

The Impact of the Housing Crash on Family Wealth

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Contents

Executive Summary	2
Introduction	3
The Construction of Projections for 2009	4
<i>Wealth for Families Between Ages 35–44</i>	4
<i>Wealth for Families Between Ages 45–54</i>	5
<i>Wealth for Families Between Ages 55–64</i>	6
Implications for Policy	7
Appendix	8
<i>Description of Method</i>	8
<i>Appendix Tables</i>	8

About the Authors

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Executive Summary

This paper extrapolates from data from the 2004 Survey of Consumer Finance to project household wealth, by age cohort and wealth quintile, in 2009 under three alternative scenarios. The first scenario assumes that real house prices fall no further than their level as of March 2008. The second scenario assumes that real house prices fall an additional 10 percent as a 2009 average. The third scenario assumes that real house prices fall an additional 20 percent for a 2009 average. (Real house prices are currently falling at the rate of almost 2.0 percent a month.)

The projections show that as a result of the collapse of the housing bubble, families in all age cohorts will see a substantial reduction in their wealth compared to the levels for the same age cohort in 2001 or 2004, the years in which the last two surveys were fielded.

In percentage terms, the sharpest falloffs are projected to occur for the youngest families. In the second scenario, the median family in the age cohort from 18-34 will have 67.6 percent less in net worth in 2009 than in 2004. The median family in the 35-44 age cohort will have 56.2 percent less in 2009 than in 2004. This corresponds to a decline of \$41,000 in median wealth.

The typical family in the age cohort from 45 to 54 will have 34.6 percent less in 2009 than did families in the same age group in 2004. The median family in the 55-64 age cohort will have \$121,000 less wealth than their counterparts in this age group in 2004, a decline of 43.9 percent.

The projections show that the crash of the housing bubble is likely to eliminate most, if not all, of the gains that families had made in accumulating wealth over the last two decades. The median family in the cohorts from age 35-44 is actually projected to have less wealth in 2009 than their counterpart in this age group in 1989. The median family in the cohort from ages 45-54 is projected to have just 0.8 percent more wealth in 2009 than the median family in this age cohort in 1989.

The sharp projected reduction in wealth compared to the prior two years in which the survey was fielded stems from the collapse of the housing bubble. Homes are the major financial asset held by the bulk of the population. It was inevitable that the sharp downturn in the housing market that we have seen over the last two years would have a substantial impact on the wealth of most families.

As these projections should demonstrate, homeownership is not everywhere and always an effective way to accumulate wealth. For those who owned a home in the last few years, the collapse of the housing bubble led to the destruction of much or all of their wealth.

Introduction

The U.S. economy has experienced two extraordinary asset bubbles in the last decade: a stock bubble that began in the mid-nineties and crashed over the years from 2000-2002, and a housing bubble that grew up alongside the stock bubble and has been in the process of deflating since the middle of 2006.

These bubbles made it extremely difficult for families to plan their savings, since they would have no simple way to distinguish bubble-generated wealth, which would prove ephemeral, from real wealth which could be expected to endure. As a result, tens of millions of families likely ended up saving less than they would have considered prudent, had they recognized that their wealth was temporarily inflated by bubbles in the stock or housing market.

This problem is far more serious in the case of the housing bubble than the stock bubble. While stock ownership has become far more widespread over the last two decades, it is still the case that the vast majority of families own little or no stock, even when including holdings of mutual funds through defined contribution retirement plans.

By contrast, most families do own homes, especially once they reach middle age. In 2004, the homeownership rate for families between the ages of 35 and 44 was 67.0 percent. It was 76.4 percent for families between the ages of 45 and 54, and 78.3 percent for families between the ages of 55 and 64. The vast majority of middle-aged families do own their home, and for most of them, it is by far their largest financial asset.

The importance of housing in family wealth is amplified by the fact that it is usually a highly leveraged investment. Families typically rely on mortgages for the overwhelming majority of the purchase price, and even after they have been in a home for several years, the value of the home can easily be five times their equity or more. As a result of this leverage, even small changes in housing values can have a large impact on family wealth.

The huge increases in house prices seen during the boom years, followed by the bust of the last two years effectively, took homeowners on a gigantic roller coaster ride. While many homeowners were far wealthier than they could have anticipated at the peak of the bubble, now that the bubble has largely deflated, they find themselves with much less wealth than they expected at this point in their careers.

Unfortunately, they do not have the option to reverse the saving and consumption decisions made in prior years. Older homeowners in particular will have little opportunity to make up for years in which they saved little, or not at all, under the assumption that the wealth in their home would be enduring and possibly increase further as house prices rose even higher.

The decline in house prices since the middle of 2006 has led to the loss of more than \$4 trillion in real housing wealth, more than \$50,000 for every homeowner in the country. Real house prices are now dropping at close to a 2.0 percent monthly rate, which translates into a loss of almost \$350 billion every month. This paper produces a set of projections derived from the 2004 Survey of Consumer Finance (SCF), the most recent survey currently available, to determine how these losses will affect families in different wealth quintiles within each age cohort.¹

¹ The SCF is conducted every three years. Data from the 2007 survey will not be available until 2009.

The Construction of Projections for 2009

The central scenario in the projections shown in this paper assume that real year-round house prices in 2009 are on average 10 percent below the level shown by the Case-Shiller 20-City Index for March 2008. (The [Appendix](#) shows projections assuming alternatively no real price decline and a 20 percent real price decline.) While the assumption of a 10 percent price decline may seem extreme, it is important to note that house prices are currently falling at a real rate of close to 2.0 percent a month. Given the current rate of price decline, even if prices began to stabilize in the next few months, it is likely that real house prices would average at least 10 percent less in 2009 than their March 2008 level. For this reason, the assumption of a 10 percent further real decline in prices is a plausible middle scenario.

