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The Old Prosper Relative to the Young

The Rising Age Gap in Economic Well-being

Paul Taylor, Director

Richard Fry, Senior Economist

D'Vera Cohn, Senior Writer

Gretchen Livingston, Senior Researcher

Rakesh Kochhar, Senior Researcher

Seth Motel, Research Assistant

Eileen Patten, Research Assistant

FOR FURTHER INFORMATION CONTACT:

Pew Social & Demographic Trends

Tel (202) 419-4372

1615 L St, N.W., Suite 700

Washington, D.C. 20036

www.pewsocialtrends.org

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The Rising Age Gap in Economic Well-being

By Richard Fry, D'Vera Cohn, Gretchen Livingston and Paul Taylor

OVERVIEW

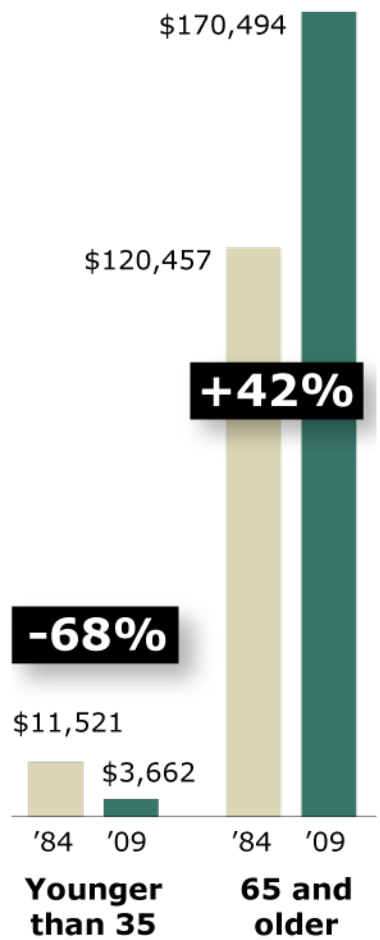
Households headed by older adults have made dramatic gains relative to those headed by younger adults in their economic well-being over the past quarter of a century, according to a new Pew Research Center analysis of a wide array of government data.

In 2009, households headed by adults ages 65 and older possessed 42% more median[1] net worth (assets minus debt) than households headed by their same-aged counterparts had in 1984. During this same period, the wealth of households headed by younger adults moved in the opposite direction. In 2009, households headed by adults younger than 35 had 68% less wealth than households of their same-aged counterparts had in 1984.

As a result of these divergent trends, in 2009 the typical household headed by someone in the older age group had 47 times as much net wealth as the typical household headed by someone in the younger age group–$170,494 versus $3,662 (all figures expressed in 2010 dollars). Back in 1984, this had been a less lopsided ten-to-one ratio. In absolute terms, the oldest households in 1984 had median net wealth $108,936 higher than that of the youngest households. In 2009, the gap had widened to $166,832.

Median Net Worth by Age of Householder, 1984 and 2009

in 2010 dollars



Source: Pew Research Center tabulations of Survey of Income and Program Participation data and U.S. Census Bureau P-70, No. 7; *Household Wealth and Asset Ownership: 1984: data from the Survey of Income and Program Participation*, Table E

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[1] Median denotes the midpoint of a group—in this case the point at which 50% of the households have more wealth and 50% have less. Unlike averages, medians are not sensitive to extreme values of wealth. The median describes the experience of those "in the middle of the pack."

Housing has been the main driver of these divergent wealth trends. Rising home equity has been the linchpin of the higher wealth of older households in 2009 compared with their counterparts in 1984. Declining home equity has been one factor in the lower wealth held by young households in 2009 compared with their counterparts in 1984.

Median Net Worth by Age of Householder, 1984 and 2009

in 2010 dollars

	1984	2009	Change
All	$65,293	$71,635	10%
Younger than 35	$11,521	$3,662	-68%
35-44	$71,118	$39,601	-44%
45-54	$113,511	$101,651	-10%
55-64	$147,236	$162,065	10%
65 and older	$120,457	$170,494	42%

Source: Pew Research Center tabulations of Survey of Income and Program Participation data and U.S. Census Bureau P-70, No. 7; *Household Wealth and Asset Ownership: 1984: data from the Survey of Income and Program Participation*, Table E

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Trends over the same period in other key measures of economic well-being—including annual income, poverty, homeownership, and home equity—all follow a similar pattern of older adult households making larger gains, compared with households headed by their same-aged counterparts in earlier decades, than younger adult households, according to the Pew Research analysis.

These age-based divergences of households widened substantially with the housing market collapse of 2006, the Great Recession of 2007-2009 and the ensuing jobless recovery. But they all began appearing decades earlier, suggesting they are as much linked to long-term demographic and social changes as they are to the sour economy of recent years.

For the young, these long-term changes include delayed entry into the labor market and delays in marriage—two markers of adulthood traditionally linked to income growth and wealth accumulation.[2] Today's young adults also start out in life more burdened by college loans than their same-aged peers were in past decades, as documented in a recent Pew Research report.[3] At the same time, growing numbers are in college, and college education has been found to confer a significant financial payoff over the course of a lifetime.[4]

[2] For more information on delayed entry into the labor market see http://www.pewsocialtrends.org/2009/09/03/recession-turns-a-graying-office-grayer/. For further information on marriage trends, see http://www.pewsocialtrends.org/2010/11/18/the-decline-of-marriage-and-rise-of-new-families/.

[3] Graduates who received a bachelor's degree in 2008 borrowed on average 50% more (in inflation-adjusted dollars) than their counterparts in 1996. See http://www.pewsocialtrends.org/2010/11/23/the-rise-of-college-student-borrowing/.

[4] Even after accounting for college costs and foregone earnings, the typical college graduate earns $550,000 more than the typical high school graduate over a 40-year career, according to a Pew Research Center analysis. See http://www.pewsocialtrends.org/2011/05/15/is-college-worth-it/.

Another change is that, compared with young adults in the past, today's young adults are more likely to be minorities and more likely to be single parents. These characteristics have been linked with lower economic well-being. However, more young women are working than used to be the case, and many young women are postponing childbearing, with its associated costs.

For older Americans, one key change over the past quarter century has been an increase in the share who are employed. The share of adults ages 65 and older who are employed reached an historic low of 10% in 1985 but has since risen to 16% in 2010. Meantime, older adults continue to have the advantage of inflation-indexed Social Security as the anchor of their annual income streams. Today, as in 1984, on average Social Security accounts for 55% of the annual income of households headed by adults ages 65 and older.

Economic Well-being over Time

The report does not track the well-being of the same set of households as they age over time. Thus, the analysis does not shed light on the economic mobility or progress of any particular group of households as their heads of household aged.

The major findings of this report provide estimates of the wealth of U.S. households in 1984, 2005 and 2009 and income of U.S. households in 1967 to 2010. Households are grouped by the age of the head of the household in the survey year. The wealth of households headed, for example, by adults younger than 35 in 2009 (born in 1975 or later) are then compared with the wealth and income of households headed by adults younger than 35 in 1984 (born in 1950 or later). Similarly, the wealth and income of households headed by adults 65 and older in 2009 (born in 1944 or earlier) are compared with the wealth and income of households headed by adults 65 and older in 1984 (born in 1919 or earlier). The composition of the households being compared over time may differ on other demographic characteristics of the household head, such as race, ethnicity, nativity and education level.

Older Americans also have been the beneficiaries of good timing, in the form of the long run-up in home values that enabled them to accumulate wealth via home equity. Most of today's older homeowners got into the housing market long ago, at "pre-bubble" prices—half purchased their present homes before 1986, according to the 2009 American Housing Survey.[5] Along with everyone else, they've been hurt by the housing market collapse of recent years, but over the long haul, most have seen their home equity rise. Moreover, most older homeowners (65%) do not have a mortgage to pay.

For young adults who are in the beginning stages of wealth accumulation, there has been no such luck, at least so far. Among those who are homeowners, many bought as the bubble was inflating. When the bubble burst, many were left with negative equity in their homes.

[5] Among all homeowners, half purchased their current residence before 2000, according to American Housing Survey data.

Wealth Trends

Household wealth is the sum of all assets (house, car, savings account, 401(k) account, etc.) minus the sum of all debts (home mortgages, car loan, student loan, credit card debt, etc.) of everyone living in the household. People typically accumulate wealth as they age, so large age-based disparities on this measure are to be expected. However, the current gap is the largest in the 25 years that the government has been collecting this data.

The widening of the age-based wealth gap hinges mainly on housing, which is the cornerstone of most households' wealth.

Compared with their same-aged counterparts a quarter-century ago, today's households headed by adults ages 65 and older are more likely to own a home (79% in 2009 versus 73% in 1984). Overall, older households had 57% more median equity in their homes in 2009 than did households headed by older adults in 1984. Home equity represented a larger share of mean total wealth for older households in 2009 (44%) than for older households in 1984 (39%).

By contrast, households headed by adults younger than 35 had less housing wealth in 2009 than did households headed by younger adults in 1984. These household heads are slightly less likely to be homeowners (38% in 2009 versus 40% in 1984), and home equity plays a smaller role in their overall wealth (31% in 2009 versus 46% in 1984).

