	238.9
Nonwhite or Hispanic	12.3	139.0	70.0	50.0	43.0	10.0	86.0	76.8
Current work status of head								
Working for someone else	16.3	170.0	96.0	50.0	25.0	10.0	142.7	165.7
Self-employed	21.7	270.0	250.0	132.0	100.0	30.0	370.0	440.2
Retired	11.7	150.0	100.0	62.5	125.5	25.0	155.9	198.0
Other not working	10.7	135.0	60.0	46.6	37.6	10.0	56.7	41.0
Current occupation of head								
Managerial or professional	20.8	250.0	200.0	100.0	102.0	23.0	260.0	347.5
Technical, sales, or services	12.7	153.0	70.0	50.0	27.0	8.0	107.6	115.5
Other occupation	17.2	130.0	57.0	50.0	51.5	8.0	125.0	147.2
Retired or other not working	11.5	150.0	98.0	62.0	81.6	22.0	139.9	163.3
Region								
Northeast	16.2	260.0	154.0	65.0	70.0	30.0	220.4	260.0
Midwest	13.6	135.0	86.5	70.0	100.0	10.0	142.1	174.9
South	15.4	141.7	100.0	50.0	80.3	15.0	134.3	153.1
West	16.3	230.0	170.0	159.4	52.8	15.0	189.1	216.8
Urbanicity								
Metropolitan statistical area (MSA)	15.5	181.0	135.0	70.0	73.6	15.0	168.0	200.0
Non-MSA	14.4	100.0	75.0	60.0	104.5	12.5	111.6	140.1
Housing status								
Owner	18.8	170.0	120.0	70.0	95.0	20.0	217.0	296.2
Renter or other	8.5	*	120.0	22.5	25.0	5.3	9.7	12.6
Percentile of net worth								
Less than 25	6.9	117.0	60.0	3.0	1.2	5.0	9.4	7.4
25–49.9	11.7	95.5	25.0	10.0	11.6	5.0	60.0	69.1
50–74.9	17.7	150.0	48.0	30.0	40.0	13.0	181.6	240.3
75–89.9	22.7	250.0	120.0	65.0	125.0	20.6	360.7	583.8
90–100	32.7	531.5	350.0	250.0	600.0	50.0	1,114.3	2,082.8
MEMO								
Mean value of holdings for families holding asset	22.1	261.2	288.9	321.6	788.3	66.5	405.5	612.3

* Ten or fewer observations.

Ownership of other residential real estate is more common among the highest income and wealth groups; the age groups between 45 and 74; or families headed by a self-employed person, a person working in a management or professional occupation, or a person who was a college graduate. Over the recent three-year period, the median and mean values of other residential real estate decreased roughly in line with the median and mean values of primary residences over the recent period; the median for those having such real estate fell 22.1 percent, and the mean fell 18.0 percent. Most of the demographic groups saw substantial declines in the median; exceptions were generally groups where ownership of other residential real estate is low, including the first and second quintiles of income groups, families headed by someone with less than a high school degree, and families that rented their primary residence.

Net Equity in Nonresidential Real Estate

The ownership of nonresidential real estate fell slightly, to 7.7 percent of families in 2010.[38] Ownership follows approximately the same relative distribution across demographic groups as does the ownership of other residential real estate. Changes in ownership during the recent period were mixed across demographic groups. Ownership fell most for families in the age groups between 35 and 54; couples with children; families headed by someone working in a technical, sales, or service occupation; and families living in the West region. Overall, the median value of such property for owners fell 17.3 percent, and the mean fell 0.8 percent. Particularly large swings in the median value were seen for groups with below-average ownership rates, suggesting that these changes are likely to be due at least in part to sampling variability.

Net Equity in Privately Held Businesses

The share of families that owned a privately held business interest edged down 0.3 percentage point during the recent period, to 13.3 percent in 2010.[39] The proportion has changed little over the past several surveys. Ownership of this type of asset tends to increase with income, wealth, and education and to be the highest for families headed by a person who is aged 45 to 64, who is married or living with a partner, or who has a college degree. Business ownership is about three times as prevalent among homeowners as renters; it is generally lowest in the Northeast and highest in the West. Over the recent three-year period, changes in ownership varied across demographic groups, with relatively large declines observed for families headed by someone 35 to 44 years of age, higher-income families, and families living in the Midwest region. Ownership also fell among families headed by a person who was self-employed, from 74.9 percent in 2007 to 71.1 percent in 2010.

As noted earlier, equity in privately held businesses makes up a large portion of families' total nonfinancial assets. Over the recent period, privately held business assets as a share of nonfinancial assets fell 2.1 percentage points. Across income-distribution groups, the share of nonfinancial assets attributable to business equity has a U-shape, with the largest shares at the top and bottom of the income distribution, as shown in the following table:

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38 Nonresidential real estate comprises the following types of properties unless they are owned through a business: commercial property, rental property with five or more units, farm and ranch land, undeveloped land, and all other types of nonresidential real estate. Most often, nonresidential real estate properties are functionally more like a business than a residential property. They may have several owners, they are typically worth a considerable amount, and they often carry large mortgages, which appear to be paid from the revenues from the property, not the family's other income. As in the case of privately owned businesses, the value of the property in this analysis is taken to be the net value.

39 The forms of business in this category are sole proprietorships, limited partnerships, other types of partnerships, subchapter S corporations and other types of corporations that are not publicly traded, limited liability companies, and other types of private businesses. If the family surveyed lived on a farm or ranch that was used at least in part for agricultural business, the value of that part, net of the corresponding share of associated debts, is included with other business assets.

In the survey, self-employment status and business ownership are independently determined. Among the 13.3 percent of families with a business in 2010, 71.5 percent had a family head or the spouse or partner of the head who was self-employed; among the 13.3 percent of families in which either the head or the spouse or partner of the head was self-employed, 71.2 percent owned a business (data not shown in the tables).

Table 9.2

Family characteristic	Net equity in business as a percentage of all assets	
	2010 (percent)	Change, 2007–10 (percentage points)
All families	**17.5**	**–2.1**
Percentile of income		
Less than 20	19.5	.7
20–39.9	7.6	3.3
40–59.9	7.3	–1.8
60–79.9	7.9	1.1
80–89.9	8.1	–3.3
90–100	24.6	–3.4

The median holding of business equity for those having any such equity declined 18.5 percent, while the mean decreased 20.5 percent. The mean value in 2010 is 4.1 percent above its level in 2004, and the median is 8.8 percent lower than it was in 2004 (data not shown in the tables). In general, median business equity increases across income, age, and net worth groups, and the medians for white non-Hispanic families and homeowners are substantially higher than for the complementary groups. Over the recent three-year period, large increases in median net equity in businesses were observed in the second, third, and fifth income quintiles; the bottom wealth quartile; and the South region. There were large declines in median holdings for families in the lowest income quintile and in the West and Northeast regions.

The SCF classifies privately owned business interests into those in which the family has an active management role and those in which it does not. Of families having any business interests in 2010, 94.0 percent had an active role, and 10.1 percent had a non-active role; 4.1 percent had interests of both types (data not shown in the tables). In terms of assets, actively managed interests accounted for 87.5 percent of total privately owned business interests. The median number of actively managed businesses was 1. The businesses reported in the survey were a mixture of very small businesses with moderate values and businesses with substantially greater values.

The SCF attempts to collect information about items owned or owed by a family's business interests separately from items owned or owed directly by the family. But, in practice, the balance sheet of a business that is actively managed by a family is not always separate from that of the family itself.[40] Families often use personal assets as collateral or guarantees for loans for the businesses, or they loan personal funds to their businesses. In 2010, 18.2 percent of families with actively managed businesses reported using personal assets as collateral, which is up slightly from 17.8 percent in 2007; at the same time, 15.2 percent of families reported lending the business money, which is down from 17.5 percent in 2007 (data not shown in the tables).

Families with more than one actively managed business are asked to report which business is most important; that business is designated as the primary one.[41] In 2010, the vast majority of primary businesses operated in an industry other than manufacturing; the most common organizational form of those businesses was sole proprietorship, and the median number of employees was 2. However, primary actively managed businesses with more than two

[40] Technically, in a sole proprietorship, there is no legal distinction between the balance sheet of the business and that of its owner.

[41] For families with only one business, that business is, by default, considered the primary one. In 2010, primary actively managed businesses accounted for 76.3 percent of the value of all actively managed businesses.

employees accounted for 79.5 percent of the value of all such businesses, and the largest shares of value were attributable to businesses organized as subchapter S corporations or limited liability companies, each of which accounted for approximately 30 percent. These patterns are also typical of those observed in the earlier surveys (data not shown in the tables).

Other Nonfinancial Assets

In 2010, ownership of the remaining nonfinancial assets (tangible items including substantial holdings of artwork, jewelry, precious metals, antiques, hobby equipment, and collectibles) was not very widespread and decreased marginally compared with the level in the previous survey period, to 7.0 percent. Among other nonfinancial assets, the most commonly held items are antiques and other collectibles, which were reported by only 3.0 percent of families in 2010. The composition of other nonfinancial assets changed little from 2007 to 2010, as shown in the following table:

Table 9.3

Type of other nonfinancial asset	All families	
	2010 (percent)	Change, 2007–10 (percentage points)
Gold, silver, or jewelry	2.3	.2
Antiques, collectibles	3.0	–.5
Art objects	1.6	–.2
Other	1.4	.5

Groups most likely to hold other nonfinancial assets generally include families in the top two deciles of the income distribution, families headed by a college graduate, homeowners, and families in the top quartile of the net worth distribution. Minor changes in holdings were evident across all of the demographic groups. For families having such assets, the median value rose 2.0 percent over the recent period, and the mean fell 21.4 percent. Across income and wealth categories, median holdings generally fell for families in middle and top groups.

Unrealized Capital Gains

Changes in the values of assets such as stock, real estate, and businesses that families own are often a key determinant of changes in their net worth. Unrealized gains are net changes in the value of assets that are yet to be sold; such "gains" may be positive or negative. To obtain information on this part of net worth, the survey asks about changes in value from the time of purchase for certain key assets—publicly traded stocks, pooled investment funds, the primary residence, and other real estate. In addition, it asks about the tax cost basis of any business holdings, and this figure, along with the current value, may be used as a credible indicator of unrealized gains.[42] Among families with any unrealized capital gain, the median value of that gain fell 52.7 percent over the 2007–10 period, and the mean fell 39.1 percent (**table 10**). These declines pushed unrealized capital gains as a share of total family assets down to 24.5 percent, well below the peak of 36.1 percent observed in 2007. The decrease in median and mean unrealized gains was universal across the types of families and assets considered here. The median of unrealized gains on real estate fell 50.5 percent, the median on business assets declined 23.7 percent, and the median of unrealized

[42] The survey does not collect information on capital gains on every asset for which such gains are possible. Most important, it does not collect such information for retirement accounts.