For simplicity, the calculations assume zero net savings over this period. This is a simplification, but savings out of disposable income has averaged less than 1.0 percent since the third quarter of 2004, when the last SCF was fielded, so an assumption of zero savings is not far from the average for the population as a whole over this period.² There are likely to be substantial differences in savings rates by age group, but the impact of extraordinary run-up in housing wealth may make the variations less predictable than would ordinarily be the case. The calculations assume that any stock holdings in 2004 rose in step with the S&P 500 over this period (through March of 2008), with a further real rise of 3 percent assumed for 2009.

There was also no effort made to incorporate defined benefit pensions. The appendix tables show the percentage of families within each quintile and age cohort who report having a defined benefit pension. There is a sharp decline in the percentage of workers who report having defined benefit pensions over this twenty year period. Therefore, an analysis that included the wealth in defined benefit pensions would show the situation of families in 2009 to be somewhat worse relative to families in earlier years than is indicated in this paper.

Wealth for Families Between Ages 35–44

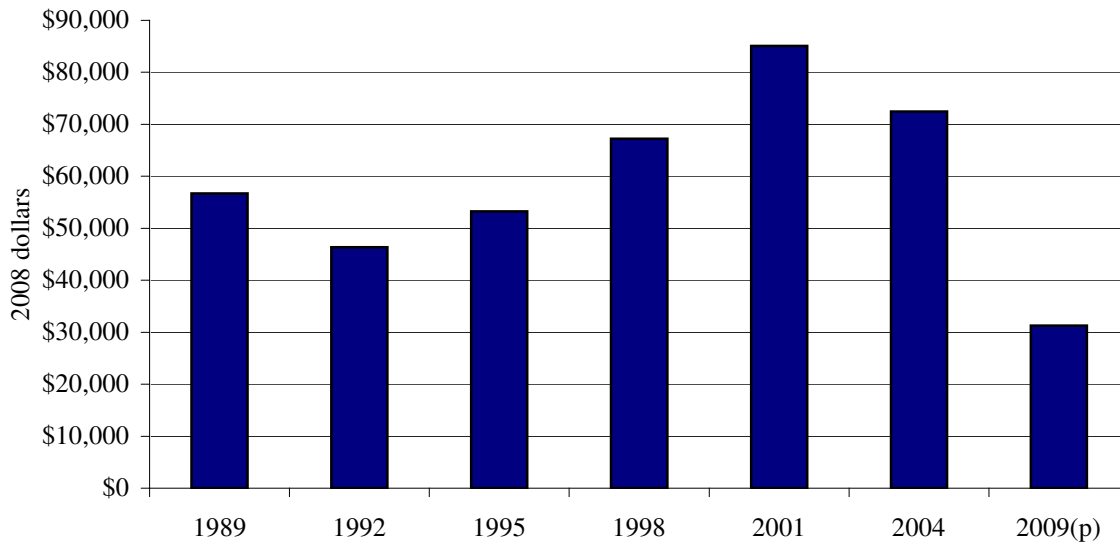
[Figure 1](#) shows median family wealth for families with a respondent between the ages of 35-44 for every SCF since 1989, with a projected wealth level shown for 2009. The projection for 2009 assumes that real house prices in 2009 are on average 10 percent lower than they were in March of 2008, using the Case-Shiller 20-City Index as the measure of prices.³ (See the [Appendix](#) for a full discussion of the methodology.)

Figure 1 shows that median family wealth for this cohort was lower in both 1992 and 1995 than it had been in 1989, but it began to increase substantially in the late nineties. By 1998, the median family in this age cohort had 18.6 percent more wealth than did the median family in 1989. In 2001, a point at which the stock bubble had only partially deflated, the wealth of the median family in this age cohort was 50.2 percent higher than it had been in 1989.

² Savings data can be found in the Bureau of Economic Analysis' National Income and Product Accounts, Table 2.1, Line 34.

³ Note that this would imply a nominal price increase of roughly 5 percent between March of 2008 and the average for 2009, if the inflation rate averages 4.0 percent over this period. Nominal house prices are currently dropping at the rate of 1.5 percent a month.

FIGURE 1
Median Wealth for Households, Age 35-44



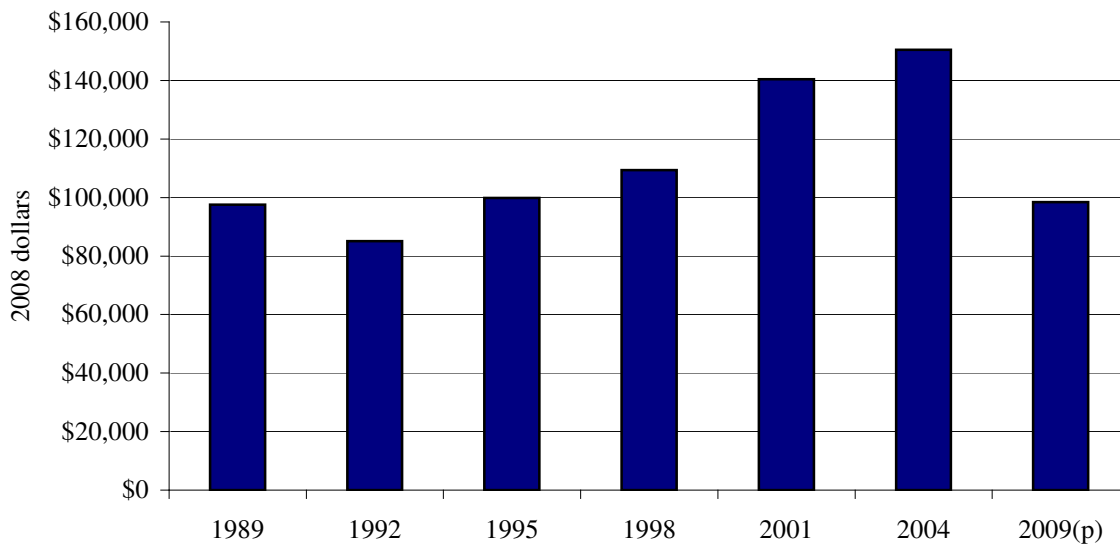
Source: Survey of Consumer Finances and authors' calculations, see text.