The importance of home equity in pushing up the net worth of older American households can be demonstrated by analyzing trends for net worth other than home equity. If it had not been for home equity, the median net worth of older American households in 2009 would have been 33% *lower* than that of older households in 1984, instead of 42% higher. For young households, there is no such difference: Median net worth in 2009 would be 66% lower than their counterparts in 1984 if home equity is excluded, compared with 68% lower if equity is included.

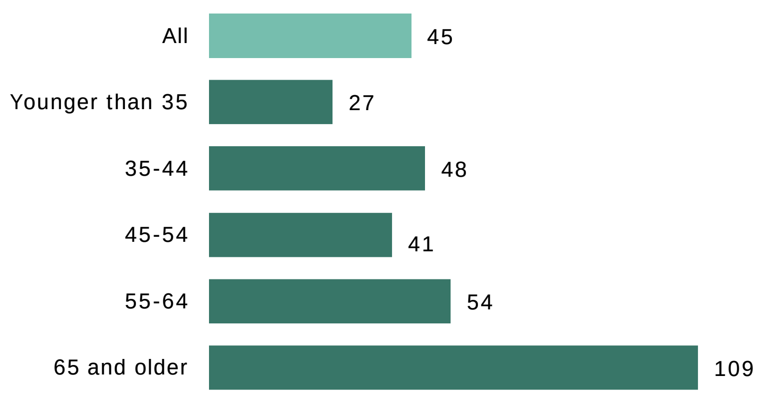
Income Trends

On another measure of economic well-being—household income—the numbers are less dramatic, but the pattern shows older households again doing better than younger ones, relative to comparable households in earlier years.

Households in all age groups have made gains compared with their predecessors over the course of many decades, but the incomes of the oldest households have risen four times as sharply as those of the youngest ones. As a result, incomes of the oldest households, which have been lower than those of younger households, are catching up.

Change in Median Adjusted Household Income by Age of Householder, 1967-2010

%



Note: Standardized to 2010 dollars and a household size of three. See appendix for details.

Source: Pew Research Center tabulations of the Current Population Survey Annual Social and Economic Supplement (IPUMS)

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In households headed by adults younger than 35, the median adjusted annual income in 1967 was $38,555, compared with $49,145 in 2010, an increase of 27% (all figures are expressed in 2010 dollars and standardized to a household size of three). By contrast, in households headed by adults ages 65 and older, the median adjusted annual income in 1967 was $20,804, compared with $43,401 in 2010, an increase of 109%.

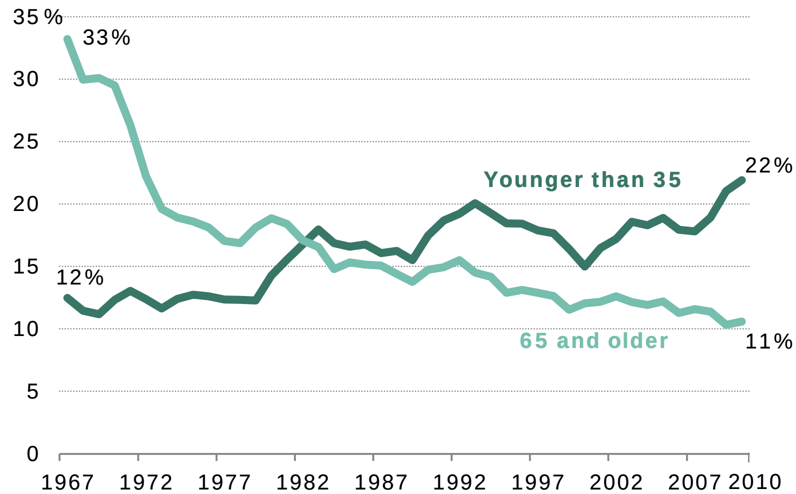
The sources of income for households headed by adults ages 65 and older include a steady share of total income, about 55%, from Social Security over the past three decades. Older households also have a rising share of income from wages and salaries, while households headed by young adults have lower shares from wages and salaries, compared with similar households a decade ago.

Poverty

Median income is a measure of what is happening in the middle of the population. Poverty statistics reflect what is happening at the bottom, and they tell a familiar story of changes in economic status for young and old.

Among households headed by adults younger than 35, the share with income below the poverty line has jumped since 1967. Among households headed by adults ages 65 and older, the share living below the poverty line declined.

Share of Households in Poverty by Age of Householder, 1967-2010



Source: Pew Research Center tabulations of the Current Population Survey Annual Social and Economic Supplement (IPUMS)

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In 2010 11% of households headed by adults ages 65 and older were in poverty, compared with 33% in 1967.

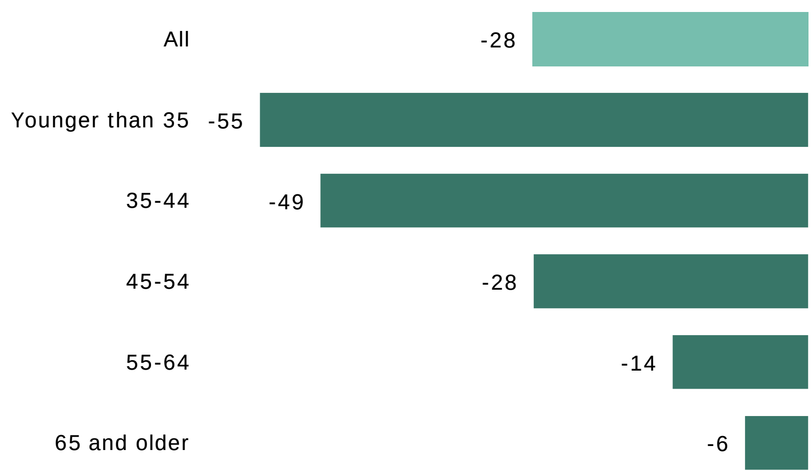
Poverty rates for households headed by adults younger than 35, meanwhile, began climbing in the 1980s and today are nearly 10 percentage points higher than what they were in 1967. Among households headed by an adult younger than 35, 22% were in poverty in 2010, compared with 12% in 1967.

The Great Recession

Although the economic well-being gap between young and old has been widening for decades, the economic turbulence of recent years has accelerated these trends.

Change in Median Net Worth by Age of Householder, 2005-2009

%



Note: Standardized to 2010 dollars.

Source: Pew Research Center tabulations of Survey of Income and Program Participation data

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Looking at changes from 2005 to 2009, all households had lower median net worth. But the decline for households headed by younger adults was much steeper.

For households headed by adults ages 65 and older, median net worth in 2009 was 6% below that of the oldest households in 2005. For households headed by adults younger than 35, median net worth was 55% less than that of the youngest households in 2005. (Of course, the 2005 wealth base of young households was so small that even a small decline would have a large percentage impact.) Another notable change for younger households during this period is that the share with negative or no net worth rose from 30% in 2005 to 37% in 2009.

The same pattern holds for household income, for which data are available through 2010. In 2010, the adjusted median income of the oldest households was 8% greater than that of the oldest households in 2005. For the youngest households, however, adjusted median income was 4% less than it had been for the youngest households in 2005.

About this Report

The report describes trends over time for households headed by different age groups in wealth, housing, income and other measures of economic well-being. The two main data sources for this report are both from the U.S. Census Bureau.

The wealth data, including homeownership trends, are drawn from the Survey of Income and Program Participation (SIPP), a panel survey that began in 1984 and for which the most recently published data are from 2009. The report includes some comparisons from 2005 to 2009, a period that approximately reflects the impact of the Great Recession. The national economic downturn, according to the National Bureau of Economic Research, ran from December 2007 to June 2009. SIPP has periodically collected wealth data since 1984 and is considered an authoritative source on the wealth of American households. As with any survey, SIPP estimates are subject to sampling and nonsampling errors.

The income and poverty data for 1967-2010 (reflecting responses from survey years 1968-2011) are drawn from the Annual Social and Economic Supplements to the Census Bureau's Current Population Survey.

Dollar amounts are adjusted for inflation and reported in 2010 dollars.

Following convention, this report's wealth figures are measured at the household level and do not reflect any adjustments for the size of the household.

The household income figures are adjusted for the size of the household, details of which are explained in the appendix.

The poverty measure is the official federal poverty measure, and as such takes into account not only the size of the household but also the nature of the family members (the number of children and age of the householder). Poverty is typically reported for individuals. Since most of the report focuses on the economic well-being of households, the report presents the poverty status of households based on the status of the household head. So, for example, the report shows the poverty rate of households headed by adults ages 65 and older, not the poverty rate of adults ages 65 and older.

The trends in wealth begin with 1984 simply because that is when the SIPP wealth data collection began. In terms of the business cycle, 1984 was a recovery year following the 1981-82 recession, while 2009 could be construed as a recession year because the recession officially ended in June 2009 according to the NBER business cycle dating committee. While recognizing that 1984 and 2009 are at different points in the business cycle, the trends observed in economic well-being across age groups are also apparent between 1984 and 2005 (two years that are more similar in terms of the business cycle).

See the appendix for additional details on data sources and methodology.