Table 10. Family holdings of unrealized capital gains on selected assets as a share of total assets, by selected characteristics of families, 2001–10 surveys

Percent except as noted

Family characteristic	2001				2004				2007				2010			
	Real estate	Business	Financial	All	Real estate	Business	Financial	All	Real estate	Business	Financial	All	Real estate	Business	Financial	All
All families	**15.4**	**11.6**	**2.3**	**29.3**	**19.3**	**10.9**	**1.1**	**31.2**	**19.3**	**14.2**	**2.6**	**36.1**	**12.8**	**10.6**	**1.1**	**24.5**
Percentile of income																
Less than 20	26.7	2.0	–.1	28.6	29.4	7.7	–.6	36.5	30.6	10.6	1.4	42.7	22.8	8.5	.3	31.6
20–39.9	27.2	3.9	–.3	30.9	28.8	5.9	.3	35.0	31.6	3.2	.3	35.1	23.7	4.3	–.2	27.8
40–59.9	18.9	3.9	.2	22.9	25.9	3.0	.5	29.4	24.7	5.6	.8	31.1	18.5	3.8	.2	22.4
60–79.9	17.3	5.2	1.7	24.3	23.4	4.0	.5	27.9	23.4	3.8	1.6	28.9	14.2	3.8	†	17.9
80–89.9	15.9	7.8	1.8	25.5	19.7	4.4	.8	24.9	23.9	8.8	.9	33.6	13.8	4.9	–.2	18.5
90–100	12.3	16.9	3.3	32.5	15.1	16.6	1.6	33.2	14.5	20.8	3.9	39.1	9.3	15.6	2.1	27.0
Age of head (years)																
Less than 35	8.2	10.7	2.1	20.9	13.4	7.5	–.4	20.4	12.6	14.6	1.0	28.2	2.6	9.6	–1.3	10.9
35–44	12.7	14.8	.2	27.7	16.8	11.9	1.4	30.2	16.2	12.3	.4	29.0	5.9	9.4	.6	15.8
45–54	13.1	12.6	2.0	27.7	16.6	13.4	1.1	31.1	18.6	15.5	2.1	36.2	9.7	13.7	1.0	24.5
55–64	14.8	12.4	2.0	29.2	19.8	11.8	†	31.5	18.0	15.3	3.2	36.5	13.3	10.8	1.4	25.5
65–74	21.2	10.3	3.5	35.0	22.0	8.8	2.1	32.9	21.1	13.8	4.0	38.8	15.2	10.3	.8	26.3
75 or more	21.9	5.1	5.2	32.2	27.5	5.5	2.4	35.3	29.6	11.0	4.1	44.7	23.8	6.0	2.6	32.5
MEMO																
Percent of families with any such gains	67.2	11.6	27.6	72.1	68.8	11.1	25.1	73.0	69.0	11.5	21.7	72.4	66.7	11.3	17.3	70.2
Median for those with any such gains	47.3	62.5	.6	49.0	63.9	51.8	.8	62.1	74.4	52.4	3.7	78.6	36.8	40.0	.3	37.2
Mean for those with any such gains	126.9	555.7	46.0	224.9	170.4	594.7	25.4	259.7	192.4	843.5	83.1	342.8	114.3	563.8	39.1	208.7

Note: See note to table 1.

† Less than 0.05 percent.

gains on the financial assets covered in this measure fell 91.9 percent, to $300 in 2010; the mean of unrealized gains in real estate fell 40.6 percent, the mean on business assets declined 33.2 percent, and the mean of unrealized gains on financial assets fell 52.9 percent.

Some families saw losses on the value of their assets sufficient to eliminate any prior gains. Among all families in 2010, 15.1 percent reported a net loss on their primary residence or other real estate, meaning the value they reported for the property in 2010 was below what they reported having paid for it, regardless of when they made the purchase. That rate is nearly triple the 5.5 percent of families reporting a capital loss on their primary residence in 2007 and more than triple the 4.3 percent of families in 2004 (data not shown in the tables).

Liabilities

The composition of family debt shifted between 2007 and 2010. Debt secured by a primary residence remained the largest component of overall family debt, but its share slipped 0.6 percentage point between the most recent surveys (table 11).[43] This decline in mortgage debt was reinforced by a 0.3 percentage point decrease in the fraction of debt secured by

[43] The SCF measure of liabilities excludes debt owed by businesses owned by the family and debt owed on nonresidential real estate; in this article, such debt is netted against the corresponding assets.

Table 11. Amount of debt of all families, distributed by type of debt, 2001–10 surveys
Percent

Type of debt	2001	2004	2007	2010
Secured by residential property				
Primary residence	75.2	75.2	74.7	74.1
Other	6.2	8.5	10.1	9.8
Lines of credit not secured by residential property	.5	.7	.4	1.0
Installment loans	12.3	11.0	10.2	11.1
Credit card balances	3.4	3.0	3.5	2.9
Other	2.3	1.6	1.1	1.1
Total	**100**	**100**	**100**	**100**

Note: See note to table 1.

residential property other than the primary residence. The share of outstanding credit card balances also decreased 0.6 percentage point over the three-year period. Offsetting these relative declines in mortgage and credit card debt were increases in the share of liabilities accounted for by nonmortgage lines of credit and other installment loans.

The overall value of families' liabilities decreased between 2007 and 2010, but the rate of decline was less than the corresponding rate for families' assets. Accordingly, the ratio of the sum of the debt of all families to the sum of their assets—the leverage ratio—rose from 14.8 percent in 2007 to 16.4 percent in 2010 (**table 12**). The leverage ratio for the subset of families that had any debt rose at a faster pace, from 19.4 percent in 2007 to 22.0 percent in 2010 (data not shown in the tables).

The overall leverage ratio differs considerably across types of family groups. It rises and then falls across income groups. By comparison, the ratio declines with age, a result consistent with the expected life-cycle patterns of asset and debt accumulation. These general patterns in the leverage ratios among groups hold across survey years, and the proportional increase in leverage ratios in the most recent period was fairly uniform across income and age groups.

Holdings of Debt

The share of families with any type of debt decreased 2.1 percentage points to 74.9 percent over the 2007–10 period (first half of tables **13.A** and **13.B**, last column), reversing an increase that had taken place since 2001. In any given survey year, borrowing is less prevalent among childless single families headed by a person aged 55 or older and families headed by a person who is retired or is aged 75 or older. Families in the lowest income, wealth, and education groups—which tend to have fewer economic resources—are also less likely to have any debt. Across income groups, borrowing rates peak among families above the median. By net worth group, debt ownership also peaks among families in the third quartile. Families in the highest three income groups, couples with children, and families headed by a person employed in a managerial or professional position have comparatively high rates of debt ownership.

With few exceptions, the fraction of families with any debt fell broadly across demographic groups. By age groups, debt ownership fell for those in the less than 35, 45-to-54, and 55-to-64 age groups but rose for the 75-or-older group. Debt ownership fell for most income groups, but the lowest quintile saw an increase of 0.8 percentage point. Similarly, debt ownership rose 0.4 percentage point for the lowest wealth quartile. The percentage of families with debt decreased just 0.9 percentage point for white non-Hispanic families but

Table 12. Leverage ratio of group by selected family characteristics, 2001–10 surveys
Percent

Family characteristic	2001	2004	2007	2010
All families	**12.0**	**15.0**	**14.8**	**16.4**
Percentile of income				
Less than 20	13.5	15.1	13.5	18.3
20–39.9	14.5	19.4	18.6	21.4
40–59.9	19.2	23.2	24.3	26.5
60–79.9	18.0	21.6	25.3	27.7
80–89.9	18.1	22.7	23.3	23.0
90–100	7.4	9.1	8.3	9.8
Age of head (years)				
Less than 35	33.5	46.4	44.3	51.6
35–44	22.6	26.0	28.1	37.3
45–54	13.5	17.3	16.3	19.7
55–64	7.1	9.3	10.2	11.0
65–74	4.2	5.2	6.5	7.8
75 or more	1.8	4.0	2.2	3.9
Education of head				
No high school diploma	13.4	14.0	18.2	20.3
High school diploma	16.1	19.3	20.5	20.9
Some college	15.0	19.4	19.1	23.3
College degree	10.4	13.2	12.5	14.3
Race or ethnicity of respondent				
White non-Hispanic	11.0	13.4	12.8	14.4
Nonwhite or Hispanic	23.4	27.2	27.0	29.1
Region				
Northeast	10.2	12.8	12.7	14.7
Midwest	13.0	14.3	14.4	17.7
South	11.4	15.2	14.3	15.5
West	13.8	17.1	17.4	17.9
Urbanicity				
Metropolitan statistical area (MSA)	12.0	14.7	14.6	16.2
Non-MSA	13.2	17.7	17.2	18.7
Housing status				
Owner	11.9	14.9	14.7	16.2
Renter or other	14.2	16.7	17.7	21.7
Percentile of net worth				
Less than 25	99.7	107.4	108.4	128.7
25–49.9	47.9	54.1	56.4	64.5
50–74.9	26.2	33.3	31.7	35.4
75–89.9	14.4	16.2	17.5	17.9
90–100	4.8	6.4	6.1	6.8

fell 4.7 percentage points for nonwhite or Hispanic families. Families headed by a self-employed person saw a decrease in debt ownership of 4.8 percentage points, whereas the fraction fell more modestly or increased among families in the complementary work-status categories.

The overall median and mean values of outstanding debt for families that had any such debt were little changed between 2007 and 2010; the median rose 0.1 percent, while the mean fell 1.1 percent. Median debt tends to rise with income, education, and wealth; the median by age peaks among families headed by a person aged 35 to 44; median debt is also higher for couples, homeowners, and families headed by a self-employed person or a person working in a managerial or professional position. Over the recent three-year period, changes in the median amount of outstanding debt varied substantially across demographic subgroups. One consistent impression from the data is a marked increase in the amount of debt held by older families; median debt rose substantially in percentage terms for families headed by someone aged 55 or older—especially childless single families

Table 13. Family holdings of debt, by selected characteristics of families and type of debt, 2007 and 2010 surveys

A. 2007 Survey of Consumer Finances

Family characteristic	Secured by residential property		Installment loans	Credit card balances	Lines of credit not secured by residential property	Other	Any debt
	Primary residence	Other					
Percentage of families holding debt							
All families	**48.7**	**5.5**	**46.9**	**46.1**	**1.7**	**6.8**	**77.0**
Percentile of income							
Less than 20	14.9	1.1	27.8	25.7	*	3.9	51.7
20–39.9	29.6	1.9	42.4	39.5	1.8	6.8	70.2
40–59.9	50.5	2.6	53.9	54.8	*	6.4	83.8
60–79.9	69.7	6.9	59.2	62.1	2.1	8.7	90.9
80–89.9	80.8	8.5	57.4	55.8	*	9.6	89.6
90–100	76.4	21.9	45.0	40.6	2.1	7.0	87.6
Age of head (years)							
Less than 35	37.3	3.3	65.2	48.5	2.1	5.9	83.6
35–44	59.5	6.5	56.2	51.7	2.2	7.5	86.2
45–54	65.5	8.0	51.9	53.6	1.9	9.8	86.8
55–64	55.3	7.8	44.6	49.9	1.2	8.7	81.8
65–74	42.9	5.0	26.1	37.0	1.5	4.4	65.5
75 or more	13.9	.6	7.0	18.8	*	1.3	31.4
Family structure							
Single with child(ren)	38.3	2.7	50.2	45.3	2.6	10.1	78.0
Single, no child, age less than 55	35.0	3.5	44.1	42.9	*	7.0	76.9
Single, no child, age 55 or more	22.0	1.9	18.9	30.2	*	3.7	48.2
Couple with child(ren)	69.0	8.4	62.9	54.7	2.0	7.9	91.1
Couple, no child	51.3	6.6	43.6	46.7	1.5	5.7	76.0
Education of head							
No high school diploma	26.0	1.9	33.3	26.9	*	5.3	55.5
High school diploma	45.0	3.2	46.0	46.8	1.4	6.4	75.1
Some college	46.9	6.4	54.3	51.0	2.2	9.3	80.8
College degree	61.7	8.7	49.1	50.2	1.7	6.5	85.1

headed by someone aged 55 or older—and for families headed by someone who was retired. Relatively large proportional decreases in the median amount of debt were widespread. Families headed by a person aged 45 to 54 saw a decrease of 8.7 percent, families headed by someone who was self-employed saw an 8.2 percent decrease, and couples with children saw their median debt fall 11.0 percent. Debt fell 17.8 percent among families headed by a person who worked in a technical, sales, or service job and 13.0 percent among nonwhite or Hispanic families. The median decreased 6.6 percent in the South region and 7.8 percent in the West region, the two areas hardest hit by the large decline in house values.