The collapse of both the stock and housing bubbles, combined with weak wage growth, has led to a sharp decline in wealth for this age cohort. The projection for 2009 shows the median family in this age cohort with just \$31,300 in wealth. This is 63.2 percent less than the wealth held by the median family in 2001 and 44.8 percent less than the wealth of the median family in 1989, twenty years earlier.

Wealth for Families Between Ages 45–54

Figure 2 shows median family wealth for families with a respondent between the ages of 45-54 for every SCF since 1989, with the wealth level shown for 2009 projected in the same manner as for [Figure 1](#).

FIGURE 2
Median Wealth for Households, Age 45-54



Source: Survey of Consumer Finances and authors' calculations, see text.

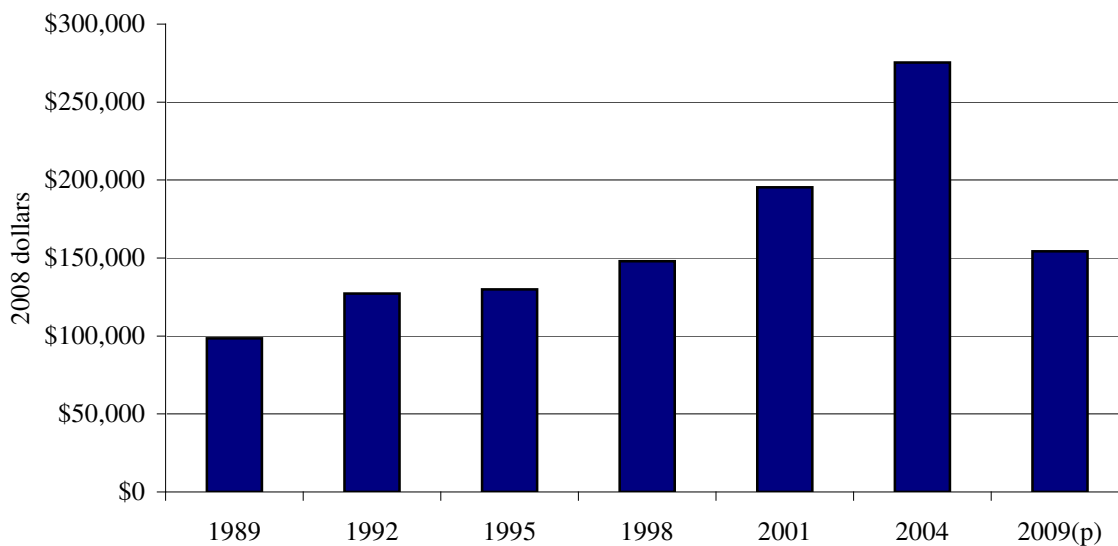
[Figure 2](#) shows that the median family in this age cohort also experienced a decline in wealth from 1989 to 1992, but had more than recovered this loss by 1995. Median wealth continued to rise for this age cohort until 2004. At that point, median wealth was 54.2 percent above its 1989 level. However, the fall in housing prices is projected to lead to a reduction in wealth of 34.6 percent in 2009 compared to the 2004 level for the median family in this age group. In this scenario, the median family will have just 0.8 percent more wealth in 2009 than did the median family in this age group in 1989.

It is important to note that this comparison substantially overstates the wealth of families in 2009 relative to prior years because it does not include defined benefit pensions. In 1989, 55 percent of the families in this age group reported having a defined benefit pension. The number had fallen to 35 percent in 2004 and will almost certainly be lower in 2009. When this sharp decline in defined benefit pensions is included in the analysis, it will almost certainly show that the median family in this age group will have considerably less wealth in 2009 than it did in 1989.

Wealth for Families Between Ages 55–64

Figure 3 shows median family wealth for families with a respondent between the ages of 55-64 for every SCF since 1989, with the wealth level shown for 2009 projected in the same manner as for [Figure 1](#).

FIGURE 3
Median Wealth for Households, Age 55-64



Source: Survey of Consumer Finances and authors' calculations, see text.

Figure 3 shows that the median family in the 55 to 64 age cohort saw an increase in wealth in each of the surveys from 1989 to 2004. The increases were sharpest in 2001 and 2004, no doubt driven by the run-up in stock prices and then the run-up in housing prices. By 2004, the wealth of the median household in this age group was 179.4 percent higher than the median wealth for this age group in 1989.

The plunge in house prices since 2006 is projected to eliminate most of this gain. Median wealth is projected to drop from \$275,400 in 2004 to \$138,700 in 2009, a decline of 43.1 percent. While the median wealth in this age group is still projected to be 56.6 percent above its 1989 level, much of this gain would be eliminated if the decline in defined benefit pensions was included in the analysis. In 1989, 54.2 percent of the people in this age group reported having a defined benefit pension. In 2004, 43.8 percent of the people in this age group reported having a defined benefit pension.

Implications for Policy

The sharp plunge in wealth projected for 2009 for families in each age cohort should point out the dangers of allowing financial bubbles, and especially a housing bubble, to grow unchecked. Families will behave as though the bubble-generated wealth is real and adjust their consumption and savings behavior accordingly. As a result, tens of millions of families are likely to make wrong decisions, saving far less than they would have if they recognized the transitory nature of the bubble wealth.