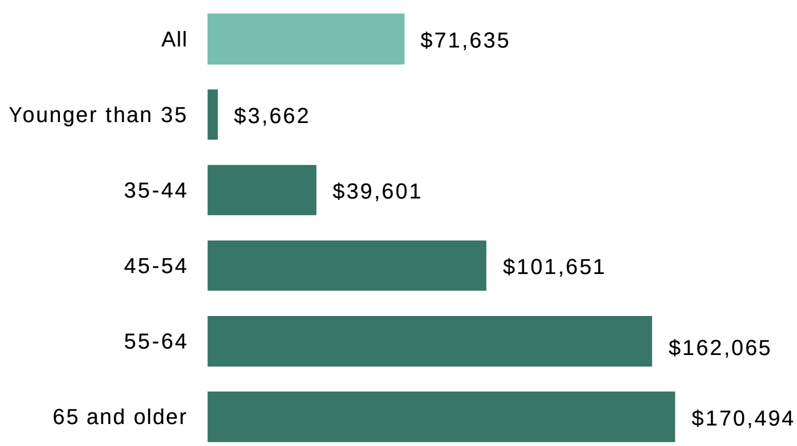
This report was conceived and researched by Richard Fry, senior economist with the Pew Research Center's Social & Demographic Trends project. The report was written by D'Vera Cohn, senior writer; Gretchen Livingston, senior researcher; and Paul Taylor, executive vice president of the Pew Research Center and director of the Social & Demographic Trends project. Seth Motel, research assistant, produced the charts. The charts were number-checked by Eileen Patten, research assistant; she and Motel number-checked the text. The report was copy-edited by Marcia Kramer. Editorial guidance was provided by Rakesh Kochhar, senior researcher with the Pew Research Center.

CHAPTER 1: WEALTH GAPS BY AGE

Household median net worth in the U.S. stood at $71,635 in 2009. Across age groups, net worth varied from just $3,662 for households headed by adults younger than 35 to $170,494 for households headed by adults ages 65 and older.

Median Net Worth by Age of Householder, 2009

in 2010 dollars



Source: Pew Research Center tabulations of Survey of Income and Program Participation data

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Net worth was $39,601 for households headed by 35- to 44-year-olds, $101,651 for households headed by 45- to 54-year-olds and $162,065 for households headed by 55- to 64-year-olds. Not only are there stark differences in current net worth by householder age, but the trends in wealth holdings over time also diverge dramatically for households headed by younger and older adults.

Younger households in 2009 had sharply lower wealth than did younger households in 1984, while older households had notably more wealth than did older households in 1984.[6]

Households with heads younger than 35 had household wealth in 2009 that was 68% lower than households with same-age heads in 1984.

[6] An alternative nationally representative source of data on the wealth of U.S. families, the Survey of Consumer Finances (SCF) shows similar changes in the median net worth of families across age groups that were found in this analysis using the Survey of Income and Program Participation. The SCF is conducted triennially by the Board of Governors of the Federal Reserve System. SIPP estimates of median net worth generally are below those estimated in the SCF, but the SIPP shortfall is of similar magnitude across different kinds of households (Orzechowski and Sepielli, 2003). The difference is in part due to the fact that SIPP is not as comprehensive as the SCF in the assets it covers. In 1989 (the first year for which SCF data are comparable to data for later years), the SCF median net worth of families headed by adults younger than 35 was $13,100 (in 2007 dollars). By 2007 (the latest year available), the median net worth of families headed by those younger than 35 was $11,700 in the SCF. According to the SCF, the median net worth of families headed by adults ages 65 and older was greater in 2007 compared with 1989. The median net worth of families with heads ages 65 to 74 rose from $124,900 in 1989 to $239,400 in 2007, and the median net worth of families with heads older than 74 rose from $116,800 to $213,200.

For households with heads ages 35 to 44, wealth was 44% less in 2009 than it had been for same-age households in 1984. For households headed by 45- to 54-year-olds in 2009, net worth was 10% lower than for comparable households in 1984. This pattern reversed for households headed by adults ages 55 and older. Among households with heads ages 55 to 64, wealth was 10% higher in 2009 than it was for comparable households in 1984. Among households headed by adults ages 65 and older, those in 2009 had 42% more wealth than their counterparts in 1984.

Median Net Worth by Age of Householder, 1984 and 2009

in 2010 dollars

	1984	2009	Change
All	$65,293	$71,635	10%
Younger than 35	$11,521	$3,662	-68%
35-44	$71,118	$39,601	-44%
45-54	$113,511	$101,651	-10%
55-64	$147,236	$162,065	10%
65 and older	$120,457	$170,494	42%

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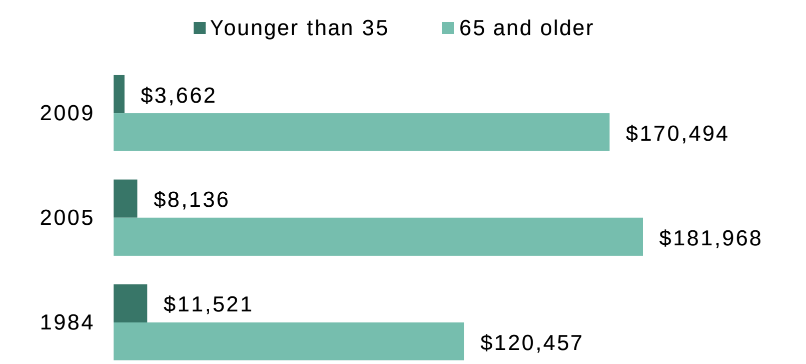
These age-specific trends in net worth mean that the gap between older and younger American households increased dramatically from 1984 to 2009.

In 1984, households headed by adults ages 65 and older already had median net worth that was 10 times the wealth of households headed by adults younger than 35 (or $108,936 more, in absolute terms). In 2009, households headed by the oldest adults had median net worth that was 47 times that of households headed by the youngest adults (or $166,832 in absolute terms).

Median Net Worth by Age of Householder, 1984, 2005 and 2009

in 2010 dollars



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The wealth gap between younger and older households was expanding even before the national recession began in December 2007. Even then, older households had more wealth than their counterpart households in previous decades, while younger households had less wealth than comparable households did in 1984.

The divergence of wealth was intensified by the recent economic crisis. The youngest households had the largest losses during this time, down 55% by 2009 compared with same-aged households in 2005. Households headed by adults ages 35 to 44 had net worth in 2009 that was 49% less than same-aged households in 2005.

Wealth losses were proportionally smaller for each subsequent age group, with households headed by adults ages 65 and older in 2009 having 6% less net worth than the oldest households in 2005.

Households with No or Negative Net Worth

While median household net worth has increased 10% from 1984 to 2009, the share of households that have zero net worth or negative net worth has also increased.

In 1984, 11% of all households fell into this category, and by 2009, fully one-fifth (20%) of households reported having no positive net worth.

Younger households were far more likely than older households to lack positive net worth. More than one-third (37%) of households headed by people younger than 35 fell into this category in 2009, as did 23% of households headed by adults ages 35 to 44.

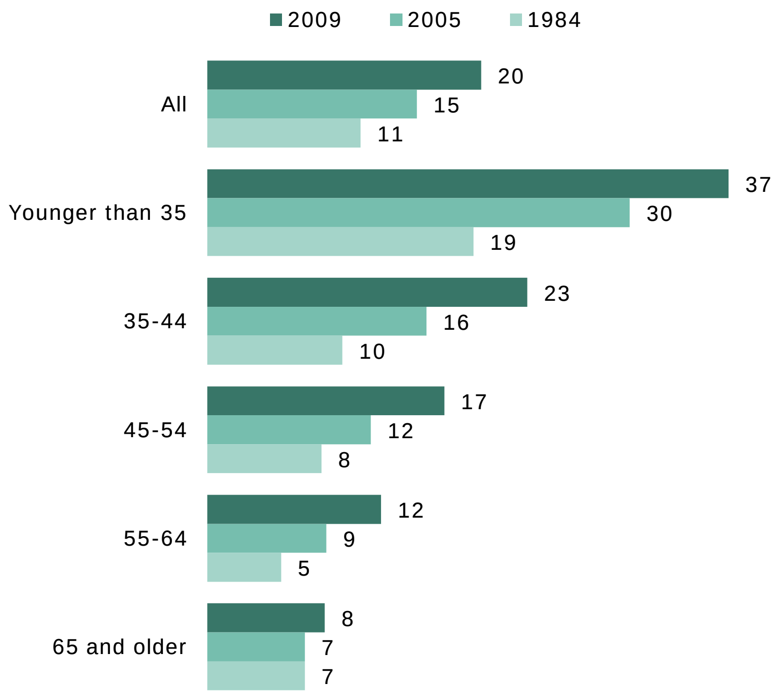
Some 17% of households headed by 45- to 54-year-olds had either no wealth or had negative wealth, as did 12% of households headed by 55- to 64-year-olds. Eight percent of households headed by adults ages 65 and older fell into this category.

The gap between young and old on this measure grew markedly from 1984 to 2009, due primarily to the growing share of young households with zero or negative net worth. The share among households headed by adults younger than 35 was 18 percentage points higher in 2009 than it had been in 1984. By comparison, this share was 2 percentage points higher in 2009 among households headed by adults ages 65 and older than it had been in 1984.

While the divergence in the share of younger and older households with no positive net worth was already well under way by 2005, the onset of the recession sped up the process. Among households headed by people younger than 35, the share with negative or no wealth was seven percentage points higher in 2009 than it had been in 2005. By comparison, the share of households headed by adults ages 65 and older with no wealth or negative wealth was only one percentage point higher in 2009 than in 2005.

