

## SAVINGS AND ASSET ACCUMULATION AMONG AMERICANS 25-34



BY

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## Executive Summary

Workers aged 25 to 34 are caught between a Baby Boomer rock and a fiscal hard place. Boomers will start retiring within the next few years and the increased benefits they will enjoy will put an enormous burden on the generations behind them. Unless this younger “Career Builder” generation saves and accumulates assets more than they are apparently doing they will face a far less certain financial future than their parents and grandparents.

Estimates place the current unfunded liability (including both current debt and the net value of future social insurance obligations) of the United States at approximately \$220,000 for each person living today. With such a mounting financial burden, Americans should be saving more than ever. But they are not. Private savings rates have dipped into negative territory over the past two years and federal debt servicing levels have reached all-time highs. Without some substantial change in consumer behavior, federal fiscal policy, or structure of social insurance benefits, the system will likely face enormous pressure just as today’s young workers reach the peak of their careers.

This study looks at the savings behavior of America’s youngest workers and discusses changes in their net worth using data collected from the Survey of Income and Program Participation (SIPP). This study finds that over the last 20 years young Americans have reduced the importance with which they treat saving and the net accumulation of wealth. The proportion of this population that possesses a savings account or other financial assets has declined significantly, as has median net worth.

Between 1985 and 2004, net worth grew almost 20 percent for those in the top quintile of the wealth distribution and fell for the other 80 percent. This decline was most pronounced for those in the bottom 20 percent of the distribution.

The workforce of tomorrow is not financially prepared for the world they will live in. Many are clearly relying on the solvency of federal programs. Many feel they can wait until later to worry about the rest of their lives. This generation needs to be encouraged to be more financially responsible about their future. Saving is not just about retirement. It is about taking control of life and having the flexibility to deal with the many challenges and opportunities ahead.

# SAVINGS AND ASSET ACCUMULATION AMONG AMERICANS 25-34

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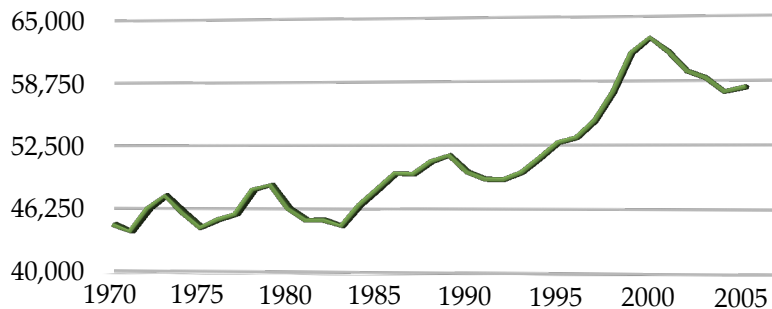
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## Today's World of Promise and Peril

With the years of schooling behind them, most people between 25 and 34 are making their first serious inroads into their new careers, buying their first homes, and starting families. This generation is enjoying a level of success and promise that exceeds all past generations.

The many anecdotes about declines in living standards and the need for two incomes to keep up in a modern America simply do not represent reality. Quite the opposite; with all the investment in human capital, information infrastructure, and advances in technology, the average household income for Americans has risen faster over the past decade than at anytime since the early 1960s. The average household income rose by 60 percent in real terms over the last 40 years. The gain for households with heads between the ages of 25 and 34 was \$58,000 in 2005, up one-third in real (Consumer Price Index adjusted) terms (Figure 1). Although these gains are less than for older cohorts, it implies that those entering the workforce today have an even better future earnings path.

**Figure 1. Mean Income for Households with Head of Household between 25 and 34 Years of Age**



Source: U.S. Census

Not all Americans have benefited equally from the current gains in the economy. Income inequality is at its highest level since World War II. Those at the top of the income distribution have enjoyed a pace of growth in incomes that is about 2.5 times that of those at the bottom end. But economists have long recognized that the CPI tends to overestimate the true

increase in the costs of consumption of between .5 percent to 1 percent per year. For the average 25 to 34 year old running a household, the true level of buying power is well

over half again what it was just 40 years ago. And with family sizes falling, more of this money is available for personal consumption and saving for the future.