Inadequate saving is likely to be an especially serious problem for workers who are approaching retirement. These workers will have little opportunity to make up for the wealth lost in the collapse of the housing bubble. Many retirees will find themselves far more dependent on Social Security and Medicare than would have been the case if their savings behavior had not been affected by the stock and housing bubbles. The financial situation of older workers must be an important factor in any plans to reduce the benefits provided by these programs.

Given the hardships created by the collapse of a financial bubble, it is important that the Federal Reserve Board views the prevention of bubbles as an important part of its mandate. It would be difficult to imagine an economic policy that has produced more damage than that which allowed the housing bubble to grow unchecked. The Federal Reserve Board could have prevented much of this pain if it had acted to burst the bubble before it had grown to such dangerous dimensions.

Appendix: Estimates and Projections Based on the SCF

Description of Method

Estimates of assets and debts by households from 1989-2004 come from each year's Survey of Consumer Finances based the SAS program provided by the Federal Reserve.⁴ The only significant change to the original program was to split net equity in nonresidential real estate into corresponding asset and debt.

Projections of assets and debts by household in 2009 were made by adjusted equity and real estate values. Equity values were adjusted by the inflation-adjusted S&P 500 from September 2004 to March 2008 (7.33 percent), plus 3 percent for 2008 to 2009 (10.55 percent total.) Real estate prices were adjusted by the Case-Shiller 20-City Composite Index over the same period (-10.3 percent), but with 2009 adjustment based on three scenarios (0, -10, and -20 percent from 2008 to 2009).

All figures were inflated to March 2008 dollars using the CPI-U-RS from September of each survey year to September 2007 and then the C-CPI-U from September 2007 to March 2008.

Appendix Tables

These tables (*next page*) show wealth by age cohort based on the data from SCF for each year from 1989 through 2004. The projections for 2009 assume three alternative scenarios: no real change in house prices from March of 2008 through 2009, a 10 percent decline in the year-round average price for 2009 relative to March of 2008, and a 20 percent real price decline for the year-round average price for 2009 relative to March of 2008.

The first line for each year's survey shows the average income for each quintile in each year. The second line indicates whether someone in the family reports having a defined benefit pension. The third line indicates whether they own their primary residence. The fourth line shows the percentage of families in each quintile who have negative net worth.

⁴ Available online at: <http://www.federalreserve.gov/PUBS/oss/oss2/bulletin.macro.txt>

APPENDIX TABLE 1
All Respondents Age 18-34

		Mean By Quintile of Net Worth						
		Median	Mean	Bottom	Second	Middle	Fourth	Top
1989	1988 Income	20,859	28,002	15,661	16,012	23,866	29,763	54,938
	Has Defined Benefit Pension		22.8%	11.5%	11.1%	26.6%	24.7%	40.6%
	Owns Primary Residence		36.4%	4.4%	3.4%	30.1%	59.7%	85.2%
	Net Worth	7,830	47,117	(3,512)	1,158	7,576	27,293	203,828
	<i>Note: With Negative Net Worth</i>		14.6%	69.4%	0.0%	0.0%	0.0%	0.0%
1992	1991 Income	24,602	30,838	18,030	17,360	27,347	36,486	54,920
	Has Defined Benefit Pension		23.2%	15.2%	16.1%	19.7%	32.3%	33.1%
	Owns Primary Residence		34.5%	4.5%	5.2%	21.8%	60.9%	80.0%
	Net Worth	9,000	44,066	(5,279)	1,681	9,867	34,058	180,811
	<i>Note: With Negative Net Worth</i>		16.7%	75.7%	0.0%	0.0%	0.0%	0.0%
1995	1994 Income	27,656	32,124	19,738	19,096	29,150	38,873	53,859
	Has Defined Benefit Pension		20.4%	15.5%	11.8%	21.4%	25.6%	27.6%
	Owns Primary Residence		35.9%	5.7%	9.8%	33.3%	56.9%	74.1%
	Net Worth	12,090	43,969	(7,936)	2,890	13,375	40,066	171,793
	<i>Note: With Negative Net Worth</i>		15.9%	79.4%	0.0%	0.0%	0.0%	0.0%
1998	1997 Income	28,394	37,132	21,337	20,886	27,122	38,527	77,766
	Has Defined Benefit Pension		17.3%	10.7%	10.9%	14.7%	23.7%	26.4%
	Owns Primary Residence		35.9%	12.5%	8.3%	20.7%	61.4%	75.9%
	Net Worth	9,010	70,539	(9,430)	1,699	10,155	38,031	314,828
	<i>Note: With Negative Net Worth</i>		19.8%	82.4%	0.0%	0.0%	0.0%	0.0%
2001	2000 Income	33,921	45,045	23,134	25,847	33,943	51,557	91,513
	Has Defined Benefit Pension		13.3%	9.2%	8.1%	13.1%	18.7%	17.0%
	Owns Primary Residence		37.5%	9.6%	9.8%	23.0%	62.2%	83.0%
	Net Worth	11,305	86,066	(7,872)	2,422	11,959	47,931	379,807
	<i>Note: With Negative Net Worth</i>		18.3%	76.6%	0.0%	0.0%	0.0%	0.0%
2004	2003 Income	34,914	46,524	28,214	22,617	37,422	51,495	92,755
	Has Defined Benefit Pension		13.6%	8.2%	5.4%	11.5%	17.1%	25.9%
	Owns Primary Residence		40.0%	11.5%	5.3%	29.6%	66.6%	86.8%
	Net Worth	14,500	76,087	(13,700)	2,863	15,747	55,432	320,880
	<i>Note: With Negative Net Worth</i>		17.1%	82.8%	0.0%	0.0%	0.0%	0.0%
2009	Scenario 1							
	Net Worth	6,000	42,076	(19,917)	537	7,381	23,253	199,243
	Percent Change	-58.6%	-44.7%		-81.2%	-53.1%	-58.1%	-37.9%
	<i>Note: With Negative Net Worth</i>		24.2%	100.0%	16.1%	1.1%	3.6%	0.0%
	Scenario 2							
	Net Worth	4,700	36,674	(20,903)	203	6,991	18,847	178,345
	Percent Change	-67.6%	-51.8%		-92.9%	-55.6%	-66.0%	-44.4%
	<i>Note: With Negative Net Worth</i>		26.0%	100.0%	16.1%	3.3%	10.4%	0.0%
	Scenario 3							
	Net Worth	3,930	31,273	(21,889)	(131)	6,601	14,441	157,448
Percent Change	-72.9%	-58.9%		-104.6%	-58.1%	-73.9%	-50.9%	
<i>Note: With Negative Net Worth</i>		29.4%	100.0%	16.1%	4.4%	22.7%	3.7%	

Source: Survey of Consumer Finance and authors' calculations.