Share of Householders with No Net Worth or Negative Net Worth by Age of Householder, 1984, 2005 and 2009

%



Source: Pew Research Center tabulations of Survey of Income and Program Participation data and U.S. Census Bureau P-70, No. 7; *Household Wealth and Asset Ownership: 1984: data from the Survey of Income and Program Participation*, Table 4

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Growing Wealth Inequality

Although this report does not delve deeply into how wealth is distributed overall, it is notable that the share of households at the top and bottom of the wealth curve has grown. As shown above, a growing share of all households (and shares of all age groups) has no wealth or negative wealth.

A growing share of households also is at the top of the wealth distribution. In 1984, 6% of households had net worth in that year's dollars of at least $250,000; in 2009, 13% of households had equivalent net worth in current dollars ($491,572).

In 1984, 1% of households headed by adults younger than 35 had net worth of at least $250,000 in 1984 dollars; in 2009, 2% had equivalent net worth in 2009 dollars. In 1984, 8%

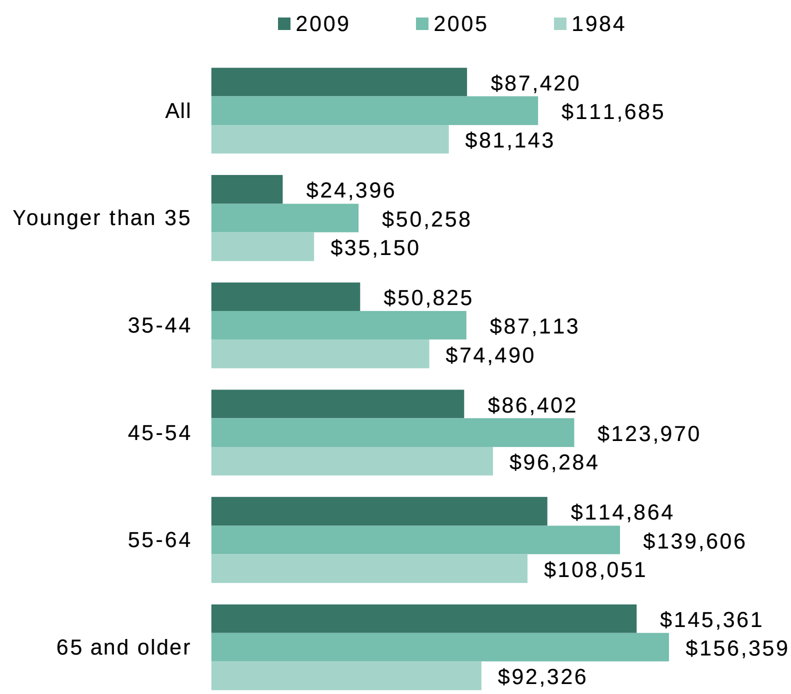
of households headed by adults ages 65 and older had a net worth of at least $250,000 in 1984 dollars; in 2009, 20% had equivalent net worth in 2009 dollars.

Housing Component of Wealth

For most Americans, the most important component of wealth is home equity, the difference between the value of a home and the amount owed on its mortgage(s). In 2009, home equity represented 39% of mean total net worth of U.S. households.[7] The second most important component, stocks and mutual funds, accounted for a distant 16%.

Median Home Equity by Age of Householder, 1984, 2005 and 2009

in 2010 dollars



Source: Pew Research Center tabulations of Survey of Income and Program Participation data and U.S. Census Bureau P-70, No. 7; *Household Wealth and Asset Ownership: 1984: data from the Survey of Income and Program Participation*, Table 5

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Because home equity is such a crucial underpinning of wealth for the typical American household, any change in the value of homes has a major impact on net worth. The U.S. housing crisis that began in 2006 and drove down home values was the largest contributor to changes in wealth of the typical household in the past half-decade. Declines in equity were steepest for young homeowners.

The median net worth of all U.S. households increased to $71,635 in 2009 from $65,293 in 1984, a gain of 10%. However, if home equity is excluded, median net worth shows an 11% decline. Median net worth excluding home equity decreased to $13,899 in 2009 from $15,556 in 1984.

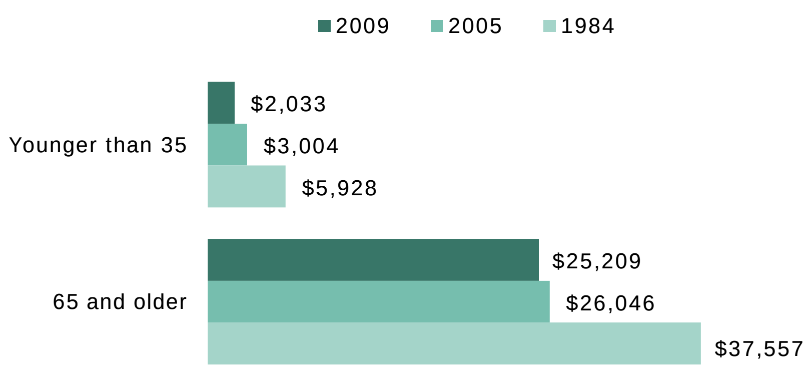
[7] Mean net worth is used here because median net worth, the statistic reported through the rest of this report, cannot be distributed across individual components.

The impact of home equity on wealth is even more decisive for older households. Americans ages 65 and older had a 42% gain in net worth from 1984 to 2009, but if home equity is excluded, their net worth veers into negative territory, declining by 33%. The median net worth of young households, on the other hand, is little affected by excluding home equity—it still drops 66% from 1984 to 2009 (rather than 68% if home equity is included).

The pattern for households headed by adults ages 55 to 64 resembles that of the oldest adults—an overall 10% gain in median net worth from 1984 to 2009 becomes a 6% loss without home equity. Among households headed by adults ages 45 to 54, median net worth does not change from 1984 to 2009 if home equity is excluded. Among households headed by adults ages 35 to 44, a 44% loss becomes a 24% loss if home equity is excluded from net worth.

Median Net Worth Excluding Home Equity by Age of Householder, 1984, 2005 and 2009

in 2010 dollars



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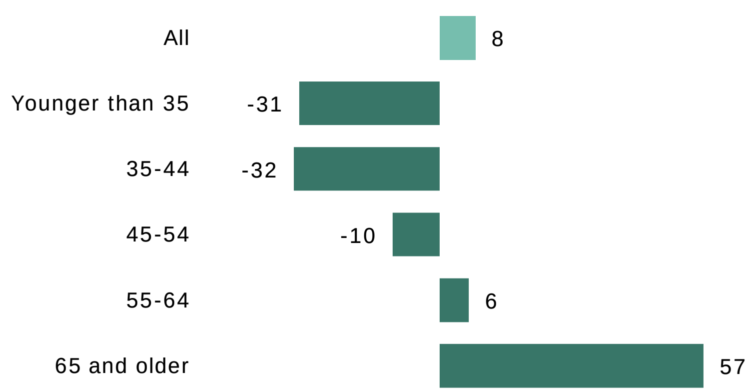
Home Equity

The recent nationwide plunge in housing values affected homeowners in all age groups, but older Americans experienced markedly smaller losses in home equity than younger ones. Older homeowners also had more good fortune over the longer term. Compared with their counterparts in 1984, older homeowners in 2009 had a substantial increase in median value of their home equity while younger ones had a notable loss.

From 2005 to 2009, American households' median level of home equity dropped by 22%, from $111,685 to $87,420. It dropped most sharply for homeowners younger than 35, whose median equity plunged 51%, to $24,396 in 2009 from $50,258 in 2005. Households with homeowners ages 65 and older were relatively untouched: Their median home equity level declined only 7%, to $145,361 from $156,359. For the age groups in between, change followed a stair-step pattern of larger percentage losses for the younger groups than for the older ones.

Change in Median Home Equity by Age of Householder, 1984-2009

%



Note: Standardized to 2010 dollars.

Source: Pew Research Center tabulations of Survey of Income and Program Participation data and U.S. Census Bureau P-70, No. 7; *Household Wealth and Asset Ownership: 1984: data from the Survey of Income and Program Participation*, Table 5

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Over the longer term, too, the oldest homeowner households have experienced the largest rises in home equity compared with their same-age counterparts in earlier decades, while younger householders have had the largest losses. Overall, the median equity level of owned homes rose 8% from 1984 to 2009. For households with homeowners younger than 35, though, equity was 31% less in 2009 than 1984. For households with owners ages 65 and older, the median equity value rose 57% during this period.

As the accompanying chart shows, the only other group with a gain in median equity from 1984 to 2009 was households with homeowners ages 55 to 64, who gained 6%. Householders ages 35 to 44 experienced a loss of 32% over the 1984-2009 period; those ages 45 to 54 experienced a 10% loss.