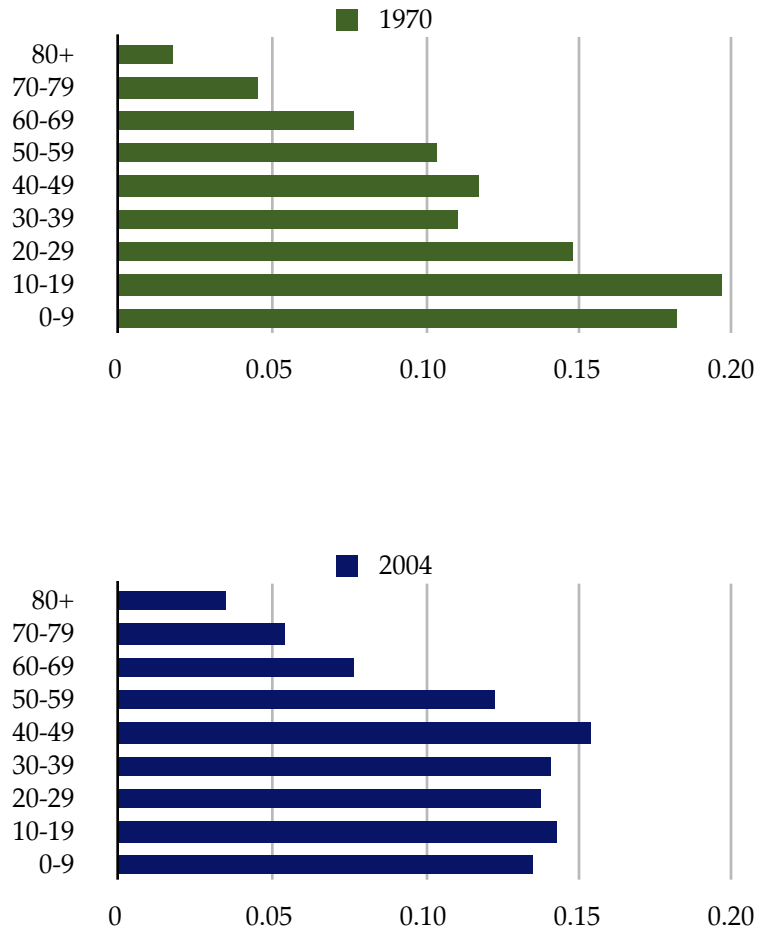
Yet this generation also faces new and daunting economic challenges. These challenges stem from a number of sources including the rapidly changing demographics of the nation, the structure of the current public welfare system, and changes in global capital markets. Ultimately, this group of people is between a Baby Boomer rock and a fiscal hard place.

In the late 1950s, there was a substantial spike in birthrates in the United States, with fertility peaking at 4.1 children per woman. At the time, policy discussions worried little about future stresses on the public pension system. Instead, discussion focused on the dangers of excessive population growth. But then, to the surprise of demographers, birth rates started to fall sharply in the 1960s and 1970s to a population-stable level of about 2.1 children per woman today. Had it not been for increased longevity and immigration, the population of the United States would have stopped growing by the early 1990s.

These sharp changes have taken the U.S. population pyramid and turned it into a population tower. In 1970, the ratio of people under 20 to those in their forties and fifties was 1.7 to 1 (Figure 2). Today, the ratio is 1 to 1. In 1970, the boomer bulge was between 5 and 20 years of age. Today, a mere decade from retirement, the bulge is between 40 and 55. The number of retirement-aged people 65 and above has remained fairly steady in the United States relative to total population over the past few decades, increasing from slightly less than 10 percent in 1970 to just over 12 percent today. The social support ratio, defined as the number of people age 20 to 64 relative to the number of people 65 and above, fell modestly from 5.4 in 1970 to 4.7 today (Table 1). These changes are mild and easily handled by the U.S. economy despite the fact that the quantity and cost of social insurance benefits continues to rise.