Mortgages and Other Borrowing on the Primary Residence

Paralleling the drop in homeownership discussed earlier, the share of families with debt secured by a primary residence (hereafter, home-secured debt) declined in the most recent period, ending a long upward trend dating back to at least the 1989 SCF.[44] The fraction of

[44] Home-secured debt consists of first-lien and junior-lien mortgages and home equity lines of credit secured by the primary residence. For purposes of this article, first- and junior-lien mortgages consist only of closed-end loans—that is, loans typically with a one-time extension of credit, a set frequency of repayments, and a required repayment size that may be fixed or vary over time in accordance with a pre-specified agreement or with changes in a given market interest rate. As a type of open-ended credit, home equity lines typically allow credit extensions at the borrower's discretion subject to a prearranged limit and allow repayments at the borrower's discretion subject to a prearranged minimum size and frequency.

Table 13. Family holdings of debt, by selected characteristics of families and type of debt, 2007 and 2010 surveys—*continued*

A. 2007 Survey of Consumer Finances—*continued*

Family characteristic	Secured by residential property: Primary residence	Secured by residential property: Other	Installment loans	Credit card balances	Lines of credit not secured by residential property	Other	Any debt
Race or ethnicity of respondent							
White non-Hispanic	52.1	5.8	46.1	45.1	1.6	6.7	76.8
Nonwhite or Hispanic	40.4	4.8	48.9	48.4	2.0	7.0	77.7
Current work status of head							
Working for someone else	56.7	5.4	57.5	53.7	1.9	8.7	86.2
Self-employed	64.8	15.1	43.9	48.9	3.6	4.7	86.8
Retired	27.0	2.6	23.6	28.2	.8	3.2	52.3
Other not working	25.5	*	42.9	36.9	*	7.5	69.9
Current occupation of head							
Managerial or professional	67.6	10.0	56.2	52.7	1.8	7.0	90.9
Technical, sales, or services	49.7	4.5	52.2	53.2	2.7	7.9	81.8
Other occupation	53.6	5.1	57.8	53.2	2.1	9.7	84.9
Retired or other not working	26.7	2.5	26.6	29.6	.7	3.9	55.0
Region							
Northeast	48.4	4.9	40.7	44.3	*	5.6	73.3
Midwest	51.0	5.2	47.9	45.5	1.9	7.0	78.3
South	46.6	4.6	48.5	43.5	1.7	6.9	75.3
West	49.9	8.1	48.4	52.4	2.7	7.5	81.6
Urbanicity							
Metropolitan statistical area (MSA)	49.7	6.1	46.0	46.3	1.8	6.6	77.4
Non-MSA	43.5	2.9	51.3	44.8	1.6	8.0	75.1
Housing status							
Owner	70.9	6.9	46.1	50.1	1.3	6.8	82.4
Renter or other	*	2.6	48.6	37.3	2.8	6.9	65.4
Percentile of net worth							
Less than 25	11.0	*	54.2	41.0	2.6	6.7	68.8
25–49.9	56.2	3.2	52.2	52.9	1.3	8.2	82.5
50–74.9	64.4	4.9	46.2	51.7	1.6	7.4	80.3
75–89.9	63.7	8.5	39.7	44.0	1.5	3.8	76.8
90–100	62.3	21.8	28.2	30.7	1.5	6.8	76.1

families with home-secured debt fell 1.7 percentage points, slightly faster than the 1.3 percentage point drop in homeownership itself. Because the fraction of families with home-secured debt fell slightly more than homeownership, the fraction of homeowners with a mortgage also fell somewhat, from 70.9 percent in 2007 to 69.9 percent in 2010.

Families in groups with higher levels of income, education, or wealth are generally more likely to have mortgage debt, as are couples and families headed by a person who is employed in a managerial or professional job or who is self-employed. Across age groups, the rate of borrowing peaks among families in the 45-to-54 age group and declines sharply among older age groups.[45] White non-Hispanic families are more likely to have home-secured debt than are nonwhite or Hispanic families.[46] Between 2007 and 2010, the prevalence of home-secured debt fell the most for families with higher levels of income, and it also fell for families headed by a person who was self-employed or employed in a technical, sales, or service occupation and for families headed by a person younger than age 75; the

[45] Of the families that owned a home, the fraction of homeowners with mortgage debt was highest among families in the two youngest age groups in 2010—both over 90 percent.

[46] This pattern reverses, however, when considering only homeowners; for example, in 2010, 68.8 percent of white non-Hispanic homeowners had a mortgage, compared with 73.3 percent of nonwhite or Hispanic homeowners (data not shown in the tables).

Table 13. Family holdings of debt, by selected characteristics of families and type of debt, 2007 and 2010 surveys—*continued*

A. 2007 Survey of Consumer Finances—*continued*

Family characteristic	Secured by residential property		Installment loans	Credit card balances	Lines of credit not secured by residential property	Other	Any debt
	Primary residence	Other					
Median value of holdings for families holding debt (thousands of 2010 dollars)							
All families	**112.1**	**104.8**	**13.6**	**3.1**	**4.0**	**5.2**	**70.6**
Percentile of income							
Less than 20	41.9	73.3	6.8	1.0	*	3.1	9.4
20–39.9	53.4	44.0	10.3	1.9	1.4	4.2	18.9
40–59.9	92.9	72.1	13.4	2.5	*	4.2	57.1
60–79.9	120.5	87.0	17.1	4.2	5.4	5.6	116.7
80–89.9	171.8	131.0	18.1	5.8	*	5.2	190.9
90–100	210.6	154.5	19.2	7.9	18.2	7.9	246.2
Age of head (years)							
Less than 35	141.8	81.7	15.7	1.9	1.0	4.7	37.9
35–44	134.1	106.4	14.2	3.7	4.8	5.2	111.2
45–54	115.2	85.9	13.5	3.8	6.3	4.7	100.5
55–64	89.1	136.2	11.4	3.8	10.5	6.3	63.2
65–74	72.3	131.0	10.8	3.1	31.4	5.2	42.0
75 or more	41.9	52.4	8.4	.8	*	4.7	13.6
Family structure							
Single with child(ren)	97.4	89.1	10.3	1.6	2.6	5.2	31.1
Single, no child, age less than 55	102.7	82.2	10.5	2.0	*	3.1	32.5
Single, no child, age 55 or more	53.4	141.4	6.9	2.4	*	4.2	15.9
Couple with child(ren)	136.2	97.4	15.6	4.2	5.2	5.6	126.8
Couple, no child	102.7	131.0	16.3	3.5	4.0	5.2	74.2
Education of head							
No high school diploma	52.4	55.8	9.2	1.6	*	4.2	20.4
High school diploma	88.0	85.9	10.7	2.4	1.4	4.7	41.9
Some college	101.6	83.8	12.6	3.0	4.0	5.2	57.0
College degree	149.5	131.0	18.2	4.2	6.3	6.3	130.3

Note: See note to table 1.

* Ten or fewer observations.

proportion of families with home-secured debt increased for the oldest age group and for childless single families headed by someone aged 55 or older.

Overall, the median amount of home-secured debt fell 2.2 percent from 2007 to 2010, and the mean fell 1.2 percent; these decreases reverse long-term trends, as both the median and mean had risen nearly 50 percent in the decade preceding the most recent period.

Among families with home-secured debt, median home equity (the difference between the value of a home and any debts secured against it) fell from $95,300 in 2007 to $55,000 in 2010, a 42.3 percent decrease (data not shown in the tables).[47] Among those with such debt, the median ratio of home-secured debt to the value of the primary residence rose 11.3 percentage points, to 64.6 percent in 2010. Over the recent three-year period, an SCF-based estimate of the aggregate ratio of home-secured debt to home values for all homeowners jumped to 41.3 percent; that ratio was 34.9 percent in 2007. At the time of the 2010 SCF interview, 8.1 percent of all homeowners had home-secured debt greater than the

[47] Among all homeowners in 2010, median home equity was $75,000; in 2007, it had been $110,000.

Table 13. Family holdings of debt, by selected characteristics of families and type of debt, 2007 and 2010 surveys—*continued*

A. 2007 Survey of Consumer Finances—*continued*

Family characteristic	Secured by residential property		Installment loans	Credit card balances	Lines of credit not secured by residential property	Other	Any debt
	Primary residence	Other					
Race or ethnicity of respondent							
White non-Hispanic	111.1	95.2	14.0	3.5	5.2	5.2	80.1
Nonwhite or Hispanic	118.4	120.2	12.6	2.1	.8	5.2	46.0
Current work status of head							
Working for someone else	122.6	93.2	14.2	3.1	3.0	5.2	86.0
Self-employed	141.4	158.8	16.2	4.5	5.2	10.5	128.5
Retired	49.3	104.8	9.1	1.6	6.7	4.7	21.0
Other not working	94.3	*	11.2	1.9	*	8.4	22.9
Current occupation of head							
Managerial or professional	155.1	136.2	17.1	4.7	9.4	7.3	144.1
Technical, sales, or services	105.7	110.0	12.8	3.1	3.7	4.2	69.0
Other occupation	98.5	62.9	12.6	2.6	4.2	5.0	67.2
Retired or other not working	55.5	104.8	10.2	1.6	6.7	5.2	21.0
Region							
Northeast	112.1	99.5	12.6	3.1	*	6.8	69.8
Midwest	98.4	86.5	11.5	3.1	5.2	5.2	64.1
South	103.7	83.8	13.8	2.9	3.3	4.7	63.8
West	157.9	167.6	14.9	3.2	4.0	6.3	100.1
Urbanicity							
Metropolitan statistical area (MSA)	123.8	105.8	13.9	3.1	3.7	5.2	81.8
Non-MSA	63.5	73.3	12.2	2.1	6.3	5.2	31.2
Housing status							
Owner	112.1	104.8	14.8	3.8	7.9	5.2	116.4
Renter or other	*	83.8	10.8	1.4	1.0	5.2	9.6
Percentile of net worth							
Less than 25	112.1	*	11.9	1.6	1.0	5.2	12.4
25–49.9	88.2	77.5	13.6	2.9	2.1	4.1	67.3
50–74.9	109.0	75.4	14.6	3.8	4.4	5.2	102.9
75–89.9	134.1	98.5	12.6	4.2	10.7	5.2	133.0
90–100	188.6	167.6	17.9	5.2	45.1	15.7	215.2
MEMO							
Mean value of holdings for families holding debt	156.1	185.7	22.0	7.7	26.0	16.2	132.0

reported value of their primary residence; among the group with home-secured debt, the figure was 11.6 percent.

Mortgage interest rates fell dramatically over the 2007–10 period to a level well below prevailing rates in the 1990s, approaching historical lows. Low interest rates and the deductibility of interest payments on mortgage debt provide an incentive for families to borrow against the equity in their home, but the decrease in home values and tighter lending standards following the financial crisis worked against the incentive. Borrowing against home equity may take the form of refinancing an existing first-lien mortgage for more than the outstanding balance, obtaining a junior-lien mortgage, or accessing a home equity line of credit. The survey provides detailed information on all of these options for home equity borrowing. The share of homeowners who had a first lien increased slightly—0.3 percentage point—to 66.4 percent in 2010 (**table 14**). The fraction of homeowners with a junior-lien mortgage fell 2.7 percentage points—to 5.8 percent in 2010, a level lower than any seen in the SCF since at least the 1989 survey. The proportion of homeowners who had a home equity line of credit decreased 3.1 percentage points, to 15.3 percent in 2010, and the share of homeowners with an outstanding balance fell 2.3 percentage points to 10.3 percent; the

Table 13. Family holdings of debt, by selected characteristics of families and type of debt, 2007 and 2010 surveys—*continued*
B. 2010 Survey of Consumer Finances