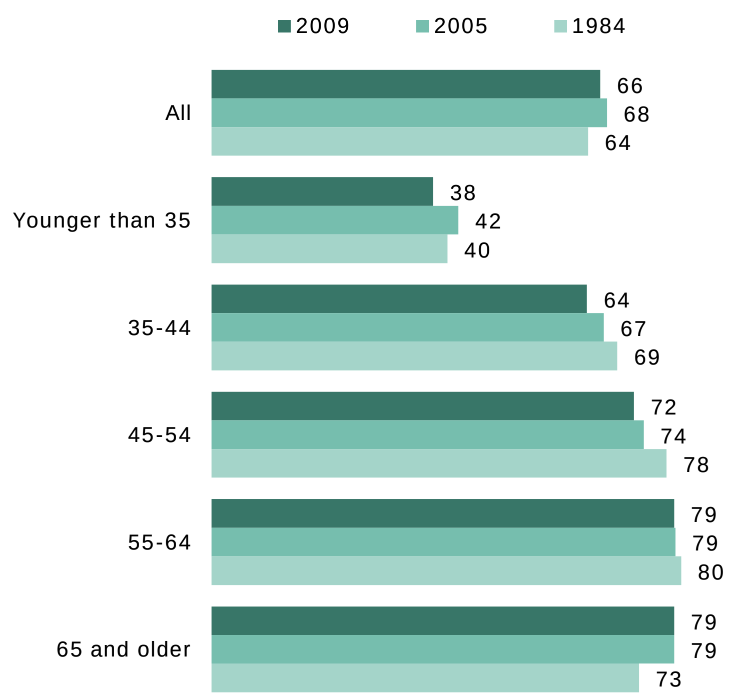
Homeownership Rates

Two-thirds of American householders (66%) owned their homes in 2009.[8] As might be expected, older households are more likely than younger ones to own a home, which helps account for their greater wealth.

Although home equity is the largest source of American household wealth, other types of assets are more widely owned. They include motor vehicles (84%) as well as savings accounts and other interest-earning assets at financial institutions (65%).

Homeownership Rate by Age of Householder, 1984, 2005 and 2009

%



Source: Pew Research Center tabulations of Survey of Income and Program Participation data and U.S. Census Bureau P-70, No. 7; *Household Wealth and Asset Ownership: 1984: data from the Survey of Income and Program Participation*, Table 1

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The U.S. homeownership rate has declined since 2005, when it was 68%, but has risen since 1984, when it was 64%. Only one group had higher homeownership rates in 2009 than in 1984—households headed by adults ages 65 and older. These older householders, as well as householders ages 55 to 64, also had no decline in homeownership from 2005 to 2009.

[8] Homeownership rates are from the Survey of Income and Program Participation, so they may differ from other homeowner statistics published by the Census Bureau.

By contrast, the share of householders younger than 35 who own homes fell to 38% in 2009 from 42% in 2005, the largest percentage point decline among age groups. In 1984, 40% of householders in this age group owned their own homes.

The share of owners in 2009 was lower than in both 2005 and 1984 for householders ages 35 to 44 and householders ages 45 to 54. Among 55- to 64-year-olds, homeownership was steady from 2005 to 2009 but has edged downward since 1984.

Portfolio Value of Homes

Among all households, both renters and owners, owned homes represented 39% of mean total net worth in 2009. The share of wealth represented by a home depends on the home's value and on the value of other assets in a household's portfolio, offset by debt.

Among households headed by adults ages 65 and older, 44% of mean total wealth in 2009 was in the value of their home. For the comparable age group in 1984, the home represented just 39% of total wealth.

For households headed by adults younger than 35, an owned home accounted for 31% of mean net worth in 2009, down from 46% in 1984. The share of mean total net worth accounted for by home equity among these young adults had been 52% in 2005, before the national fall in housing prices.

This decline in housing's share of mean net worth for young households—from 52% of net worth in 2005 to 31% of net worth in 2009—was much steeper than the decline for the oldest households. For households headed by adults ages 65 and older, housing represented 51% of mean net worth in 2005 and 44% in 2009.

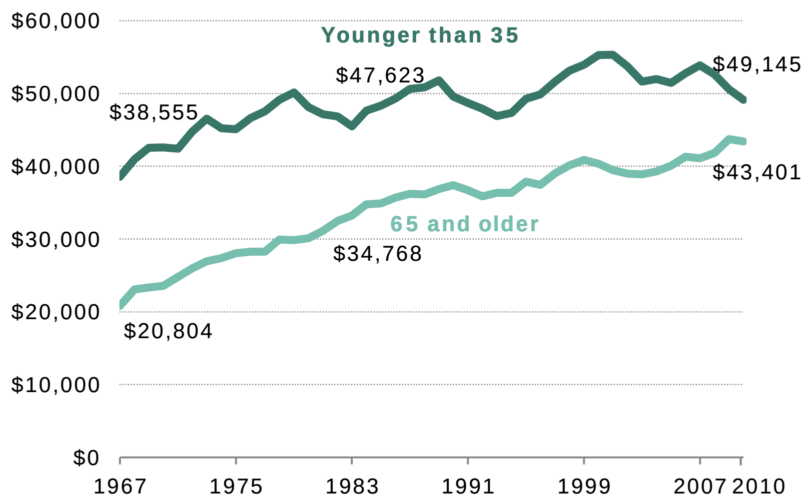
CHAPTER 2: INCOME, POVERTY, EMPLOYMENT

In 2010, the median adjusted household income in the U.S. was $57,297.[9]

Across age groups, this measure of economic well-being is lowest for the oldest households and highest for those in late middle age. Median adjusted 2010 household income was $49,145 among households headed by adults younger than age 35 and $70,118 in households headed by adults ages 45 to 54. Adjusted income was virtually identical ($69,847) in households headed by adults ages 55 to 64. In households where the head of household is age 65 and older, income drops to $43,401.

Median Adjusted Household Income by Age of Householder, 1967-2010

in 2010 dollars



Notes: Standardized to a household size of three. See appendix for details. Middle data label is 1984.

Source: Pew Research Center tabulations of the Current Population Survey Annual Social and Economic Supplement (IPUMS)

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These values reflect marked increases for all groups since 1967, even controlling for inflation. Median adjusted household income increased by 45% during this 43-year period. Increases were smallest for households headed by adults younger than age 35, where incomes rose 27%. Conversely, the income of households headed by adults ages 65 and older more than doubled from 1967 to 2010. Incomes increased by 48% for households headed by 35- to 44-year-olds, by 41% for households headed by 45- to 54-year-olds, and by 54% for households headed by 55- to 64-year-olds.

Changes in household income from 1984 to 2010 are far smaller in magnitude but follow a similar pattern across age groups. Younger households experienced relatively small income

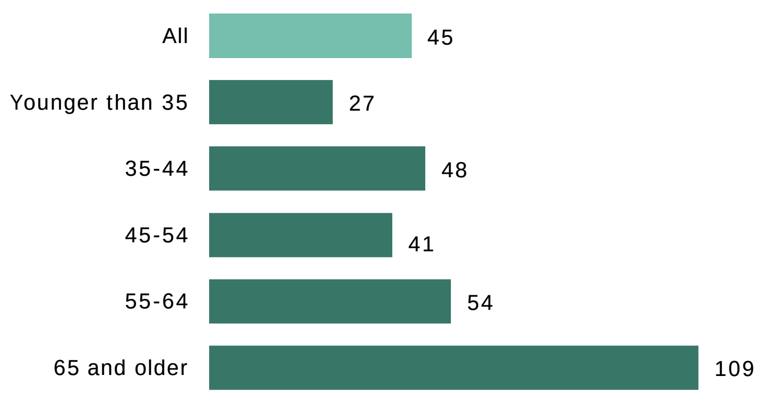
[9] Income figures are standardized to household size of three; see appendix for details.

increases of 3% over the 26-year period. Income in households headed by adults ages 35 to 44 increased 9%, and the increase was 7% for households headed by adults ages 45 to 54. Older households experienced larger increases—23% in households headed by 55- to 64-year-olds and 25% for households headed by adults ages 65 or older.

The wide variance in income changes across age groups has produced a dramatic narrowing of the adjusted income gap between younger and older households.

Change in Median Adjusted Household Income by Age of Householder, 1967-2010

%



Note: Standardized to 2010 dollars and a household size of three. See appendix for details.

Source: Pew Research Center tabulations of the Current Population Survey Annual Social and Economic Supplement (IPUMS)

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In 1967, households headed by adults ages 65 or older had median adjusted household incomes of $20,804—a number that was roughly half (54%) the income of households headed by adults younger than 35 ($38,555). By 1984, household incomes among the oldest adults had risen markedly to $34,768 and incomes for households headed by adults younger than 35 had increased to $47,623.

Flash forward to 2010, and the incomes of older and younger households have converged even more, to $49,145 among those younger than 35 and $43,401 among those ages 65 and older.

Even prior to the recession, the incomes of older households were catching up to those of younger households, but the onset of the recession accelerated this trend. Overall, adjusted household incomes have taken a hit in the period that included the 2007-2009 recession and the following year; this is the case for all households headed by people younger than 65. Losses in median adjusted household income from 2005 to 2010 ranged from 4 percent (for households headed by adults younger than 35) to 10 percent (for households headed by adults ages 45 to 54). Among households headed by people ages 65 and older, however, adjusted household income increased 8 percent above its pre-recession value.

The sources of income for households headed by adults ages 65 and older include a steady share of total income, about 55%, from Social Security over more than the past three decades. Consistent with the rising share of older adults who are employed, the share of income in their households from wages and salaries has increased somewhat, from 14% in 2000 to 17% in 2010.