The implications of future changes in the structure of the population should not be underestimated. The bulge is a decade away from hitting retirement age. This will be a critical juncture in the U.S. economy, particularly for those entering the workforce today. The growth in the number of retirees will accelerate sharply to 20 percent of the population by 2030 before stabilizing at a new and higher rate. The social support ratio will fall from 4.7 to 2.8 in 2030 even under the conservative future population estimates produced by the U.S. Census. These projections have typically underestimated increases in longevity in the past. If that is true here, the United States will have an even higher proportion of retired individuals than these numbers suggest.

**Figure 2. U.S. Age Distribution**



Source: RAND

These raw numbers neglect two important factors—labor productivity gains and workforce participation. Past investments in physical and human capital, technological advancement, and social infrastructure by both public and private entities have improved the productivity of U.S. workers dramatically over the years. While productivity gains slowed somewhat in the 1970s and early 1980s, the last two decades have seen rates of productivity growth on par with the changes experienced in the wake of the Second World War and there seem few indications of any major slowdown in the future. A worker in 2005 produces twice as much in terms of real economic output (as measured

by Gross Domestic Product) as his or her counterpart did in 1960. Thus while there are more retired people per working person today, the additional output of those workers who support the retired population more than makes up for it.

**Table 1. The U.S. Support Ratio, Raw and Adjusted, Past Values and Future Projections**

	PERCENT OF POPULATION AGE 65+	SUPPORT RATIO <sup>A</sup>	ADJUSTED SUPPORT RATIO <sup>B</sup>	REAL PER RETIREE BENEFITS <sup>C</sup>	FINAL SUPPORT RATIO <sup>D</sup>
1960	9.2	5.7	2.7	14.2	18.8
1970	9.8	5.4	3.2	34.1	9.4
1980	11.3	5.0	3.4	55.0	6.3
1990	12.5	4.7	3.9	71.2	5.4
2000	12.4	4.7	4.7	100.0	4.7
2010	13.0	4.6	5.3	140.0	3.8
2020	16.3	3.5	4.8	182.0	2.7
2030	19.7	2.8	4.5	227.5	2.0
2040	20.4	2.6	5.1	273.0	1.9
2050	20.7	2.6	5.9	327.6	1.8

Source: U.S. Census, Bureau of Economic Analysis, Authors' Calculations.

A. Population aged 20 to 64 as percent of the population aged 65 and over.

B. The adjusted ratio accounts for changes in productivity and workforce participation.

C. Indexed value of real social benefits (2000=100)(Social Security, Medicare, and Medicaid) paid per retiree.

D. Adjusted support ratio with further adjustment for real per-retiree payments.

In terms of labor participation, advances in healthcare have helped people live longer and healthier lives. While the greater rate of longevity decreases the support ratio for obvious reasons, it can also have the opposite effect by increasing the number of people who continue to work even after they pass the age of 65. Those who are working into their seventies still collect social insurance benefits, but they are at the same time contributing to the financial needs of the programs by paying payroll and income taxes.

Adjusting our physical dependency ratio to account for these two factors changes the picture dramatically. Between 1960 and 2000, this adjusted support ratio increased from

2.7 to 4.7 and it will continue to increase to 5.3 in 2010. Up to now, health and productivity gains have trumped demographic shifts. But the reverse holds true after 2010 and the adjusted dependency ratio falls modestly from 5.3 to 4.5 in 2030 before starting to rise again.

Even though the number is better than the support ratio in 1990, there is still much to worry about because the real level of benefits being paid per retiree has not stayed constant in real terms. Social Security benefits, for example, are linked not just to the level of wages earned while working, but also to increases in wages in the general population during retirement. As a result, real Social Security payments per retiree have increased substantially over the years as a reflection of increasing productivity gains.

New programs have also been created. In the 1960s, Medicare and Medicaid were added to social insurance programs and have been expanded during the past four decades. Combined with faster than average growth in the cost of medical services in the United States, this has also contributed to a rapid rise in real per-retiree payments. In 1970 these payments were approximately \$9,000 per retiree. By 1990 this had doubled to \$18,000, and by 2005 it had doubled yet again to \$36,000 per retiree. Even if there is a slowdown in growth rates, benefit costs per retiree still double between today and shortly after 2030. The Government Accountability Office currently estimates that under current law, these three programs will eat up about 20 percent of GDP by 2050, compared to 8 percent today.

When rising benefit costs are factored into the picture, these changes more than offset the productivity and participation changes discussed earlier.