APPENDIX TABLE 2
All Respondents Age 35-44

		Median	Mean	Mean By Quintile of Net Worth				
				Bottom	Second	Middle	Fourth	Top
1989	1988 Income	37,546	51,025	18,047	34,060	43,475	55,568	104,126
	Has Defined Benefit Pension		47.8%	30.0%	35.6%	64.3%	57.8%	51.3%
	Owns Primary Residence		65.4%	7.4%	45.9%	91.6%	92.0%	90.5%
	Net Worth	56,670	150,138	(2,113)	19,516	57,450	137,367	539,445
	<i>Note: With Negative Net Worth</i>		8.5%	42.7%	0.0%	0.0%	0.0%	0.0%
1992	1991 Income	35,878	47,602	19,629	31,111	37,839	50,662	98,983
	Has Defined Benefit Pension		39.2%	17.9%	37.7%	46.0%	49.9%	44.5%
	Owns Primary Residence		64.5%	8.3%	50.5%	81.7%	90.6%	91.8%
	Net Worth	46,330	134,538	(2,767)	14,450	47,245	103,343	511,953
	<i>Note: With Negative Net Worth</i>		6.7%	33.7%	0.0%	0.0%	0.0%	0.0%
1995	1994 Income	39,947	50,027	19,613	32,924	45,744	54,593	97,345
	Has Defined Benefit Pension		32.1%	19.5%	24.4%	38.7%	45.6%	32.3%
	Owns Primary Residence		63.9%	9.1%	44.0%	83.3%	92.4%	90.7%
	Net Worth	53,230	145,723	(1,855)	17,039	54,229	108,956	550,655
	<i>Note: With Negative Net Worth</i>		8.0%	40.1%	0.0%	0.0%	0.0%	0.0%
1998	1997 Income	43,605	62,211	22,281	35,829	49,195	65,173	138,927
	Has Defined Benefit Pension		28.2%	18.3%	26.4%	29.8%	35.0%	31.3%
	Owns Primary Residence		65.8%	13.1%	48.6%	79.3%	92.1%	95.9%
	Net Worth	67,200	207,049	(2,114)	19,378	66,490	155,751	798,723
	<i>Note: With Negative Net Worth</i>		7.6%	37.9%	0.0%	0.0%	0.0%	0.0%
2001	2000 Income	52,423	79,154	25,989	41,975	61,878	75,078	191,044
	Has Defined Benefit Pension		26.7%	13.8%	17.7%	32.5%	38.3%	31.1%
	Owns Primary Residence		66.4%	11.7%	50.5%	85.2%	90.0%	94.8%
	Net Worth	85,100	273,962	(3,802)	25,646	84,202	198,925	1,065,893
	<i>Note: With Negative Net Worth</i>		6.3%	31.5%	0.0%	0.0%	0.0%	0.0%
2004	2003 Income	51,344	76,610	28,670	39,303	57,799	78,722	178,771
	Has Defined Benefit Pension		22.8%	9.3%	18.5%	25.9%	28.0%	32.4%
	Owns Primary Residence		67.0%	10.3%	51.5%	87.2%	94.4%	92.3%
	Net Worth	72,451	314,149	(4,688)	22,526	77,051	197,063	1,279,517
	<i>Note: With Negative Net Worth</i>		7.7%	38.5%	0.0%	0.0%	0.0%	0.0%
2009	Scenario 1							
	Net Worth	37,891	167,414	(8,239)	8,205	39,380	97,719	700,591
	Percent Change	-47.7%	-46.7%		-63.6%	-48.9%	-50.4%	-45.2%
	<i>Note: With Negative Net Worth</i>		12.4%	47.7%	14.1%	0.0%	0.0%	0.0%
	Scenario 2							
	Net Worth	31,292	152,742	(9,498)	3,900	30,926	82,141	656,785
	Percent Change	-56.8%	-51.4%		-82.7%	-59.9%	-58.3%	-48.7%
	<i>Note: With Negative Net Worth</i>		15.9%	47.7%	25.3%	5.7%	0.9%	0.0%
	Scenario 3							
	Net Worth	21,693	138,071	(10,757)	(405)	22,471	66,564	612,980
Percent Change	-70.1%	-56.0%		-101.8%	-70.8%	-66.2%	-52.1%	
<i>Note: With Negative Net Worth</i>		19.7%	47.7%	32.5%	15.9%	2.3%	0.0%	

Source: Survey of Consumer Finance and authors' calculations.