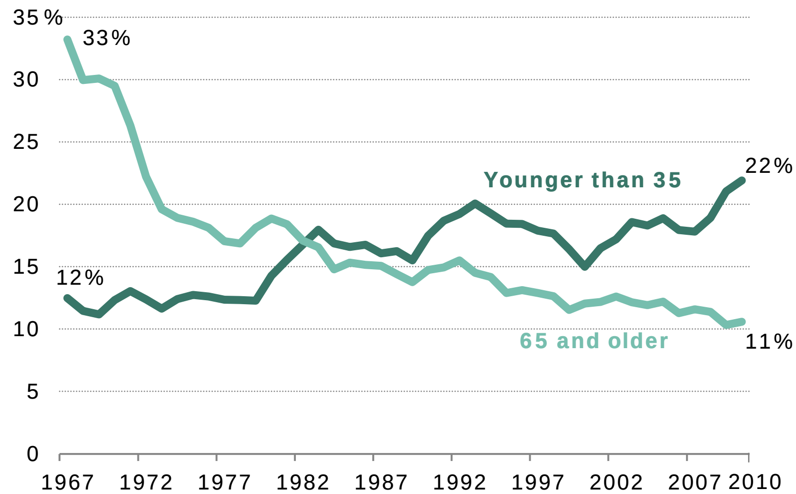
Among households headed by young adults, wages and salaries have dipped as a share of all income, from 87% in 2000 to 82% in 2010. More information on the sources of income in older and younger households can be found in the appendix tables.

Poverty

Across time, the share of households in poverty veers in opposite directions for households headed by older and younger adults.

Poverty rates for households headed by adults ages 65 and older dropped dramatically from 1967 to 1980, then continued to decline, albeit more slowly, to the present day. In 2010, 11% of households headed by adults ages 65 and older were in poverty, compared with 33% in 1967.

Share of Households in Poverty by Age of Householder, 1967-2010



Source: Pew Research Center tabulations of the Current Population Survey Annual Social and Economic Supplement (IPUMS)

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Poverty rates for households headed by adults younger than 35, meanwhile, began climbing in the 1980s and today are notably higher than they were in 1967. Among households headed by an adult younger than 35, 22% were in poverty in 2010, compared with 12% in 1967.

Among households headed by 35- to 44-year-olds, 9% were in poverty in 1967 and 14% in 2010. Among households headed by 45- to 54-year-olds, 8% were in poverty in 1967 and 12%

in 2010. Among households headed by 55- to 64-year-olds, 14% were in poverty in 1967 and 12% in 2010.

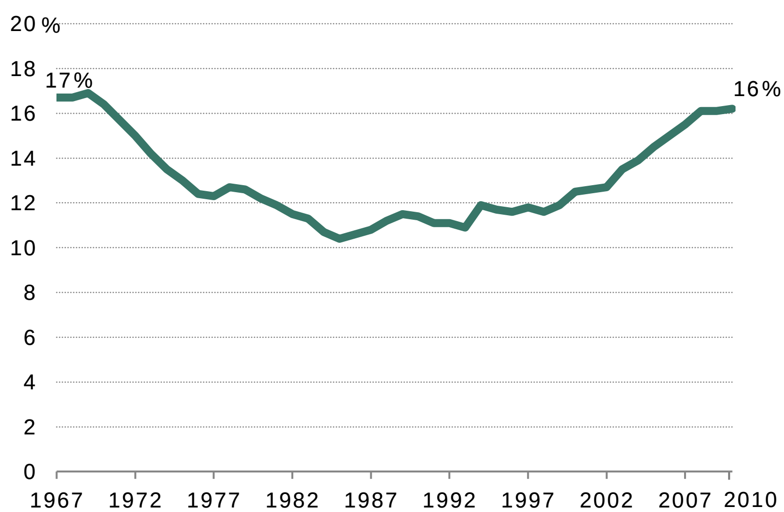
In keeping with this report's focus on households, the analysis of poverty has been computed at the household level. The official U.S. government poverty statistics come from the same data source, the Current Population Survey, but are computed for individuals. Both the household measures and the individual measures show a long-term decline in poverty rates for older Americans.

Employment

The share of older adults who are employed has been growing, while the share of younger adults who are employed has been shrinking. (This section is based on analysis of statistics for people, which differs from the household focus of this report overall.)

As the accompanying chart shows, the employment rate of the population ages 65 and older, while still less than 20%, has risen over the past decade; the share of 20- to 34-year-olds who are employed has declined over the same period.

Share of Population Employed, Ages 65 and Older, 1967-2010



Source: Bureau of Labor Statistics

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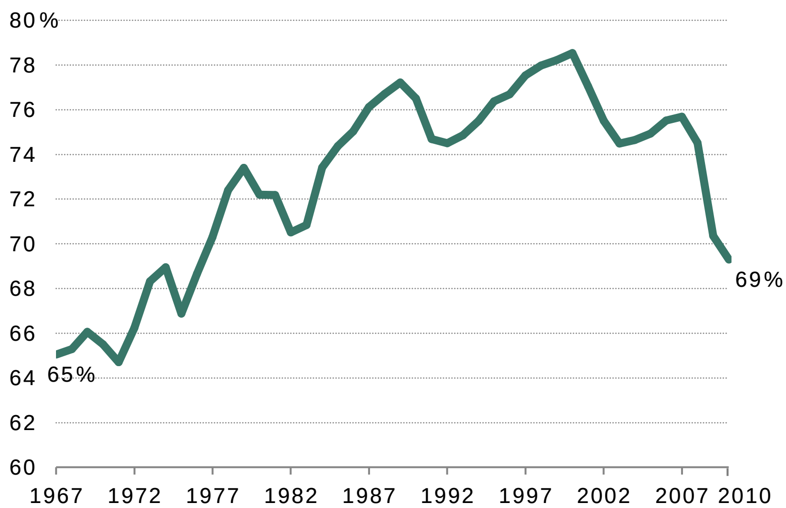
The motivation of workers ages 65 and older was explored in a 2009 Pew Research Center survey, which found that 54% say they work because they want to, 17% because they need the money and 27% for a mix of both reasons.[10] One reason for the decline in the employment rate

[10] See "Recession Turns a Graying Office Grayer," Pew Research Center's Social & Demographic Trends project, Sept. 3, 2009, http://www.pewsocialtrends.org/2009/09/03/recession-turns-a-graying-office-grayer/.

among the young is that a growing share are in school, forgoing wages now for potential higher earnings later.[11]

Unemployment rates for young adults also are higher than for the oldest adults (11.7% compared with 6.7% in 2010), which has been true for many years, according to data from the Bureau of Labor Statistics.

Share of Population Employed, Ages 20-34, 1967-2010



Source: Bureau of Labor Statistics

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[11] For more information on rising college enrollments, see http://www.pewsocialtrends.org/2009/10/29/college-enrollment-hits-all-time-high-fueled-by-community-college-surge/.

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APPENDIX A: DATA SOURCES AND METHODOLOGY

Survey of Income and Program Participation

The figures on the wealth of households are derived from the U.S. Census Bureau's Survey of Income and Program Participation (SIPP). SIPP is one of the few nationally representative data sources on the assets and liabilities of households. SIPP has periodically asked a detailed set of questions on assets and liabilities, and SIPP is the basis for the Census Bureau's P-70 series of reports on household wealth. The 1984 figures come directly from the Census Bureau's 1986 P-70 report *Household Wealth and Asset Ownership: 1984: Data from the Survey of Income and Program Participation*.

SIPP is nationally representative of the civilian non-institutionalized population in the United States. The 1984 figures exclude persons in group quarters and, for the sake of comparability, the 2009 tabulations do as well.

The 2009 asset and liability figures derive from wave 4 of the 2008 SIPP panel. The household interviews were conducted from September to December 2009. Each month, one-quarter of the households were asked about their household net worth as of the last day of the prior month. So the 2009 net worth figures are a composite of the assets and liabilities of households as of August to November 2009.

SIPP Net Worth

SIPP data include the following assets and liabilities:

Assets

- Financial institution accounts
  - Passbook savings accounts
  - Money market deposit accounts
  - Certificates of deposit
  - Interest-earning checking accounts
- Other interest-earning assets
  - U.S. government securities
  - Municipal or corporate bonds
- Regular checking accounts
- Stocks and mutual funds
- Business equity
- Vehicles
- Own home
- Rental property
- Other real estate
- U.S. savings bonds
- IRA and Keogh accounts
- 401(k) and Thrift Savings Plans
- Other financial assets
  - Mortgages held for sale of real estate
  - Amount due from sale of business or property

Liabilities

- Secured liabilities
  - Margin and broker accounts
  - Mortgages on own home
  - Mortgages on rental property
  - Mortgages on other real estate
  - Debt on business or profession
  - Vehicle loans
- Unsecured liabilities
  - Credit card and store bills
  - Doctor, dentist, hospital and nursing home bills
  - Loans from individuals
  - Loans from financial institutions
  - Educational loans
  - Other unsecured liabilities

One of the advantages of the SIPP over other data sources on wealth is the large sample of households that it interviews. The 2009 figures are based on more than 36,000 households (unweighted), including 6,513 households headed by persons younger than 35 and nearly 8,500 headed by adults ages 65 and older.

SIPP has consistently asked a detailed set of questions on the assets and liabilities of all household members. Although most of the major forms of asset ownership are included, SIPP does not attempt to measure the value of defined benefit retirement assets, the cash value of life insurance policies, the value of home furnishings and jewelry or the present value of future claims on the Social Security system ("Social Security wealth)." Nor does it look at the value of health insurance.