Family characteristic	Secured by residential property		Installment loans	Credit card balances	Lines of credit not secured by residential property	Other	Any debt
	Primary residence	Other					
Percentage of families holding debt							
All families	**47.0**	**5.3**	**46.3**	**39.4**	**2.1**	**6.4**	**74.9**
Percentile of income							
Less than 20	14.8	1.3	34.1	23.2	1.2	4.2	52.5
20–39.9	29.6	1.7	40.8	33.4	2.2	4.2	66.8
40–59.9	51.6	3.5	49.9	45.0	2.1	6.8	81.8
60–79.9	65.4	6.0	56.6	53.1	1.9	7.8	86.9
80–89.9	74.5	9.1	58.8	51.0	2.0	11.8	88.9
90–100	72.8	19.4	41.8	33.6	3.7	6.6	84.5
Age of head (years)							
Less than 35	34.0	2.9	61.9	38.7	1.8	5.5	77.8
35–44	57.6	5.1	60.0	45.6	2.2	8.6	86.0
45–54	60.4	7.6	49.8	46.2	2.7	9.7	84.1
55–64	53.6	7.6	40.7	41.3	3.0	6.7	77.7
65–74	40.5	5.0	30.4	31.9	1.2	2.3	65.2
75 or more	24.2	2.9	12.3	21.7	*	2.0	38.5
Family structure							
Single with child(ren)	36.0	2.6	49.4	35.3	1.2	6.7	73.5
Single, no child, age less than 55	31.8	2.7	48.0	37.2	2.3	5.7	73.3
Single, no child, age 55 or more	29.0	3.2	20.4	26.9	1.0	2.5	52.2
Couple with child(ren)	64.9	7.3	59.6	47.4	2.8	8.8	87.5
Couple, no child	49.5	6.9	43.0	40.1	2.1	6.2	74.5
Education of head							
No high school diploma	27.2	*	34.7	27.7	1.6	4.8	56.4
High school diploma	42.0	2.8	44.0	36.9	1.7	6.4	70.6
Some college	44.8	4.7	55.1	45.8	2.3	7.4	80.2
College degree	58.7	9.2	47.7	42.1	2.4	6.4	82.0

median amount borrowed against such lines rose from $25,100 in 2007 to $26,400 in 2010 (data not shown in the tables).[48] Overall, the share of total home-secured debt that was attributable to outstanding balances on first liens and home equity lines of credit rose across the 2007 and 2010 surveys. The share of home-secured debt attributable to first liens increased 0.8 percentage point to 92.1 percent in 2010, and the share attributable to home equity lines of credit increased 0.6 percentage point to 5.4 percent in 2010. The remaining share, which is accounted for by junior liens, decreased 1.4 percentage points, to 2.6 percent, in the most recent period (data not shown in the tables).

In 2010, there was a reversal of the previously increasing trend in the share of the amount of all first liens that was attributable to refinanced mortgages or where additional borrowing had occurred. First liens that had not been refinanced held steady at 30.5 percent of all homeowners, while the share of homeowners without additional borrowing fell (table 14). Among families in 2010 that had borrowed additional amounts at the time of their most recent refinancing, the median additional amount borrowed was $30,000, compared with $30,300 in 2007 (data not shown in the tables). In the 2010 survey, the most common use of such additional borrowing was for home improvement or some other type of real estate

[48] Of all families, 44.7 percent had a first-lien mortgage in 2010 (45.4 percent in 2007), 3.9 percent had a junior-lien mortgage (5.8 percent in 2007), 10.3 percent had a home equity line of credit (12.6 percent in 2007), and 7.2 percent had a home equity line of credit with an outstanding balance (8.5 percent in 2007).

Table 13. Family holdings of debt, by selected characteristics of families and type of debt, 2007 and 2010 surveys—*continued*

B. 2010 Survey of Consumer Finances—*continued*

Family characteristic	Secured by residential property		Installment loans	Credit card balances	Lines of credit not secured by residential property	Other	Any debt
	Primary residence	Other					
Race or ethnicity of respondent							
White non-Hispanic	51.8	6.1	45.8	39.3	2.4	6.1	75.9
Nonwhite or Hispanic	37.1	3.8	47.4	39.7	1.4	7.2	73.0
Current work status of head							
Working for someone else	54.4	5.3	56.0	45.8	2.4	7.7	83.9
Self-employed	58.6	12.4	42.4	40.4	3.2	7.0	82.0
Retired	29.1	2.9	24.6	25.4	.9	3.1	51.0
Other not working	31.1	2.8	51.8	35.5	*	6.6	75.1
Current occupation of head							
Managerial or professional	64.6	9.8	51.4	44.6	2.9	6.5	87.4
Technical, sales, or services	43.8	4.1	55.0	44.6	2.4	7.0	79.6
Other occupation	54.1	4.4	55.6	45.7	2.1	9.9	82.7
Retired or other not working	29.5	2.9	30.5	27.6	1.1	3.9	56.2
Region							
Northeast	46.9	5.5	42.6	39.9	1.6	6.6	74.8
Midwest	52.8	4.2	48.5	37.4	2.3	5.4	76.4
South	43.6	4.8	48.2	38.2	2.0	7.3	73.6
West	46.9	7.3	44.2	43.0	2.4	5.9	75.9
Urbanicity							
Metropolitan statistical area (MSA)	47.8	5.7	46.2	40.3	2.1	6.5	75.8
Non-MSA	43.3	3.7	46.9	35.0	1.9	6.3	70.7
Housing status							
Owner	69.9	6.9	46.1	43.1	2.0	6.5	81.4
Renter or other	*	2.2	46.9	31.8	2.1	6.4	61.6
Percentile of net worth							
Less than 25	20.0	1.8	57.1	36.9	2.3	6.6	69.2
25–49.9	48.9	2.0	51.1	44.5	1.5	7.3	78.8
50–74.9	61.5	4.6	47.7	46.2	2.2	6.7	80.3
75–89.9	56.9	9.7	34.4	36.1	1.8	5.4	72.2
90–100	58.6	17.8	21.9	20.9	3.0	4.5	70.4

investment; together, those accounted for about half of equity extracted. Other notable uses for extracted equity include loan consolidation, business investment, vehicle purchase, and education expenses.

Families headed by a self-employed person were more likely than families overall to have a home equity line of credit—18.8 percent of self-employed families, compared with 10.3 percent overall in 2010—and to be borrowing against such a line—13.1 percent of self-employed families, compared with 7.2 percent for all families in 2010 (data not shown in the tables). These differences reflect, in part, the relatively higher rates of homeownership among families headed by a self-employed person.

Amid rising house prices in the decade before 2007, much discussion focused on how families managed to finance the purchase of a home. Even though house price declines after 2007 benefited first-time homebuyers, existing homeowners were confronted with the necessity of servicing mortgage balances accumulated earlier. One important determinant of the size of the regular payment that families must make to service their mortgages is the length of time over which the loan must be repaid. Between 2007 and 2010, the share of fixed-term first-lien mortgages with a term of at least 30 years rose dramatically, continuing a trend observed in the prior survey. The share of fixed-term first-lien mortgages with a

Table 13. Family holdings of debt, by selected characteristics of families and type of debt, 2007 and 2010 surveys—*continued*

B. 2010 Survey of Consumer Finances—*continued*

Family characteristic	Secured by residential property		Installment loans	Credit card balances	Lines of credit not secured by residential property	Other	Any debt
	Primary residence	Other					
Median value of holdings for families holding debt (thousands of 2010 dollars)							
All families	**109.6**	**98.0**	**12.6**	**2.6**	**6.0**	**4.5**	**70.7**
Percentile of income							
Less than 20	54.6	72.0	7.6	1.0	1.0	2.0	10.1
20–39.9	65.5	60.0	8.4	1.5	2.7	2.0	20.2
40–59.9	90.0	62.5	12.0	2.2	5.0	3.5	61.4
60–79.9	116.6	66.9	15.0	3.1	3.2	6.0	106.6
80–89.9	158.0	88.0	19.0	5.9	14.5	5.0	163.8
90–100	241.0	180.0	22.4	8.0	20.0	18.0	267.2
Age of head (years)							
Less than 35	120.0	89.0	14.0	1.6	2.0	2.0	39.6
35–44	139.9	85.0	14.7	3.5	2.5	4.4	108.0
45–54	114.0	115.0	12.0	3.5	6.0	5.0	91.8
55–64	97.0	98.0	11.3	2.8	11.0	6.0	76.9
65–74	70.0	125.0	10.0	2.2	8.1	6.0	45.0
75 or more	52.0	74.8	7.8	1.8	*	13.0	30.0
Family structure							
Single with child(ren)	96.0	95.0	9.9	2.0	8.1	2.8	30.2
Single, no child, age less than 55	110.0	99.0	11.8	1.6	3.0	5.0	34.8
Single, no child, age 55 or more	64.0	72.0	7.6	1.7	3.3	2.1	28.0
Couple with child(ren)	132.0	106.3	15.0	3.4	6.0	4.2	112.8
Couple, no child	101.0	97.0	13.2	3.0	13.0	5.8	72.5
Education of head							
No high school diploma	60.0	*	7.6	1.4	.6	2.3	17.6
High school diploma	83.0	62.5	10.0	2.1	3.2	3.0	42.8
Some college	106.0	61.3	12.1	2.1	2.7	3.0	59.7
College degree	150.0	125.0	18.0	4.0	13.0	9.0	127.0

Note: See note to table 1.

* Ten or fewer observations.

term of 30 years or longer rose 5.6 percentage points, to 70.6 percent in 2010. Offsetting that increase, the share of fixed-term first-lien mortgages with a term of 15 years or shorter fell 4.4 percentage points to 21.1 percent in 2010, and the share with terms between 16 and 29 years fell 1.1 percentage points to 8.3 percent in 2010 (data not shown in the tables).

The level of interest rates is also a key determinant of the size of the regular payment that a borrower must make to repay a loan. Between 2007 and 2010, the median interest rate on the stock of outstanding first-lien mortgages on primary residences fell 0.50 percentage point to 5.50 percent, and the mean interest rate fell 0.6 percentage point to 5.71 percent (data not shown in the tables). Some mortgages have an interest rate that may rise or fall over time. From 2007, the fraction of first-lien mortgages on the primary residence that had a potentially variable rate fell 3.6 percentage points, to 10.6 percent in 2010.

Another factor that may affect a borrower's ability to service a loan is the extent to which the payment may change over the life of the loan for reasons other than a change in the interest rate. Recent declines in house prices and changes in benchmark interest rates have brought particular attention to mortgages with payments that may vary over the life of the loan. In some cases, a mortgage may be structured so that the regular payments are not sufficient to pay back the entire principal over the contract period of the loan; in such cases, a

Table 13. Family holdings of debt, by selected characteristics of families and type of debt, 2007 and 2010 surveys—*continued*

B. 2010 Survey of Consumer Finances—*continued*

Family characteristic	Secured by residential property		Installment loans	Credit card balances	Lines of credit not secured by residential property	Other	Any debt
	Primary residence	Other					
Race or ethnicity of respondent							
White non-Hispanic	112.0	110.0	13.6	3.1	6.0	5.2	85.0
Nonwhite or Hispanic	100.0	80.0	10.7	1.9	5.5	2.7	40.0
Current work status of head							
Working for someone else	116.0	92.0	13.9	3.0	6.0	4.0	85.0
Self-employed	145.0	140.0	15.3	4.0	15.6	10.0	118.0
Retired	60.8	62.0	8.1	2.0	3.3	3.0	30.0
Other not working	92.7	94.0	8.3	1.5	*	5.0	21.1
Current occupation of head							
Managerial or professional	150.0	140.0	17.0	4.0	10.0	6.0	137.0
Technical, sales, or services	110.0	86.3	12.8	2.3	2.0	3.8	56.7
Other occupation	90.0	52.0	11.1	2.6	5.6	4.0	63.5
Retired or other not working	68.0	72.0	8.1	1.8	3.0	4.0	28.2
Region							
Northeast	114.0	118.8	13.7	2.3	6.0	6.0	73.0
Midwest	95.0	85.0	13.1	2.5	3.0	4.0	70.5
South	95.0	88.0	11.3	2.8	8.1	3.4	59.6
West	157.6	125.0	14.4	3.0	6.0	5.0	92.3
Urbanicity							
Metropolitan statistical area (MSA)	119.0	104.0	12.9	2.8	5.0	5.0	80.2
Non-MSA	64.0	62.5	12.0	2.1	14.5	3.0	40.0
Housing status							
Owner	109.6	97.0	13.7	3.4	10.0	5.2	110.8
Renter or other	*	105.4	10.2	1.3	1.5	2.7	9.6
Percentile of net worth							
Less than 25	141.0	110.0	13.5	1.9	1.9	2.5	20.4
25–49.9	91.0	25.6	10.5	2.0	1.3	2.5	55.3
50–74.9	100.3	53.2	12.7	3.1	5.0	6.0	85.9
75–89.9	105.0	92.0	13.5	3.4	11.0	10.0	100.7
90–100	216.5	195.0	17.7	5.0	30.0	25.0	232.8
MEMO							
Mean value of holdings for families holding debt	154.3	179.6	23.5	7.1	49.1	16.8	130.7

"balloon payment" of the remaining principal is left at the end of the loan term. Over the 2007–10 period, the share of first-lien mortgages with a balloon payment fell 1.3 percentage points to 3.2 percent. Payments on a mortgage may vary in a variety of other ways, but such loans tend to be rarely found in the SCF.