APPENDIX TABLE 3
All Respondents Age 45-54

	Median	Mean	Mean By Quintile of Net Worth					
			Bottom	Second	Middle	Fourth	Top	
1989	1988 Income	38,589	61,810	17,696	31,012	41,662	53,413	165,510
	Has Defined Benefit Pension		55.0%	34.0%	52.7%	69.2%	60.3%	59.1%
	Owns Primary Residence		75.2%	13.2%	76.4%	95.3%	97.3%	94.0%
	Net Worth	97,600	273,536	2,531	36,553	97,589	195,448	1,036,941
	<i>Note: With Negative Net Worth</i>		2.9%	14.3%	0.0%	0.0%	0.0%	0.0%
1992	1991 Income	43,053	58,508	22,214	36,357	45,344	58,802	130,097
	Has Defined Benefit Pension		51.7%	26.5%	52.4%	59.5%	63.8%	56.8%
	Owns Primary Residence		75.7%	24.5%	78.4%	87.3%	93.4%	95.4%
	Net Worth	85,100	278,232	3,586	35,491	87,013	183,563	1,083,029
	<i>Note: With Negative Net Worth</i>		3.7%	18.2%	0.0%	0.0%	0.0%	0.0%
1995	1994 Income	40,972	67,629	22,045	37,262	50,562	66,996	161,470
	Has Defined Benefit Pension		45.2%	28.9%	46.1%	51.3%	53.0%	46.5%
	Owns Primary Residence		75.2%	19.2%	79.8%	89.2%	94.5%	93.2%
	Net Worth	99,300	302,970	4,697	44,303	100,330	198,107	1,168,593
	<i>Note: With Negative Net Worth</i>		3.1%	15.7%	0.0%	0.0%	0.0%	0.0%
1998	1997 Income	51,718	70,587	21,715	41,929	53,796	76,281	159,309
	Has Defined Benefit Pension		38.1%	29.6%	33.0%	39.4%	47.4%	40.9%
	Owns Primary Residence		73.4%	13.4%	79.4%	89.1%	92.0%	93.3%
	Net Worth	109,400	362,315	(3,705)	45,913	112,100	254,122	1,403,850
	<i>Note: With Negative Net Worth</i>		5.4%	26.9%	0.0%	0.0%	0.0%	0.0%
2001	2000 Income	56,535	99,820	24,744	45,927	65,524	90,966	272,266
	Has Defined Benefit Pension		38.4%	22.7%	35.2%	46.5%	46.9%	40.7%
	Owns Primary Residence		75.4%	16.4%	74.0%	95.6%	94.5%	96.6%
	Net Worth	140,440	505,085	3,418	49,214	143,479	323,309	2,008,453
	<i>Note: With Negative Net Worth</i>		4.3%	21.6%	0.0%	0.0%	0.0%	0.0%
2004	2003 Income	62,639	97,224	29,354	50,201	66,684	88,725	251,452
	Has Defined Benefit Pension		35.0%	25.6%	35.6%	40.0%	44.7%	29.1%
	Owns Primary Residence		76.4%	19.1%	77.7%	93.5%	94.9%	96.9%
	Net Worth	150,520	555,003	3,061	57,153	153,967	357,487	2,206,378
	<i>Note: With Negative Net Worth</i>		4.2%	21.0%	0.0%	0.0%	0.0%	0.0%
2009	Scenario 1							
	Net Worth	113,268	407,468	(782)	35,442	113,577	275,645	1,615,026
	<i>Percent Change</i>	-24.7%	-26.6%	-125.6%	-38.0%	-26.2%	-22.9%	-26.8%
	<i>Note: With Negative Net Worth</i>		6.5%	32.2%	0.3%	0.0%	0.0%	0.0%
	Scenario 2							
	Net Worth	98,400	383,219	(1,643)	29,060	97,561	250,160	1,542,451
	<i>Percent Change</i>	-34.6%	-31.0%	-153.7%	-49.2%	-36.6%	-30.0%	-30.1%
	<i>Note: With Negative Net Worth</i>		8.1%	35.0%	5.3%	0.2%	0.0%	0.0%
	Scenario 3							
	Net Worth	81,931	358,970	(2,503)	22,678	81,544	224,675	1,469,876
<i>Percent Change</i>	-45.6%	-35.3%	-181.8%	-60.3%	-47.0%	-37.2%	-33.4%	
<i>Note: With Negative Net Worth</i>		10.0%	35.1%	11.1%	3.6%	0.2%	0.0%	

Source: Survey of Consumer Finance and authors' calculations.