Current Population Survey

The report presents the conventional data source for the trends in household income and poverty, the U.S. Census Bureau Current Population Survey Annual Social and Economic Supplements (CPS ASEC). The CPS is perhaps best known as the source for the nation's unemployment rate, as reported on the first Friday of each month by the U.S. Bureau of Labor Statistics. The ASEC is a supplementary survey to the March Current Population Survey and has been collected in a consistent fashion since 1968. The ASEC is the basis for the Census Bureau's annual household income and poverty report. The CPS is nationally representative, and the ASEC has an unweighted sample size of at least 44,000 households each year (about 75,000 households in more recent years). The report's tabulations utilized the University of Minnesota Population Center's integrated public use micro series (IPUMS) version of the ASEC. Further documentation can be found at http://cps.ipums.org/cps/.

Household income refers to the household's total money income and includes cash income received (exclusive of certain money receipts such as capital gains) before payments for such things as personal income taxes, Social Security, union dues and Medicare deductions. Therefore, money income does not reflect the fact that some families receive non-cash benefits, such as food stamps, health benefits, subsidized housing, and goods produced and consumed on the farm (DeNavas-Walt, Proctor and Smith, 2011).

All monetary values in the report are in 2010 dollars. Following Census Bureau practice, the research series of the consumer price index (CPI-U-RS) is used to inflate earlier years' nominal dollar amounts to 2010 dollars.

Household income data reported in this study are adjusted for the number of people in a household. That is done because a four-person household with an income of, say, $50,000 faces a tighter budget constraint than a two-person household with the same income. At its simplest, adjusting for household size could mean converting household income into per capita income. Thus, a two-person household with an income of $50,000 would have a per capita income of $25,000, double the per capita income of a four-person household with the same total income.

A more sophisticated framework for household size adjustment recognizes that there are economies of scale in consumer expenditures. For example, a two-bedroom apartment may not cost twice as much to rent as a one-bedroom apartment. Two household members could carpool to work for the same cost as a single household member, and so on. For that reason, most researchers make adjustments for household size using the method of "equivalence scales" (Garner, Ruiz-Castillo and Sastre, 2003, and Short, Garner, Johnson and Doyle, 1999).

A common equivalence-scale adjustment is defined as follows:
Adjusted household income = Household income / (Household size)^{N}

By this method, household income is divided by household size exponentiated by "N," where N is a number between 0 and 1.

Note that if N = 0, the denominator equals 1. In that case, no adjustment is made for household size. If N = 1, the denominator equals household size, and that is the same as converting household income into per capita income. The usual approach is to let N be some number between 0 and 1. Following other researchers, this study uses N = 0.5 (for example, see Johnson, Smeeding and Torrey, 2005). In practical terms, this means that household income is divided by the square root of household size—1.41 for a two-person household, 1.73 for a three-person household, 2.00 for a four-person household, and so on.

Once household incomes have been converted to a "uniform" household size, they can be scaled to reflect any household size. The income data reported in this study are computed for three-person households. That is done as follows:

Three-person household income = Adjusted household income * [(3)$^{0.5}$]

APPENDIX B: ADDITIONAL TABLES

Median Net Worth by Type of Asset and Age of Householder, 2009

in 2010 dollars

	All	Younger than 35	35-44	45-54	55-64	65 and older
Own home	$87,420	$24,396	$50,825	$86,402	$114,864	$145,361
Rental property	$121,981	$71,156	$101,651	$111,308	$152,476	$172,806
Other real estate	$81,321	$30,495	$76,238	$76,238	$101,651	$91,486
Stocks and mutual funds	$26,226	$6,099	$20,330	$23,380	$40,660	$54,282
IRA and Keogh accounts	$30,119	$8,132	$20,330	$30,495	$41,575	$50,825
401(k) and thrift accounts	$28,462	$10,165	$24,396	$39,136	$44,320	$50,825
Financial institution accounts	$3,863	$1,525	$2,440	$3,863	$6,201	$8,132
U.S. savings bonds	$1,017	$508	$813	$1,017	$1,017	$1,169
Other interest-earning assets	$32,528	$16,801	$10,416	$20,330	$40,660	$50,825
Regular checking accounts	$813	$712	$712	$813	$1,017	$1,017
Business equity	$25,413	$15,248	$20,737	$25,413	$30,495	$28,666
Vehicles	$5,301	$3,154	$4,778	$6,353	$6,793	$6,277
Other assets	$32,528	$2,033	$23,380	$26,480	$45,743	$50,825
Unsecured liabilities	$8,132	$9,713	$9,555	$9,149	$7,116	$3,304

Note: Based on households that own a given asset. Other assets include mortgages held for sale of real estate, amount due from sale of business property and other financial assets.

Source: Pew Research Center tabulations of Survey of Income and Program Participation data

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Median Net Worth by Type of Asset and Age of Householder, 1984

in 2010 dollars

	All	Younger than 35	35-44	45-54	55-64	65 and older
Own home	$81,143	$35,150	$74,490	$96,284	$108,051	$92,326
Rental property	$69,069	$34,942	$63,293	$68,285	$85,627	$85,001
Other real estate	$29,564	$20,437	$28,630	$37,686	$35,474	$34,636
Stocks and mutual funds	$7,779	$2,434	$6,390	$8,091	$11,317	$13,755
IRA and Keogh accounts	$9,604	$4,965	$8,870	$10,695	$12,772	$12,730
Financial institution accounts	$6,128	$1,801	$3,786	$6,770	$14,671	$26,493
U.S. savings bonds	$600	$352	$474	$690	$1,459	$2,225
Other interest-earning assets	$18,930	$4,633	$10,513	$15,522	$27,101	$36,265
Regular checking accounts	$897	$654	$819	$1,075	$1,135	$1,301
Business equity	$12,588	$5,283	$12,272	$26,525	$21,265	$10,032
Vehicles	$8,203	$6,638	$8,992	$10,837	$9,736	$6,740
Other assets	$25,562	$8,419	$20,537	$30,537	$49,557	$39,090

Note: Based on households that own a given asset. Other assets include mortgages held for sale of real estate, amount due from sale of business property, unit trusts and other financial investments.

Source: U.S. Census Bureau P-70, No. 7; *Household Wealth and Asset Ownership: 1984: data from the Survey of Income and Program Participation*, Table 5

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Asset Ownership Rates by Type of Asset and Age of Householder, 2009

	All	Younger than 35	35-44	45-54	55-64	65 and older
Own home	66%	38%	64%	72%	79%	79%
Rental property	6%	2%	4%	7%	8%	6%
Other real estate	6%	2%	4%	7%	9%	8%
Stocks and mutual funds	22%	13%	19%	23%	28%	27%
IRA and Keogh accounts	29%	17%	27%	31%	37%	32%
401(k) and thrift accounts	40%	38%	51%	51%	46%	17%
Financial institution accounts	65%	58%	64%	65%	69%	68%
U.S. savings bonds	11%	8%	12%	14%	13%	10%
Other interest-earning assets	3%	1%	1%	2%	4%	5%
Regular checking accounts	32%	32%	32%	34%	33%	29%
Business equity	11%	7%	12%	15%	13%	5%
Vehicles	84%	81%	86%	87%	88%	80%
Other assets	3%	1%	2%	2%	4%	5%
Unsecured liabilities	52%	59%	59%	58%	53%	32%

Note: Other assets include mortgages held for sale of real estate, amount due from sale of business property and other financial assets.

Source: Pew Research Center tabulations of Survey of Income and Program Participation data

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Asset Ownership Rates by Type of Asset and Age of Householder, 1984

	All	Younger than 35	35-44	45-54	55-64	65 and older
Own home	64%	40%	69%	78%	80%	73%
Rental property	10%	4%	10%	14%	15%	11%
Other real estate	10%	5%	10%	15%	16%	8%
Stocks and mutual funds	20%	13%	23%	23%	26%	21%
IRA and Keogh accounts	20%	10%	22%	31%	39%	9%
Financial institution accounts	72%	65%	72%	73%	76%	78%
U.S. savings bonds	15%	13%	18%	18%	18%	11%
Other interest-earning assets	9%	5%	8%	9%	12%	12%
Regular checking accounts	54%	51%	59%	60%	55%	49%
Business equity	13%	10%	18%	20%	15%	5%
Vehicles	86%	88%	92%	92%	89%	71%
Other assets	4%	2%	4%	6%	5%	3%

Note: Other assets include unit trusts and other financial investments.

Source: U.S. Census Bureau P-70, No. 7; *Household Wealth and Asset Ownership: 1984: data from the Survey of Income and Program Participation*, Table 1

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Percent Distribution of Net Worth by Type of Asset and Age of Householder, 2009

	All	Younger than 35	35-44	45-54	55-64	65 and older
Own home	39%	31%	38%	39%	36%	44%
Rental property	6%	5%	5%	6%	6%	5%
Other real estate	4%	2%	3%	4%	4%	4%
Stocks and mutual funds	16%	26%	8%	10%	19%	19%
IRA and Keogh accounts	9%	8%	9%	9%	10%	9%
401(k) and thrift accounts	12%	20%	20%	17%	11%	4%
Financial institution accounts	6%	9%	6%	5%	5%	6%
Other interest-earning assets	1%	0%	0%	1%	2%	2%
Business equity	7%	15%	13%	10%	6%	3%
Vehicles	3%	6%	4%	3%	2%	2%
Other assets	3%	3%	2%	2%	3%	3%
Unsecured liabilities	-5%	-27%	-10%	-6%	-4%	-1%

Notes: Numbers may not add to 100% because of rounding. Other assets include regular checking accounts, U.S. saving bonds, mortgages held for sale of real estate, amount due from sale of business property and other financial assets.