Borrowing on Other Residential Real Estate

Although ownership of residential real estate other than a primary residence rose slightly from 2007 to 2010, the prevalence of debt owed on such property edged down 0.2 percentage point over that time—to 5.3 percent of families in 2010. Among families that had such real estate in 2007, 40.3 percent had a loan secured by the property; in 2010, the proportion had fallen to 37.2 percent. Borrowing on other residential real estate is more common among families in higher income, education, or wealth groups; couples; and families headed by a self-employed person or by a person employed in a managerial or professional position. Most of the changes in the prevalence of such debt across groups were small, though there were substantial decreases for the highest income and wealth deciles and the self-employed.

Table 14. Type of home-secured debt held by homeowners, 2001–10 surveys
Percent

Type of home-secured debt	Homeowners with home-secured debt			
	2001	2004	2007	2010
First-lien mortgage	62.5	65.2	66.1	66.4
For home purchase	35.8	28.2	30.4	30.5
Refinanced				
Extracted equity	9.7	12.9	14.3	11.4
No extracted equity	17.1	24.0	21.5	24.5
Junior-lien mortgage	8.5	6.1	8.5	5.8
For home purchase	1.3	1.5	2.1	1.7
Other purpose	7.2	4.7	6.4	4.0
Home equity line of credit	11.2	17.8	18.4	15.3
Currently borrowing	7.1	12.4	12.4	10.7

The median amount of debt on other residential real estate for families having such debt fell 6.5 percent in 2010, and the mean amount fell 4.2 percent. Changes over the recent three-year period in the median and mean amounts exhibited a mixed pattern of increases and decreases for subgroups of families, and the percentage changes were quite large in absolute value.

Installment Borrowing

Installment borrowing is about as common as home-secured borrowing.[49] In 2010, 46.3 percent of families had installment debt, a decrease of 0.6 percentage point from the level in 2007. The use of installment borrowing is broadly distributed across demographic groups, with notably lower use by families in the lowest income group, those in the highest wealth group, childless single families headed by a person aged 55 or older, families headed by a retired person, and families headed by a person aged 65 or older. By comparison, the median amount of outstanding installment debt, for families having such debt, varies more clearly across many groups. The median amount tends to rise across income and education, and it falls across age groups. The median amount of installment debt is fairly similar among families in wealth groups below the 90th percentile and somewhat higher for families in the top net worth group.

Installment borrowing is used for a wide variety of purposes. In 2010, 45.1 percent of such borrowing was related to education, 39.3 percent was related to the purchase of a vehicle, and 15.6 percent of outstanding installment debt was owed for other purposes (**table 15**). In past SCF surveys, balances on vehicle loans have always accounted for more than half of installment debt; the decrease to a share of 39.3 percent in 2010 reflects, in part, a decrease in vehicle purchases in the years preceding the most recent survey. A contributing factor in the decline of that share was an increase in borrowing for education, which rose 11.9 percentage points as a share of installment borrowing over the recent three-year period. The increased importance of education-related installment debt is most evident for the youngest age group; among families headed by someone less than age 35, 65.6 percent of their installment debt was education related in 2010, up from 53.1 percent in 2007. Among families headed by someone reporting educational attainment of "some college," the share of

[49] The term "installment borrowing" in this article describes closed-end consumer loans—that is, loans that typically have fixed payments and a fixed term. Examples are automobile loans, student loans, and loans for furniture, appliances, and other durable goods.

Table 15. Value of installment debt distributed by type of installment debt, by selected characteristics of families with installment debt, 2007 and 2010 surveys
Percent

Family characteristic	2007			2010		
	Education	Vehicle	Other	Education	Vehicle	Other
All families	**33.2**	**51.7**	**15.1**	**45.1**	**39.3**	**15.6**
Percentile of income						
Less than 20	47.0	24.4	28.6	40.6	29.1	30.3
20–39.9	29.8	43.9	26.3	44.2	32.2	23.6
40–59.9	33.6	54.7	11.7	54.0	34.3	11.7
60–79.9	32.7	59.4	7.9	42.6	46.7	10.7
80–89.9	38.3	56.2	5.6	50.7	44.6	4.7
90–100	25.5	50.9	23.6	37.3	43.7	19.0
Age of head (years)						
Less than 35	53.1	41.2	5.6	65.6	25.7	8.7
35–44	24.3	57.8	17.8	48.1	37.5	14.4
45–54	27.2	53.5	19.4	36.1	51.3	12.6
55–64	21.7	53.8	24.5	29.9	42.9	27.2
65–74	*	73.2	19.0	13.3	63.7	23.0
75 or more	*	88.0	*	*	38.8	52.0
Education of head						
No high school diploma	12.8	71.5	15.8	12.3	59.4	28.3
High school diploma	15.0	69.6	15.4	22.8	53.6	23.6
Some college	23.6	53.0	23.5	49.4	39.1	11.5
College degree	48.1	40.2	11.7	54.8	32.3	12.9
Race or ethnicity of respondent						
White non-Hispanic	32.1	52.1	15.9	43.9	40.0	16.1
Nonwhite or Hispanic	36.2	50.6	13.2	47.6	37.7	14.7
Percentile of net worth						
Less than 25	47.9	32.5	19.6	65.4	16.3	18.3
25–49.9	30.4	60.8	8.7	41.0	47.2	11.8
50–74.9	30.1	60.5	9.4	34.0	56.4	9.6
75–89.9	25.9	65.8	8.3	31.1	58.7	10.2
90–100	16.7	47.7	35.7	11.3	60.0	28.7

Note: See note to table 1.
* Ten or fewer observations.

installment debt attributable to education-related loans more than doubled, from 23.6 percent in 2007 to 49.4 percent in 2010.[50]

From 2007 to 2010, the median amount owed on installment loans fell 7.4 percent, while the mean rose 7.3 percent. Changes in the median within demographic categories include both increases and decreases. Large decreases in the median debt outstanding occurred among nonwhite or Hispanic families (a 15.1 percent decrease) and among families headed by someone who lacked a high school diploma (a 17.4 percent decrease).

Credit Card Balances and Other Lines of Credit

As with installment borrowing, the carrying of credit card balances is widespread, but it is considerably less common among the highest and lowest income groups, the highest wealth group, and families headed by a person who is aged 65 or older or who is retired.[51] The

[50] For an expanded version of table 13, including the categories of installment loans given in table 15, see www.federalreserve.gov/econresdata/scf/scf_2010.htm.

[51] In this article, credit card balances consist of balances on bank-type cards (such as Visa, MasterCard, and Discover as well as Optima and other American Express cards that routinely allow carrying a balance), store cards

proportion of families carrying a balance, 39.4 percent in 2010, was down 6.7 percentage points from 2007. The decreased prevalence of credit card debt outstanding was widespread and noticeable across most of the demographic groups, though the prevalence of credit card debt rose for families headed by someone aged 75 or older and among families headed by someone with no high school diploma.

Overall, the median balance for those carrying a balance fell 16.1 percent to $2,600; the mean fell 7.8 percent to $7,100. These decreases reversed some of the preceding run-up in credit card debt (data not shown in the tables). Over the recent three-year period, the median balance fell for most demographic groups; couples and childless single families, higher-wealth families, and families headed by someone working in technical, sales, or service jobs and managerial or professional occupations all saw substantial decreases in their median credit card balances. One group that saw substantial increases in the use of credit card borrowing is families headed by someone 75 or older; median balances also rose for single families with children and for families in the bottom wealth quartile.

Many families with credit cards do not carry a balance.[52] Of the 68.0 percent of families with credit cards in 2010, only 55.1 percent had a balance at the time of the interview; in 2007, 72.9 percent had cards, and 61.0 percent of these families had an outstanding balance on them. The number of credit cards held by families also decreased. In 2007, 35.0 percent of families held four or more cards, and that level of ownership fell to 32.7 percent by 2010. Between 2007 and 2010, the fraction of families with three cards fell from 12.1 percent to 10.6 percent, the fraction with two cards fell from 12.7 percent to 12.2 percent, and the fraction with one card fell from 13.1 percent to 12.5 percent (data not shown in the tables).

The proportion of cardholders who had bank-type cards decreased slightly over this three-year period, and the proportion with store or gasoline card types fell considerably, while the proportion with travel and entertainment card types as well as miscellaneous other credit cards increased, as shown in the following table:

Table 15.1

Type of credit card	Families with credit cards	
	2010 (percent)	Change, 2007–10 (percentage points)
Bank	95.8	–.5
Store or gasoline	55.8	–4.4
Travel and entertainment	9.3	1.9
Miscellaneous	5.1	1.4

Bank-type cards are the most widely held type of card and thus hold particular importance in any examination of family finances. Indeed, balances on such cards accounted for 85.1 percent of outstanding credit card balances in 2010, down from 87.1 percent in 2007 (data not shown in the tables). The proportion of holders of bank-type cards who had a balance went down 5.9 percentage points to 52.4 percent; the proportion of holders of

or charge accounts, gasoline company cards, so-called travel and entertainment cards (such as American Express cards that do not routinely allow carrying a balance and Diners Club), other credit cards, and revolving store accounts that are not tied to a credit card. Balances exclude purchases made after the most recent bill was paid.

52 The remaining discussion of credit cards excludes revolving store accounts that are not tied to a credit card. In 2010, 5.1 percent (5.4 percent in 2007) of families had such an account, the median outstanding balance for families that had a balance was $750 ($730 in 2007), and the total of such balances accounted for 3.5 percent (4.4 percent in 2007) of the total of balances on credit cards and such store accounts (data not shown in the tables).

bank-type cards who reported that they usually pay their balances in full rose slightly, from 55.3 percent in 2007 to 56.4 percent in 2010. Over the recent three-year period, the median new charges for the month preceding the interview on all bank-type cards held by the family rose from $260 in 2007 to $300 in 2010. For families having any bank-type cards, the median number of such cards remained at 2; the median credit limit on all such cards fell from $18,900 to $15,000, and the median interest rate on the card with the largest balance (or on the newest card, if no outstanding balances existed) rose 0.5 percentage point to 13.0 percent.

Only 4.1 percent of families had an established line of credit other than a home equity line in 2010.[53] Even fewer families—2.1 percent—had a balance on such a line, an increase of 0.4 percentage point since 2007. The median amount outstanding on these lines rose 50.0 percent between the most recent surveys, and the mean rose even more—71.9 percent—between 2007 and 2010. Borrowing on other lines of credit was more common among families headed by a person who was self-employed or families in the highest income or wealth groups, a pattern that is also apparent in earlier SCFs.

Other Debt

From 2007 to 2010, the proportion of families that owed money on other types of debts decreased 0.4 percentage point to 6.4 percent.[54] Borrowing against pension accounts rose slightly over this period, while uses of other types declined, as shown in the following table:

Table 15.2

Type of other debt	All families	
	2010 (percent)	Change, 2007–10 (percentage points)
Cash value life insurance loans	.9	†
Pension account loans	3.6	.4
Margin account loans	.3	–.2
Other miscellaneous loans	1.9	–.5

† Less than 0.05 percent.