APPENDIX TABLE 4
All Respondents Age 55-64

		Median	Mean	Mean By Quintile of Net Worth				
				Bottom	Second	Middle	Fourth	Top
1989	1988 Income	28,160	49,596	9,514	22,961	30,072	45,707	139,898
	Has Defined Benefit Pension		54.2%	30.0%	59.6%	59.6%	69.0%	52.8%
	Owns Primary Residence		79.6%	22.1%	84.7%	99.7%	93.4%	98.7%
	Net Worth	98,550	316,813	3,555	44,094	99,114	198,029	1,240,633
	<i>Note: With Negative Net Worth</i>		2.7%	13.6%	0.0%	0.0%	0.0%	0.0%
1992	1991 Income	32,802	52,894	12,337	23,249	40,576	54,515	133,871
	Has Defined Benefit Pension		52.6%	27.5%	53.1%	65.3%	68.5%	48.7%
	Owns Primary Residence		77.2%	28.5%	79.9%	82.5%	97.9%	97.3%
	Net Worth	127,190	367,653	4,521	54,290	126,731	243,391	1,409,990
	<i>Note: With Negative Net Worth</i>		3.0%	15.1%	0.0%	0.0%	0.0%	0.0%
1995	1994 Income	35,850	57,747	18,444	32,975	41,053	52,342	144,188
	Has Defined Benefit Pension		53.4%	18.2%	62.1%	58.8%	64.8%	63.3%
	Owns Primary Residence		80.9%	33.9%	88.3%	91.8%	98.5%	92.2%
	Net Worth	129,900	405,777	5,744	55,441	127,674	248,124	1,595,080
	<i>Note: With Negative Net Worth</i>		3.2%	15.7%	0.0%	0.0%	0.0%	0.0%
1998	1997 Income	40,563	75,033	20,219	35,412	45,497	58,228	216,228
	Has Defined Benefit Pension		47.3%	36.8%	44.3%	56.4%	54.1%	44.8%
	Owns Primary Residence		79.6%	21.2%	90.0%	94.0%	94.2%	98.8%
	Net Worth	148,050	554,697	6,703	63,926	147,624	301,547	2,258,712
	<i>Note: With Negative Net Worth</i>		2.4%	12.2%	0.0%	0.0%	0.0%	0.0%
2001	2000 Income	46,256	94,472	24,513	32,309	50,819	76,418	288,751
	Has Defined Benefit Pension		49.6%	31.8%	41.0%	63.0%	62.3%	49.6%
	Owns Primary Residence		82.0%	32.6%	82.7%	96.7%	98.9%	99.4%
	Net Worth	195,350	780,430	10,234	73,176	189,723	422,230	3,212,326
	<i>Note: With Negative Net Worth</i>		1.9%	9.6%	0.0%	0.0%	0.0%	0.0%
2004	2003 Income	59,559	103,814	24,529	48,484	73,262	94,342	279,242
	Has Defined Benefit Pension		43.8%	22.1%	46.7%	49.5%	54.0%	46.6%
	Owns Primary Residence		78.3%	21.1%	77.4%	95.1%	99.8%	98.3%
	Net Worth	275,360	867,170	7,229	105,360	285,200	631,645	3,317,434
	<i>Note: With Negative Net Worth</i>		3.6%	17.9%	0.0%	0.0%	0.0%	0.0%
2009	Scenario 1							
	Net Worth	172,783	692,768	4,080	65,313	182,754	459,468	2,755,844
	Percent Change	-37.3%	-20.1%	-43.6%	-38.0%	-35.9%	-27.3%	-16.9%
	<i>Note: With Negative Net Worth</i>		5.2%	25.1%	0.8%	0.0%	0.0%	0.0%
	Scenario 2							
	Net Worth	154,373	662,788	1,782	56,639	164,975	430,485	2,663,562
	Percent Change	-43.9%	-23.6%	-75.3%	-46.2%	-42.2%	-31.8%	-19.7%
	<i>Note: With Negative Net Worth</i>		7.1%	33.7%	1.7%	0.0%	0.0%	0.0%
	Scenario 3							
	Net Worth	138,657	632,808	(515)	47,965	147,196	401,502	2,571,280
Percent Change	-49.6%	-27.0%	-107.1%	-54.5%	-48.4%	-36.4%	-22.5%	
<i>Note: With Negative Net Worth</i>		8.2%	37.7%	3.4%	0.0%	0.0%	0.0%	

Source: Survey of Consumer Finance and authors' calculations.

APPENDIX TABLE 5
All Respondents Age 65-75

	Median	Mean	Mean By Quintile of Net Worth					
			Bottom	Second	Middle	Fourth	Top	
1989	1988 Income	15,644	35,574	9,253	15,971	17,786	25,300	109,893
	Has Defined Benefit Pension		56.3%	37.9%	48.1%	57.3%	71.1%	67.4%
	Owns Primary Residence		75.8%	13.0%	81.7%	92.9%	98.4%	93.7%
	Net Worth	76,880	290,178	2,629	32,253	79,002	171,328	1,169,451
	<i>Note: With Negative Net Worth</i>		2.9%	14.2%	0.0%	0.0%	0.0%	0.0%
1992	1991 Income	18,451	29,276	9,881	14,541	21,075	27,664	73,442
	Has Defined Benefit Pension		55.1%	29.3%	50.3%	62.7%	71.7%	61.8%
	Owns Primary Residence		78.9%	20.5%	87.7%	94.0%	96.0%	96.5%
	Net Worth	102,200	288,363	6,128	45,614	100,251	195,973	1,096,753
	<i>Note: With Negative Net Worth</i>		1.2%	6.1%	0.0%	0.0%	0.0%	0.0%
1995	1994 Income	19,462	38,542	11,457	20,468	18,905	35,008	107,358
	Has Defined Benefit Pension		48.1%	28.7%	46.2%	40.1%	69.1%	56.7%
	Owns Primary Residence		77.7%	13.0%	87.3%	94.2%	96.4%	97.9%
	Net Worth	113,100	356,910	4,644	49,357	114,802	226,820	1,395,580
	<i>Note: With Negative Net Worth</i>		1.9%	9.3%	0.0%	0.0%	0.0%	0.0%
1998	1997 Income	24,338	47,509	13,637	26,646	29,709	40,190	127,441
	Has Defined Benefit Pension		50.1%	24.8%	47.8%	53.0%	63.9%	60.8%
	Owns Primary Residence		80.4%	23.6%	92.5%	93.6%	96.7%	95.7%
	Net Worth	148,340	471,966	9,670	75,731	151,642	289,722	1,834,454
	<i>Note: With Negative Net Worth</i>		1.4%	7.2%	0.0%	0.0%	0.0%	0.0%
2001	2000 Income	30,837	61,111	17,090	27,695	42,823	54,489	163,573
	Has Defined Benefit Pension		49.9%	29.4%	48.2%	50.2%	61.8%	59.8%
	Owns Primary Residence		81.2%	34.5%	92.5%	88.9%	96.3%	93.8%
	Net Worth	197,150	702,924	15,291	90,536	209,831	445,199	2,755,241
	<i>Note: With Negative Net Worth</i>		1.7%	8.3%	0.0%	0.0%	0.0%	0.0%
2004	2003 Income	36,968	62,895	19,316	29,911	44,012	56,777	164,638
	Has Defined Benefit Pension		52.5%	30.9%	47.1%	65.2%	60.8%	58.6%
	Owns Primary Residence		80.0%	15.7%	91.1%	96.5%	99.0%	98.4%
	Net Worth	213,730	748,097	6,403	83,708	222,997	501,957	2,927,307
	<i>Note: With Negative Net Worth</i>		2.7%	13.5%	0.0%	0.0%	0.0%	0.0%
2009	Scenario 1							
	Net Worth	223,133	840,452	3,494	84,483	240,734	583,713	3,295,045
	<i>Percent Change</i>	4.4%	12.3%	-45.4%	0.9%	8.0%	16.3%	12.6%
	<i>Note: With Negative Net Worth</i>		3.8%	18.8%	0.0%	0.0%	0.0%	0.0%
	Scenario 2							
	Net Worth	210,740	807,853	3,052	76,313	224,159	551,320	3,189,437
	<i>Percent Change</i>	-1.4%	8.0%	-52.3%	-8.8%	0.5%	9.8%	9.0%
	<i>Note: With Negative Net Worth</i>		4.2%	19.5%	1.4%	0.0%	0.0%	0.0%
	Scenario 3							
	Net Worth	194,603	775,255	2,611	68,143	207,584	518,928	3,083,828
<i>Percent Change</i>	-8.9%	3.6%	-59.2%	-18.6%	-6.9%	3.4%	5.3%	
<i>Note: With Negative Net Worth</i>		4.8%	20.0%	4.1%	0.0%	0.0%	0.0%	