Source: Pew Research Center tabulations of Survey of Income and Program Participation data

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Percent Distribution of Net Worth by Type of Asset and Age of Householder, 1984

	All	Younger than 35	35-44	45-54	55-64	65 and older
Own home	41%	46%	47%	42%	41%	39%
Rental property	9%	5%	8%	11%	11%	8%
Other real estate	4%	5%	5%	5%	5%	3%
Stocks and mutual funds	7%	5%	5%	5%	9%	9%
IRA and Keogh accounts	2%	2%	2%	3%	3%	3%
Financial institution accounts	14%	12%	8%	9%	13%	25%
Other interest-earning assets	3%	2%	2%	2%	4%	5%
Business equity	10%	17%	14%	16%	8%	5%
Vehicles	6%	17%	7%	6%	5%	3%
Other assets	1%	2%	1%	1%	1%	1%

Notes: Numbers may not add to 100% because of rounding. Other assets include regular checking accounts and U.S. savings bonds.

Source: U.S. Census Bureau P-70, No. 7; *Household Wealth and Asset Ownership: 1984: data from the Survey of Income and Program Participation*, Table F

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Median Net Worth of Households by Age of Householder, 1984 to 2009

in 2010 dollars

	1984	1988	1991	1993	1995	1998	2000	2002	2004	2009
All	$65,293	$63,317	$57,206	$56,240	$57,107	$63,220	$71,492	$71,391	$92,113	$71,635
Younger than 35	$11,521	$10,764	$8,756	$8,657	$10,552	$8,349	$9,411	$6,591	$8,051	$3,662
35-44	$71,118	$58,768	$49,074	$43,694	$45,019	$48,399	$57,551	$49,922	$73,731	$39,601
45-54	$113,511	$101,773	$91,428	$86,418	$87,007	$95,609	$108,081	$99,909	$136,207	$101,651
55-64	$147,236	$141,738	$130,864	$136,881	$129,741	$130,831	$145,644	$160,708	$195,077	$162,065
65 and older	$120,457	$130,119	$139,781	$129,164	$131,259	$133,466	$141,533	$158,162	$177,185	$170,494
Ratio of 65 and older to younger than 35	10	12	16	15	12	16	15	24	22	47

Note: The Survey of Income and Program Participation was redesigned for the 1996 panel. The redesign may have affected the comparability of the data from 1998 and later years with the data from earlier panels.

Sources: For 2009: Pew Research Center tabulations of Survey of Income and Program Participation data from the 2008 panel; for 1984 to 2004: various U.S. Census Bureau P-70 *Current Population Report*s

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Composition of Household Income among Households Headed by Those Younger than 35, 1967-2010

	Wages and salaries	Business income	Farm income	Social Security income	Welfare income	Other income sources
2010	82%	3%	0%	2%	2%	10%
2009	83%	4%	0%	2%	2%	10%
2008	86%	3%	0%	2%	2%	7%
2007	86%	3%	0%	2%	2%	7%
2006	86%	3%	0%	1%	2%	7%
2005	85%	3%	0%	2%	2%	8%
2004	85%	3%	0%	1%	2%	8%
2003	84%	3%	0%	1%	2%	9%
2002	85%	3%	0%	1%	2%	8%
2001	86%	0%	0%	1%	2%	10%
2000	87%	3%	0%	1%	2%	7%
1999	86%	3%	0%	1%	3%	7%
1998	85%	3%	0%	1%	3%	7%
1997	84%	3%	0%	1%	4%	7%
1996	84%	3%	0%	1%	5%	7%
1995	83%	3%	0%	1%	5%	7%
1994	82%	2%	0%	1%	6%	8%
1993	81%	3%	0%	1%	7%	8%
1992	81%	4%	0%	1%	7%	7%
1991	82%	4%	0%	1%	6%	7%
1990	82%	4%	0%	1%	6%	7%
1989	83%	3%	0%	1%	5%	7%
1988	83%	4%	0%	1%	6%	6%
1987	82%	5%	0%	1%	6%	6%
1986	83%	4%	0%	1%	6%	6%
1985	83%	4%	0%	1%	6%	6%
1984	83%	4%	0%	1%	6%	6%
1983	81%	4%	1%	1%	6%	8%
1982	81%	4%	1%	1%	6%	8%
1981	83%	4%	-1%	1%	5%	9%
1980	84%	3%	0%	1%	5%	7%
1979	84%	4%	1%	1%	4%	6%
1978	85%	3%	1%	1%	4%	6%
1977	85%	4%	1%	1%	5%	6%
1976	84%	3%	1%	1%	5%	6%
1975	82%	4%	1%	1%	5%	7%
1974	85%	3%	1%	1%	5%	5%
1973	85%	5%	1%	1%	4%	4%
1972	86%	3%	1%	1%	5%	5%
1971	86%	3%	1%	1%	4%	5%
1970	88%	3%	1%	1%	4%	4%
1969	88%	5%	1%	1%	3%	4%
1968	89%	3%	1%	1%	2%	4%
1967	90%	3%	1%	1%	2%	3%

Notes: Numbers may not add to 100% because of rounding. The share reported is the mean fraction of household income derived from the income source. Hence, the top left figure shows that in 2010 the average household headed by adults younger than 35 received 82% of its income from wages and salaries. "Other income sources" includes income received from interest, dividends, rents and trusts. "Social Security income" refers to income the household received from Social Security or U.S. government Railroad Retirement insurance payments (1967-1978) or from Social Security payments exclusively (1979 forward). It does not include income from federal/state Supplemental Security Income (SSI) payments to older (age 65+), blind or disabled persons with low incomes. In regard to "welfare income," the degree of detail about sources of public assistance included on the ASEC changed over time, and the presence or absence of specific prompts may affect the completeness of reporting.

Source: Pew Research Center tabulations of the Current Population Survey Annual Social and Economic Supplement (IPUMS)

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Composition of Household Income among Households Headed by Those 65 and Older, 1967-2010

	Wages and salaries	Business income	Farm income	Social Security income	Welfare income	Other income sources
2010	17%	1%	0%	55%	2%	25%
2009	16%	2%	0%	55%	2%	25%
2008	16%	1%	0%	55%	2%	25%
2007	16%	2%	0%	55%	2%	26%
2006	15%	2%	0%	54%	2%	27%
2005	15%	1%	0%	56%	2%	26%
2004	14%	1%	0%	57%	2%	26%
2003	14%	1%	0%	57%	2%	26%
2002	14%	1%	0%	56%	2%	26%
2001	14%	1%	0%	56%	2%	27%
2000	14%	1%	0%	55%	2%	28%
1999	14%	1%	0%	54%	2%	29%
1998	13%	1%	8%	46%	2%	30%
1997	12%	1%	0%	55%	2%	29%
1996	13%	1%	0%	56%	2%	28%
1995	13%	1%	0%	55%	2%	28%
1994	12%	1%	0%	56%	2%	28%
1993	12%	1%	0%	54%	2%	30%
1992	12%	0%	0%	55%	2%	31%
1991	12%	1%	1%	51%	3%	32%
1990	12%	2%	0%	51%	2%	33%
1989	12%	1%	0%	51%	3%	32%
1988	12%	1%	0%	52%	2%	32%
1987	12%	-1%	0%	53%	3%	32%
1986	12%	1%	0%	54%	3%	31%
1985	12%	1%	3%	51%	3%	29%
1984	12%	1%	-4%	55%	3%	33%
1983	12%	1%	0%	54%	3%	30%
1982	12%	1%	0%	55%	3%	28%
1981	12%	1%	0%	56%	3%	27%
1980	13%	1%	0%	54%	4%	27%
1979	13%	1%	1%	54%	4%	27%
1978	14%	1%	1%	55%	4%	26%
1977	13%	1%	1%	55%	4%	25%
1976	14%	2%	1%	54%	4%	25%
1975	15%	2%	1%	53%	5%	25%
1974	16%	2%	1%	52%	5%	24%
1973	16%	-6%	1%	61%	4%	24%
1972	18%	2%	1%	51%	4%	24%
1971	13%	7%	2%	48%	5%	25%
1970	19%	3%	1%	47%	5%	25%
1969	21%	3%	2%	44%	6%	25%
1968	22%	3%	2%	45%	5%	23%
1967	22%	4%	2%	46%	5%	21%

Notes: Numbers may not add to 100% because of rounding. The share reported is the mean fraction of household income derived from the income source. Hence, the top left figure shows that in 2010 the average household headed by adults ages 65 and older received 17% of its income from wages and salaries. "Other income sources" includes income received from interest, dividends, rents and trusts. "Social Security income" refers to income the household received from Social Security or U.S. government Railroad Retirement insurance payments (1967-1978) or from Social Security payments exclusively (1979 forward). It does not include income from federal/state Supplemental Security Income (SSI) payments to older (age 65+), blind or disabled persons with low incomes. In regard to "welfare income," the degree of detail about sources of public assistance included on the ASEC changed over time, and the presence or absence of specific prompts may affect the completeness of reporting.

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