Rates of use of other debt are noticeably lower for families in the bottom two income groups as well as for families headed by a person who is 65 years of age or older or who is retired. The highest rate of other debt ownership is among the groups of families with children. Changes in the prevalence of such debt varied widely across demographic groups, though most groups saw declines.

The median amount owed by families with this type of debt fell 13.5 percent to $4,500 between 2007 and 2010; over the same period, the mean rose 6.8 percent. In 2010, 40.2 percent of the total amount of this type of debt outstanding was attributable to margin loans (36.3 percent in 2007), 26.4 percent to loans against a pension from a current job of the family head or that person's spouse or partner (20.5 percent in 2007), 8.0 percent to loans against cash value life insurance policies (12.0 percent in 2007), and the remaining 25.4 percent to miscellaneous loans (31.2 percent in 2007) (data not shown in the tables).

[53] In this article, borrowing on lines of credit excludes borrowing on credit cards.

[54] The "other debt" category comprises loans on cash value life insurance policies, loans against pension accounts, borrowing on margin accounts, and a miscellaneous category largely comprising personal loans not explicitly categorized elsewhere.

Table 16. Amount of debt of all families, distributed by purpose of debt, 2001–10 surveys
Percent

Purpose of debt	2001	2004	2007	2010
Primary residence				
Purchase	70.9	70.2	69.5	69.5
Improvement	2.0	1.9	2.3	1.9
Other residential property	6.5	9.5	10.8	10.5
Investments excluding real estate	2.8	2.2	1.6	2.0
Vehicles	7.8	6.7	5.5	4.7
Goods and services	5.8	6.0	6.2	5.7
Education	3.1	3.0	3.6	5.2
Other	1.1	.6	.5	.4
Total	**100**	**100**	**100**	**100**

Note: See note to table 1.

In 2007, the SCF collected information for the first time on whether a family member had taken out a loan in the past year that was supposed to be repaid in full out of that person's next paycheck.[55] Overall, 3.9 percent of families reported having taken out a so-called payday loan in 2010, up from 2.4 percent in 2007. In 2010, the fraction of families that had taken out a payday loan declined over age groups, falling from 5.7 percent of families headed by a person younger than age 35 to 0.5 percent for families headed by a person aged 65 or older (data not shown in the tables). Across income groups, the share of families that reported such a loan was between 4.6 percent and 6.2 percent for the bottom three quintiles, but for families in the top quintile, the rate was only 0.2 percent. Similarly, 8.1 percent of families in the bottom net worth quartile reported having taken out a payday loan, and virtually no families with net worth above the median reported having done so.

The data indicate that families tend to take out payday loans to finance immediate expenses. In 2010, the most common reason given for choosing a payday loan for families that had taken out such a loan was "emergencies" and similar urgent needs or a lack of other options (42.4 percent).[56] The second most common reason cited was "convenience" in obtaining the loan (24.2 percent). Many families also cited reasons that conveyed difficulties in meeting their regular financial commitments; for example, 17.4 percent of families reported a need to pay other bills and loans (up from 10.8 percent in 2007), and 11.0 percent cited the need to pay for living expenses, including food, gas, vehicle expenses, medical payments, utility costs, or rent. The remaining 5.0 percent of families with a payday loan in the past year cited other needs, including "Christmas" or the need to "help family."

Reasons for Borrowing

The SCF provides information on the reasons that families borrow money (**table 16**). One subtle problem with the use of these data is that, even though money is borrowed for a particular purpose, it may be employed to offset some other use of funds. For example, a family may have sufficient funds to purchase a home without using a mortgage but may instead choose to finance the purchase to free existing funds for another purpose. Thus, trends in the data can only suggest the underlying use of funds by families.

[55] The family may or may not have had such a loan outstanding at the time of the interview.

[56] This discussion considers the primary reasons given by families when asked why they chose this type of loan. Families could provide up to two reasons, but 94.5 percent of those that had taken out a payday loan in the past year provided only one.

Although the survey information on use is substantial, it is not exhaustive. Most important, in the case of credit cards, it was deemed impractical to ask about the purposes of borrowing, which might well be heterogeneous for individual families. For the analysis here, all credit card debt is included in the category "goods and services." The surveys before 2004 lack information on the use of funds borrowed through a first-lien mortgage; therefore, for purposes of this calculation, all funds owed on a first-lien mortgage on a primary residence are assumed to have been used for the purchase of the home, even when the homeowner had refinanced the mortgage and extracted equity for another purpose.

The great majority of family debt is attributable to the purchase of a primary residence; between 2007 and 2010, the share of debt for this purpose was unchanged (at 69.5 percent). Looking more broadly at debt for residential real estate, there was a decrease in balances owed on residential real estate other than the primary residence—the second-largest share of debt—and a similar decrease in balances owed for improvements on the primary residence. The share of debt attributable to vehicle purchases also fell—0.8 percentage point, to 4.7 percent of the total.

With a 1.6 percent rise between 2007 and 2010, the fraction of debt owed for education, at 5.2 percent, exceeded the fraction of borrowing for vehicles for the first time in the SCF. The increase in the share of debt for education reflects to some degree the decrease in borrowing for other purposes, but the level of education debt also rose substantially. The share of families having any education debt rose from 15.2 percent in 2007 to 19.2 percent in 2010 (data not shown in the tables). Among families with education debt, the mean increased 14.0 percent (from $22,500 in 2007 to $25,600 in 2010), while the median rose 3.4 percent (from $12,600 in 2007 to $13,000 in 2010).

The fraction of debt owed for goods and services fell between 2007 and 2010 from 6.2 percent to 5.7 percent. The decline in the share of debt in the goods and services category was smaller than that in the share of debt for vehicles, so goods and services continued to account for a larger share of debt outstanding. About half of the debt in the goods and services category, 50.1 percent, was outstanding balances on credit cards.[57]

Credit Market Experiences

The SCF also collects some information on families' recent credit market experiences. Specifically, the survey asks whether the family had applied for any type of credit in the past five years and, if so, whether any application was either turned down or granted for a lesser amount than the amount initially requested. Families that give such responses are asked the reason given for the decision. The survey also asks whether, at any time in the past five years, the family ever considered applying for credit but then decided not to apply because of a belief that the application would be rejected. Such families were asked the reason they believed they would have been turned down.

In 2010, 61.7 percent of families reported that they had applied for credit at some point in the preceding five years (66.3 percent in 2007). Of these families, 33.9 percent had at least once in the preceding five years been either turned down for credit or approved for less credit than the amount for which they had applied (29.7 percent in 2007). Of all families,

[57] The surveys beginning with 2004 contain information on the use of funds obtained from refinancing a first-lien mortgage. If this information for 2010 is used in the classification of outstanding debt by purpose, the shares of debt were, for home purchase, 66.4 percent; for home improvements, 2.9 percent; for other residential real estate, 11.0 percent; for investments other than real estate, 2.3 percent; for vehicles, 4.8 percent; for goods and services, 6.9 percent; for education, 5.3 percent; and for other unclassified purposes, 0.4 percent (data not shown in the tables).

18.5 percent had considered applying but subsequently did not do so because they thought the application would be denied (15.3 percent in 2007). The most common reasons reported for either having been denied credit or having not applied for credit were related to the borrower's credit characteristics, such as the lack of a credit history, previous performance on a loan or account from another institution, and the amount of debt held by the borrower, as shown in the following table:[58]

Table 16.1

Reason turned down or did not apply	Families that applied for credit and were turned down or received less credit than the amount requested (percent)	Families that did not apply for credit because they expected to be turned down (percent)
Personal characteristics	1.7	2.2
Credit characteristics	55.5	62.9
Financial characteristics	33.0	28.2
Miscellaneous, including no reason given	9.8	6.8

In 2010, the SCF began collecting information about credit market experiences of small businesses owned by families. Although personal and business finances may be intertwined, there may be differences in the ease with which persons and businesses obtain credit. In 2010, among the 23.0 percent of families having a small business that applied for credit in the preceding five years, 25.1 percent reported having been turned down or received less credit than the amount requested, and another 7.5 percent reported they did not apply for credit because they thought they would be turned down. Among those who were turned down or received less than the amount requested, 29.5 percent reported the reason was personal or business credit characteristics, 50.4 reported it was due to the financial characteristics of the business, and 20.1 percent reported miscellaneous reasons (data not shown in the tables).

Debt Burden

The ability of individual families to service their loans is a function of two factors: the level of their loan payments and the income and assets they have available to meet those payments. In planning their borrowing, families make assumptions about their future ability to repay their loans. Problems may occur when events turn out to be contrary to those assumptions. If such misjudgments are sufficiently large and prevalent, a broad pattern of default, restraint in spending, and financial distress in the wider economy might ensue (such as was seen in the period after the 2007 survey).

The Federal Reserve staff has constructed an aggregate-level debt service ratio, defined as an estimate of total scheduled loan payments (interest plus minimum repayments of principal) for all families, divided by total disposable personal income. From the third quarter of 2007 to the same period in 2010, the aggregate-level measure dropped 2.2 percentage points, to 11.7 percent.[59]

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[58] Personal characteristics include responses related to family background or size, marital status, sex, or age; credit characteristics include responses related to the need to have a checking or savings account, lack of a credit history, credit reports from a credit rating agency or from other institutions, or the level of outstanding debt and insufficient credit references; and financial characteristics include responses related to previous difficulty getting credit, more "strict" lending requirements of the institution, an error in processing the application, or credit problems of an ex-spouse.

[59] Data on this measure, the "debt service ratio," and a description of the series are available at www.federalreserve.gov/releases/housedebt/default.htm. See Karen Dynan, Kathleen Johnson, and Karen Pence (2003), "Recent Changes to a Measure of U.S. Household Debt Service," *Federal Reserve Bulletin*, vol. 89 (October), pp. 417–26, www.federalreserve.gov/pubs/bulletin/default.htm.

The survey data for individual families may be used to construct a similar estimate of debt burden for families overall as well as for various demographic groups (table 17).[60] The SCF-based estimate is the ratio of total debt payments for all families to total family income of all families. From 2007 to 2010, the SCF-based estimate was barely changed at 14.7 percent; conceptual differences between the aggregate measure and the SCF-based estimate

Table 17. Ratio of debt payments to family income (aggregate and median), share of debtor families with ratio greater than 40 percent, and share of debtors with any payment 60 days or more past due, 2001–10 surveys