Source: Survey of Consumer Finance and authors' calculations.

APPENDIX TABLE 6
All Respondents Age 75+

		Mean By Quintile of Net Worth						
		Median	Mean	Bottom	Second	Middle	Fourth	Top
1989	1988 Income	13,558	26,786	7,706	11,357	14,574	21,579	80,616
	Has Defined Benefit Pension		44.5%	26.6%	42.3%	55.1%	53.0%	45.9%
	Owns Primary Residence		68.5%	12.6%	65.7%	82.8%	90.3%	93.6%
	Net Worth	72,100	237,241	2,512	29,965	72,825	160,106	945,047
	<i>Note: With Negative Net Worth</i>		1.3%	6.1%	0.0%	0.0%	0.0%	0.0%
1992	1991 Income	14,351	23,625	8,741	12,376	16,818	23,102	57,272
	Has Defined Benefit Pension		41.3%	25.7%	28.4%	39.9%	55.7%	56.8%
	Owns Primary Residence		76.3%	20.9%	83.4%	90.7%	93.0%	94.1%
	Net Worth	87,000	211,528	4,878	43,456	90,363	172,866	748,789
	<i>Note: With Negative Net Worth</i>		0.9%	4.7%	0.0%	0.0%	0.0%	0.0%
1995	1994 Income	16,389	27,900	11,299	12,763	17,044	27,669	70,832
	Has Defined Benefit Pension		44.5%	36.3%	27.0%	46.1%	50.7%	62.5%
	Owns Primary Residence		70.9%	14.2%	73.0%	88.7%	90.2%	89.0%
	Net Worth	98,200	276,720	5,592	48,656	102,876	192,059	1,035,967
	<i>Note: With Negative Net Worth</i>		2.5%	12.5%	0.0%	0.0%	0.0%	0.0%
1998	1997 Income	17,239	29,840	10,322	13,983	22,456	36,562	66,353
	Has Defined Benefit Pension		43.6%	26.3%	35.8%	46.7%	55.1%	54.0%
	Owns Primary Residence		75.9%	21.9%	81.0%	91.5%	93.1%	92.2%
	Net Worth	128,100	320,657	7,451	65,042	129,475	237,491	1,175,671
	<i>Note: With Negative Net Worth</i>		1.5%	7.6%	0.0%	0.0%	0.0%	0.0%
2001	2000 Income	22,614	36,586	12,731	18,091	21,732	35,240	95,520
	Has Defined Benefit Pension		48.7%	31.4%	49.9%	50.4%	61.2%	50.5%
	Owns Primary Residence		74.8%	10.9%	78.2%	91.5%	95.9%	97.8%
	Net Worth	156,350	474,683	7,255	70,496	163,832	343,955	1,795,735
	<i>Note: With Negative Net Worth</i>		2.0%	10.0%	0.0%	0.0%	0.0%	0.0%
2004	2003 Income	24,645	42,060	14,235	20,828	28,504	37,491	109,630
	Has Defined Benefit Pension		56.7%	45.7%	46.6%	64.1%	67.2%	59.9%
	Owns Primary Residence		83.9%	40.3%	91.2%	91.1%	98.6%	98.6%
	Net Worth	167,700	528,465	11,280	93,306	174,256	382,627	1,988,880
	<i>Note: With Negative Net Worth</i>		1.9%	9.2%	0.0%	0.0%	0.0%	0.0%
2009	Scenario 1							
	Net Worth	165,872	598,609	9,733	85,268	176,113	393,205	2,334,893
	Percent Change	-1.1%	13.3%	-13.7%	-8.6%	1.1%	2.8%	17.4%
	<i>Note: With Negative Net Worth</i>		2.0%	9.8%	0.0%	0.0%	0.0%	0.0%
	Scenario 2							
	Net Worth	155,275	574,420	8,182	77,628	163,554	371,514	2,257,163
	Percent Change	-7.4%	8.7%	-27.5%	-16.8%	-6.1%	-2.9%	13.5%
	<i>Note: With Negative Net Worth</i>		2.0%	9.8%	0.0%	0.0%	0.0%	0.0%
	Scenario 3							
	Net Worth	142,642	550,230	6,630	69,987	150,995	349,822	2,179,433
Percent Change	-14.9%	4.1%	-41.2%	-25.0%	-13.3%	-8.6%	9.6%	
<i>Note: With Negative Net Worth</i>		2.0%	9.8%	0.0%	0.0%	0.1%	0.0%	

Source: Survey of Consumer Finance and authors' calculations.