Percent

Family characteristic	Aggregate				Median for debtors				Debtors with ratio greater than 40 percent				Debtors with any payment past due 60 days or more			
	2001	2004	2007	2010	2001	2004	2007	2010	2001	2004	2007	2010	2001	2004	2007	2010
All families	**12.9**	**14.4**	**14.6**	**14.7**	**16.7**	**18.1**	**18.7**	**18.1**	**11.8**	**12.3**	**14.8**	**13.8**	**7.0**	**8.9**	**7.1**	**10.8**
Percentile of income																
Less than 20	16.1	18.2	17.7	23.5	19.2	19.7	19.1	16.3	29.3	26.8	26.9	26.1	13.4	15.9	15.1	21.2
20–39.9	15.8	16.7	17.2	16.9	16.7	17.4	17.1	17.5	16.6	18.6	19.5	18.6	11.7	13.8	11.5	15.2
40–59.9	17.1	19.4	19.8	19.5	17.6	19.5	20.3	20.0	12.3	13.8	14.5	15.4	7.9	10.4	8.3	10.2
60–79.9	16.8	18.6	21.8	19.3	18.1	20.7	21.9	20.4	6.5	7.3	12.9	11.0	4.0	7.1	4.1	8.8
80–89.9	17.0	17.4	19.8	18.0	17.2	18.3	19.3	19.3	3.5	2.6	8.2	5.3	2.6	2.3	2.1	5.4
90–100	8.1	9.3	8.4	9.4	11.2	12.7	12.5	13.1	2.0	1.5	3.8	2.9	1.3	.3	.2	2.1
Age of head (years)																
Less than 35	17.2	17.8	19.7	17.0	17.7	18.0	17.6	16.4	12.0	12.8	15.1	11.6	11.9	13.7	9.4	10.4
35–44	15.1	18.3	18.6	18.4	17.8	20.6	20.3	20.9	10.1	12.4	12.8	16.4	5.9	11.7	8.6	15.7
45–54	12.8	15.4	15.0	16.2	17.4	18.5	19.6	19.2	11.6	13.3	16.3	15.5	6.2	7.6	7.3	12.6
55–64	10.9	11.6	12.6	12.5	14.3	15.9	17.5	17.6	12.3	10.3	14.5	13.0	7.1	4.2	4.9	8.4
65–74	9.2	8.7	9.6	11.3	16.0	15.6	17.9	17.0	14.7	11.6	15.6	12.1	1.5	3.4	4.4	6.1
75 or more	3.9	7.1	4.4	6.8	8.0	12.8	13.0	14.1	14.6	10.7	13.9	11.9	.8	3.9	1.0	3.2
Percentile of net worth																
Less than 25	13.3	13.0	15.0	19.2	11.5	13.0	12.1	13.6	11.6	10.6	10.7	14.9	17.8	23.0	16.8	22.2
25–49.9	18.1	19.6	22.5	19.3	20.1	21.2	23.4	21.2	14.2	15.9	19.3	15.3	7.1	11.0	7.7	13.3
50–74.9	16.7	20.7	20.4	19.2	18.3	21.5	21.8	20.8	11.2	12.9	16.0	14.0	3.6	3.2	4.2	6.8
75–89.9	15.4	15.2	17.0	15.9	16.9	18.0	18.2	16.7	10.6	9.6	13.1	11.0	.7	1.0	1.2	2.0
90–100	7.4	8.6	8.1	8.8	11.2	12.7	12.7	13.4	8.5	7.6	11.1	11.0	.3	.1	.7	1.2
Housing status																
Owner	13.9	15.7	15.6	16.1	19.9	21.5	22.8	22.2	14.7	15.0	18.1	17.1	4.3	5.6	4.8	8.7
Renter or other	7.4	7.2	7.9	7.0	8.3	8.2	8.4	6.8	4.2	4.3	5.4	5.0	14.0	18.6	13.5	16.6

Note: The aggregate measure is the ratio of total debt payments to total income for all families. The median is the median of the distribution of ratios calculated for individual families with debt. Also see note to table 1.

[60] The survey measure of payments relative to income may differ from the aggregate-level measure for several reasons. First, the debt payments included in each measure are different. The aggregate-level measure includes only debts originated by depositories, finance companies, and other financial institutions, whereas the survey includes, in principle, debts from all sources.

Second, the aggregate-level measure uses an estimate of disposable personal income from the national income and product accounts for the period concurrent with the estimated payments as the denominator of the ratio, whereas the survey measure uses total before-tax income reported by survey families for the preceding year; the differences in these two income measures are complex.

Third, the payments in the aggregate-level measure are estimated using a formula that entails complex assumptions about minimum payments and the distribution of loan terms at any given time; the survey measure of payments is directly asked of the survey respondents but may also include payments of taxes and insurance on real estate loans.

Fourth, because the survey measures of payments and income are based on the responses of a sample of respondents, they may be affected both by sampling error and by various types of response errors. As mentioned earlier in this article, the survey income measure tracks the most comparable measure of income in the Census Bureau's Current Population Survey.

can account for this divergence in the recent period.[61] If total payments and incomes are computed from the survey data using only families with debt payments, the results for the recent period show an increase from 18.1 percent in 2007 to 18.5 percent in 2010; if the ratio is computed using only families with home-secured debt, the data show a rise from 20.5 percent in 2007 to 21.1 percent in 2010 (data not shown in the tables). The SCF-based estimate of the aggregate debt-burden ratio decreased for many demographic groups over the recent three-year period, but there were notable increases for low-income and low-net-worth families as well as families headed by a person aged 65 or older.

The ability to look at the distribution of payments relative to income at the level of families potentially offers insights that are not available from any of the aggregate-level figures. In particular, the survey allows a detailed look at the spectrum of payments relative to income across all families with debts. Over the recent period, the median of the ratios for individual families that had any debt fell 0.6 percentage point, to 18.1 percent in 2010; this decline is small relative to the cumulative increases in this measure since 1989 that were otherwise interrupted only by a decline between 1998 and 2001. Changes in the most recent three-year period in the median ratio of debt payments to income across demographic groups were mixed.[62]

A limitation of the median ratio is that it may not be indicative of distress because it reflects the situation of only a typical family. Unless errors of judgment by both families and lenders are pervasive, one would not expect to see signs of financial distress at the median. Thus, a more compelling indicator of distress is the proportion of families with unusually large total payments relative to their incomes. From 2007 to 2010, the proportion of debtors with payments exceeding 40 percent of their previous-year income fell 1.0 percentage point to 13.8 percent; in the preceding three years, the proportion had increased 2.5 percentage points. The changes were generally negative across demographic groups except families in the bottom net worth group, for which the share rose 4.2 percentage points. Changes for most of the income groups were small, though families with income between the 60th and 80th percentiles saw a 1.9 percentage point decline in the fraction exceeding the 40 percent mark, and those between the 80th and 90th income percentiles saw a 2.9 percentage point decline.[63]

Fluctuations in a family's income away from its usual level can have substantial effects on the family's payment-to-income ratio. If the payment ratio is defined in terms of families' reported usual incomes, the fraction of families with a ratio exceeding 40 percent falls to 10.0 percent. This 3.8 percentage point difference reflects two facts: first, 4.4 percent of families with debt had relatively high payment-to-income ratios based on the previous year's income but would not have if income had been at its usual level, and, second, a far smaller share of families with debt—0.6 percent—had debt payments less than or equal to 40 percent of last year's income but would have had a ratio above 40 percent if income had been at its usual level. Families may draw on assets as well as income to meet debt payments. For all families with debt, 56.7 percent had transaction account balances equal to at least three months of debt payments in 2010. For families with payment-to-income ratios above 40 percent, however, this share fell to 22.4 percent.

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[61] The definition of debt payments in the SCF does not include payments on leases or rental payments. The survey collects information on vehicle lease payments and rent on primary residences, and, thus, in principle a broader measure of debt payments could be constructed, one that would be similar to the "financial obligations ratio" estimated by the Federal Reserve staff.

[62] The median of the ratio for families with home-secured debt in 2010 was 24.8 percent, down from 25.2 percent in 2007 (data not shown in the tables).

[63] Of families with home-secured debt, the proportion that had total payments of more than 40 percent of their income was 19.3 percent in 2010, a level 0.9 percentage point lower than that in 2007 (data not shown in the tables).

Other commonly used indicators of debt-repayment problems are aggregate delinquency rates—that is, the percentage of delinquent accounts or the percentage of total balances on which payments are late. Both account-based and dollar-weighted aggregate measures indicate that delinquencies on mortgages rose substantially from the third quarter of 2007 to the third quarter of 2010, from 3.0 percent to 8.7 percent of accounts and from 2.8 percent to 10.8 percent of dollar-weighted accounts. Over the 2007–10 period, the percentage of delinquent automobile loans declined slightly, while the corresponding dollar-weighted measure rose but remained relatively low at 2.8 percent. On net, a dollar-weighted delinquency measure for other closed-end loans rose from 2.5 percent in the third quarter of 2007 to 3.4 percent in the third quarter of 2010. Delinquency measures for credit cards also differed by whether the measure was based on dollar volume or delinquent accounts, as the account-weighted delinquency rate fell from 4.2 percent to 3.6 percent between the third quarter of 2007 and the third quarter of 2010, while the dollar-weighted delinquency rate edged up from 4.4 percent to 4.6 percent over the same period.[64]

A related measure of delinquency is collected in the SCF. Families that have any debt at the time of their interview are asked whether they have been behind in any of their loan payments in the preceding year. This measure differs conceptually from the aggregate delinquency rates in that the survey counts multiple occasions of late payments as one, counts families instead of balances or accounts, and includes all types of loans; because it counts individual families, not their balances, it is closer in spirit to aggregate measures based on the numbers of delinquent accounts than to those based on the amounts of delinquent balances. The survey shows a large increase from 7.1 percent in 2007 to 10.8 percent in 2010 in the proportion of debtors who were 60 or more days late with their payments on any of their loans in the preceding year. This measure rose for families in each of the income groups, but proportionately the changes were largest for higher-income groups; the percentage also rose across net worth groups. The share of families with debt that were at least 60 days late on a payment during the preceding year rose across all age groups and for both homeowners and renters.[65] For families with a payment-to-income ratio of 40 percent or more, 22.0 percent missed a debt payment by 60 days or more (up from 13.8 percent in 2007); by comparison, 9.1 percent of debtor families with lower ratios had fallen behind in debt repayment (up from 6.0 percent in 2007).

Summary

Data from the 2007 and 2010 SCF show that median income fell substantially and that mean income fell somewhat faster, an indication that income losses, at least in terms of levels, were larger for families in the uppermost part of the distribution. Overall, both median and mean net worth also fell dramatically over this period—38.8 percent and 14.7 percent, respectively. Changes in housing wealth and business equity were key drivers in those wealth changes. The preceding three years had seen only small changes in median and mean income and in median net worth, but a sizable gain in mean net worth.

Although the median and mean of families' holdings of financial assets decreased overall from 2007 to 2010, financial assets rose as a share of total assets, reversing an earlier trend. The offsetting decline in the share of nonfinancial assets was most strongly driven by the decline in real estate prices and the value of business equity. The homeownership rate,

64 The most commonly used such measures are from the Consolidated Reports of Condition and Income (Call Report), the American Bankers Association, and Moody's Investors Service.

65 For families with home-secured debt, the result is very similar to that for homeowners overall. The proportion with payments late 60 days or more in 2007 was 4.8 percent after rising to an estimated 5.6 percent in 2004 (data not shown in the tables).

which had risen noticeably between the 2001 and 2004 surveys, continued to trend downward, by 2010 retracing the path to the level seen in 2001. Declines in unrealized capital gains were an important part of the decrease in assets; in 2010, 24.5 percent of total assets were attributable to unrealized capital gains, a share more than 11 percentage points below that in 2007; the decline was primarily due to changes in the value of holdings of real estate or private business equity.

Debt fell more slowly than assets over the recent three-year period. Thus, overall indebtedness as a share of assets rose markedly. Home-secured debt fell slightly as a share of total family debt, but in 2010 it remained by far the largest component of family debt. The share of borrowing for residential real estate other than the primary residence fell slightly, but in 2010 it stayed high by historical standards. The percentage of families using credit cards for borrowing dropped over the period; the median balance on their accounts fell 16.1 percent, and the mean fell 7.8 percent. Use of education-related borrowing continued to increase in the recent period, as the fraction of families with education-related debt rose from 15.2 percent to 19.2 percent, the mean balance among those with such debt rose 14.0 percent, and the median balance increased 3.4 percent.

Declining consumer loan interest rates between 2007 and 2010 helped offset the fact that debt rose relative to income for many families. As a result, the median ratio of loan payments to family income for debtors, a common indicator of debt burden, fell slightly over the period to 18.1 percent in 2010; this measure remains above the values seen in the 2001 SCF and earlier. Data from the recent three-year period also show a decrease of 1.0 percentage point in the proportion of debtors with loan payments exceeding 40 percent of their income, a level traditionally considered to be high; the share of families with payment ratios this high peaked at 14.8 percent in 2007. The fraction of debtors with any payment 60 days or more past due climbed from 7.1 percent in 2007 to 10.8 percent in 2010.

Appendix: Survey Procedures and Statistical Measures

Detailed documentation of the Survey of Consumer Finances (SCF) methodology is available elsewhere.[66] The 2010 data used here are derived from the final internal version of the survey information. Data from this survey, suitably altered to protect the privacy of respondents, along with additional tabulations of data from the surveys beginning with 1989, are expected to be available in June 2012 on the Federal Reserve's website at www.federalreserve.gov/econresdata/scf/scf_2010survey.htm. Links to the data used in this article for earlier periods are available on that site. Results reported in this article for earlier surveys may differ from the results reported in earlier articles because of additional statistical processing, correction of data errors, revisions to the survey weights, conceptual changes in the definitions of variables used in the articles, and adjustments for inflation.

As a part of the general reconciliations required for this article, the survey data were compared with many external estimates, a few of which are mentioned in the text. Generally, the survey estimates correspond fairly well to external estimates. One particularly important comparison is between the SCF and the Federal Reserve's flow of funds accounts for the household sector. This comparison suggests that when the definitions of the variables

[66] See Arthur B. Kennickell (2000), "Wealth Measurement in the Survey of Consumer Finances: Methodology and Directions for Future Research" (Washington: Board of Governors of the Federal Reserve System, May), www.federalreserve.gov/econresdata/scf/scf_workingpapers.htm; Arthur B. Kennickell (2001), "Modeling Wealth with Multiple Observations of Income: Redesign of the Sample for the 2001 Survey of Consumer Finances" (Washington: Board of Governors of the Federal Reserve System, October), www.federalreserve.gov/econresdata/scf/scf_workingpapers.htm; and references cited in these papers.

in the two sources can be adjusted to a common conceptual basis, the estimates of totals in the two systems tend to be close. The data series in the SCF and in the flow of funds accounts usually show very similar growth rates.[67] In general, the data from the SCF can be compared with those of other surveys only in terms of the medians because of the special design of the SCF sample.

Adjustment for Inflation

In this article, all dollar amounts from the SCF are adjusted to 2010 dollars using the "current methods" version of the consumer price index (CPI) for all urban consumers. In an ongoing effort to improve accuracy, the Bureau of Labor Statistics has introduced several revisions to its CPI methodology. The current-methods index attempts to extend these changes to earlier years to obtain a series as consistent as possible with current practices in the official CPI.[68] To adjust assets and liabilities to 2010 dollars and to adjust family income for the preceding calendar year to 2010, the figures given in the following table were applied:

Table A.1

Survey year	Adjustment factor for assets and debts in the survey year	Adjustment factor for income in the calendar year before the survey year
2001	1.2254	1.2598
2004	1.1507	1.1817
2007	1.0477	1.0774
2010	1.0000	1.0165

Definition of "Family" in the SCF

The definition of "family" used throughout this article differs from that typically used in other government studies. In the SCF, a household unit is divided into a "primary economic unit" (PEU)—the family—and everyone else in the household. The PEU is intended to be the economically dominant single person or couple (whether married or living together as partners) and all other persons in the household who are financially interdependent with that economically dominant person or couple.

This report also designates a head of the PEU, not to convey a judgment about how an individual family is structured but as a means of organizing the data consistently. If a couple is economically dominant in the PEU, the head is the male in a mixed-sex couple or the older person in a same-sex couple. If a single person is economically dominant, that person is designated as the family head in this report.

Percentiles of the Distributions of Income and Net Worth

Throughout this article, references are made to various percentile groups of the distributions of income or net worth. For a given characteristic, a percentile can be used to define a family's rank relative to other families. For example, the 10th percentile of the distribution

[67] For details on how these comparisons are structured and the results of comparisons for earlier surveys, see Rochelle L. Antoniewicz (2000), "A Comparison of the Household Sector from the Flow of Funds Accounts and the Survey of Consumer Finances" (Washington: Board of Governors of the Federal Reserve System, October), www.federalreserve.gov/econresdata/scf/scf_workingpapers.htm.

[68] For technical information about the construction of this index, see Kenneth J. Stewart and Stephen B. Reed (1999), "Consumer Price Index Research Series Using Current Methods, 1978–98," *Monthly Labor Review*, vol. 122 (June), pp. 29–38.

of income is the amount of income received by a family for whom just less than 10 percent of families have lower income and 90 percent have higher income. The percentiles of the distributions of income and net worth used to define the income and net worth groups in the tables in the article are given in the following table:

Table A.2

Item	Survey year			
	2001	2004	2007	2010
Percentile of income				
20	20,600	21,800	21,500	20,400
40	37,800	39,000	38,200	35,600
60	63,000	61,700	62,500	57,800
80	100,800	102,800	102,900	94,600
90	145,600	148,900	147,600	142,300
Percentile of net worth				
25	15,700	15,300	14,800	8,300
50	106,100	107,200	126,400	77,300
75	351,800	378,800	390,600	301,700
90	907,000	959,600	955,600	952,500

The groups that are created when a distribution is divided at every 10th percentile are commonly referred to as deciles. Similarly, when a distribution is divided at every 20th (25th) percentile, the groups are known as quintiles (quartiles). Families in the first income decile, for example, are those with income below the 10th percentile.

Racial and Ethnic Identification

In this article, the race and ethnicity of a family in the SCF are classified according to the self-identification of that family's original respondent to the SCF interview. The questions underlying the method of classification used in the survey were changed in both 1998 and 2004. Starting in 1998, SCF respondents were allowed to report more than one racial identification; in surveys before then, only one response was recorded. For maximum comparability with earlier data, respondents reporting multiple racial identifications were asked to report their strongest racial identification first. In the 2010 SCF, 6.1 percent of respondents reported more than one racial identification, up from 5.4 percent in 2007 and 2.3 percent in 2004.

Beginning with the 2004 survey, the question on racial identification is preceded by a question on whether respondents consider themselves to be Hispanic or Latino in culture or origin; previously, such ethnic identification was captured only to the extent that it was reported as a response to the question on racial identification. The sequence of these two questions in the 2004 SCF is similar to that in the Current Population Survey (CPS). When families in the March 2004 CPS are classified in the way most compatible with the SCF, the proportion of Hispanic families is 10.5 percent; the 2004 SCF estimate is 11.2 percent. Differences in these proportions are attributable to sampling error and possibly to differences in the wording and context of the questions.

For greater comparability with the earlier SCF data, the data reported in this article ignore the information on ethnic identification available in the surveys since 2004, but respondents reporting multiple racial identifications in the surveys starting with 1998 are classified as "nonwhite or Hispanic." Of those who responded affirmatively to the question on Hispanic or Latino identification in 2010, 89.5 percent also reported "Hispanic or Latino" as one of their racial identifications, and 82.3 percent reported it as their primary racial identification. Because the question on Hispanic or Latino ethnicity precedes the one on racial identification in the surveys from 2004 through 2010, the answer to the second of these two questions may have been influenced by the answer to the first.[69]

The Sampling Techniques

The survey is expected to provide a core set of data on family income, assets, and liabilities. The major aspects of the sample design that address this requirement have been constant since 1989. The SCF combines two techniques for random sampling. First, a standard multistage area-probability sample (a geographically based random sample) is selected to provide good coverage of characteristics, such as homeownership, that are broadly distributed in the population.

Second, a supplemental sample is selected to disproportionately include wealthy families, which hold a relatively large share of such thinly held assets as noncorporate businesses and tax-exempt bonds. Called the "list sample," this group is drawn from a list of statistical records derived from tax returns. These records are used under strict rules governing confidentiality, the rights of potential respondents to refuse participation in the survey, and the types of information that can be made available. Persons listed by *Forbes* magazine as being among the wealthiest 400 people in the United States are excluded from sampling.

Of the 6,492 interviews completed for the 2010 SCF, 5,012 were from the area-probability sample, and 1,480 were from the list sample; for 2007, 2,914 were from the area-probability sample, and 1,507 were from the list sample. The number of families represented in the surveys considered in this article is given by the following table:

Table A.3

Year	Number of families represented (millions)
2001	106.5
2004	112.1
2007	116.1
2010	117.6

The Interviews

Aside from the addition of new questions in the 2010 survey to address the financial relationships of businesses that are not publicly traded, the survey questionnaire has changed in only minor ways since 1989, except in a small number of instances in which the structure was altered to accommodate changes in financial behaviors, in types of financial arrangements available to families, and in regulations covering data collection. In these cases and in all earlier ones, every effort has been made to ensure the maximum degree of comparability of the data over time. Except where noted in the article, the data are highly comparable over time.

The generosity of families in giving their time for interviews has been crucial to the SCF. In the 2010 SCF, the median interview length was about 90 minutes. However, in some particularly complicated cases, the amount of time needed was substantially more than three hours. The role of the interviewers in this effort is also critical. Without their dedication and perseverance, the survey would not be possible.

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[69] For a comprehensive discussion of standards for defining race and ethnicity, see Executive Office of the President, Office of Management and Budget (2002), "Provisional Guidance on the Implementation of the 1997 Standards for Federal Data on Race And Ethnicity," Executive Office of the President, www.whitehouse.gov/omb/fedreg_race-ethnicity.

The SCF interviews were conducted largely between the months of May and December in each survey year by NORC, a social science and survey research organization at the University of Chicago. The majority of interviews were obtained in person, although interviewers were allowed to conduct telephone interviews if that was more convenient for the respondent. Each interviewer used a program running on a laptop computer to administer the survey and collect the data.

The use of computer-assisted personal interviewing has the great advantage of enforcing systematic collection of data across all cases. The computer program developed to collect the data for the SCF was tailored to allow the collection of partial information in the form of ranges whenever a respondent either did not know or did not want to reveal an exact dollar figure.

The response rate in the area-probability sample is more than double that in the list sample. In both 2007 and 2010, about 70 percent of households selected for the area-probability sample actually completed interviews. The overall response rate in the list sample was about one-third; in the part of the list sample likely containing the wealthiest families, the response rate was only about one-half that level.

Weighting

To provide a measure of the frequency with which families similar to the sample families could be expected to be found in the population of all families, an analysis weight is computed for each case, accounting both for the systematic properties of the sample design and for differential patterns of nonresponse. The SCF response rates are low by the standards of some other major government surveys, and analysis of the data confirms that the tendency to refuse participation is highly correlated with net worth. However, unlike other surveys, which almost certainly also have differential nonresponse by wealthy households, the SCF has the means to adjust for such nonresponse. A major part of SCF research is devoted to the evaluation of nonresponse and adjustments for nonresponse in the analysis weights of the survey.[70]

Sources of Error

Errors may be introduced into survey results at many stages. Sampling error—the variability expected in estimates based on a sample instead of a census—is a particularly important source of error. Such error can be reduced either by increasing the size of a sample or, as is done in the SCF, by designing the sample to reduce important sources of variability. Sampling error can be estimated, and for this article, we use replication methods to do so.

Replication methods draw samples, called replicates, from the set of actual respondents in a way that incorporates the important dimensions of the original sample design. In the SCF, weights were computed for all of the cases in each of the replicates.[71] For each statistic for which standard errors are reported in this article, the weighted statistic is estimated using the replicate samples, and a measure of the variability of these estimates is combined with a measure of the variability due to imputation for missing data to yield the standard error.

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[70] The weights used in this article are adjusted for differential rates of nonresponse across groups. See Arthur B. Kennickell (1999), "Revisions to the SCF Weighting Methodology: Accounting for Race/Ethnicity and Homeownership" (Washington: Board of Governors of the Federal Reserve System, January), www.federalreserve.gov/econresdata/scf/scf_workingpapers.htm.

[71] See Arthur B. Kennickell (2000), "Revisions to the Variance Estimation Procedure for the SCF" (Washington: Board of Governors of the Federal Reserve System, October), www.federalreserve.gov/econresdata/scf/scf_workingpapers.htm.

Other errors include those that interviewers may introduce by failing to follow the survey protocol or misunderstanding a respondent's answers. SCF interviewers are given lengthy, project-specific training and ongoing coaching to minimize such problems. Respondents may introduce error by interpreting a question in a sense different from that intended by the survey. For the SCF, extensive pretesting of questions and thorough review of the data tend to reduce this source of error.

Nonresponse—either complete nonresponse to the survey or nonresponse to selected items within the survey—may be another important source of error. As noted in more detail earlier, the SCF uses weighting to adjust for differential nonresponse to the survey. To address missing information on individual questions within the interview, the SCF uses statistical methods to impute missing data; the technique makes multiple estimates of missing data to allow for an estimate of the uncertainty attributable to this type of nonresponse.