The final column in Table 1 shows the support ratio adjusting for the increasing real cost of public benefits. Between 1970 and 2000, the per-worker support burden increased by a factor of 2. By 2025 it will have doubled again. To try and put this in some perspective, in 2005 the cost of social benefits was approximately \$8,100 per worker. The coming drop in the support ratio means that a worker in 2025 could face an implicit current income burden equivalent to \$16,200. The pain is twice as large in spite of future productivity and income gains. Researchers estimate the total burden at over \$60 trillion in current terms, about 5 times the size of current GDP. The present value of the long-run fiscal debt now totals \$220,000 per person in the United States.

There is no rebound in the numbers. If you are 25 and just starting out in the workforce, you will bear the direct brunt of these cost increases. On the front end, you are liable to pay for current levels of support. On the back end, benefit levels will be under significant pressure.

Given these issues, Americans should be saving more than ever. Instead savings rates in the United States began to drop in the early 1980s, from 11 percent of disposable income to 2 percent in 2000.<sup>1</sup> Savings rates then dipped into negative territory in 2005 and the first half of 2006. People are literally spending more than they are earning after taxes for the first time since the Great Depression.

“Savings rates” are not really the issue; rather it is “asset accumulation,” because assets are what retain their value for future use. Savings contribute to the asset base, but it can also increase over time through other mechanisms, such as real estate or equity appreciation.

The forces of asset appreciation have had a significant impact on the bottom line for Americans over the past decade despite low savings rates. In the late 1960s, net household wealth was about 5 times annual disposable income. It dropped slightly in the 1970s on the back of weaker-than-average economic performance and a slowdown in productivity gains. However, the past decade has seen a sharp rise in net wealth, up to 5.5 times current disposable income.

This increase in wealth is due to a number of factors. One is the increase in the values in U.S. equity markets; the other is the rapid run up of real estate prices. Unfortunately, the rise in average wealth disguises the fact that the majority of new wealth is accruing to older, higher income households. A numerical majority of Americans have not seen any significant change in their net worth position over the past decade.

The current value of net wealth in the United States equals about \$170,000 per person if excess real estate values are excluded. In other words, it is only about 80 percent of the current public shortfall, and this is without accounting for using asset withdrawal for future current spending, which is the primary reason for asset accumulation!

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<sup>1</sup> Disposable income is the income left after taxes have been subtracted and transfers have been added back.

# Savings Behavior and Asset Accumulation

## Savings Behavior Among Americans 25-34

The annual rate of private savings has been on the decline for a number of years. After reaching a high in 1982, at 11.2 percent of disposable income, savings rates have consistently declined to the point where the average American in 2005 spent more than her or his disposable income.

Negative savings first appeared in April 2005 and has persisted through August 2006, the last month for which data are available.

Households headed by individuals aged 25 to 34 have slipped significantly into negative territory.<sup>2</sup>

This is consistent with a longer term trend in apparent savings behavior among these individuals.

In 1985, about 65 percent of Americans aged 25 to 34 owned some form of savings instrument (Table 2), including traditional savings, money market accounts, certificates of deposit, and other financial investments, such as stocks and bonds, Keogh, IRA, and 401(k) accounts. Between 1985 and 2000, the proportion of this population that owned one or another of these savings instruments fell from 65 percent to 59 percent, a decline of just under 6 percentage points. Between 2000 and 2004, the decline accelerated, when it fell another 4 percentage points, a pace two and a half times faster than in the previous 15 years.

This is consistent with a declining emphasis on savings within this group. The third column of Table 2 indicates a decline in the use of regular interest-bearing savings accounts. At the same time the proportion of the population invested in stocks and bonds increased from 13.6 percent in 1985 to 14.7 in 2000, but dropped to just 12.8 percent in

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<sup>2</sup> See [www.bls.gov/cex/home.htm](http://www.bls.gov/cex/home.htm) for data on average annual expenditures and the report *The Effects of Government Taxes and Transfers on Income and Poverty: 2004* for disposable income.

([www.census.gov/hhes/www/poverty/effect2004/effectofgovtandt2004.html](http://www.census.gov/hhes/www/poverty/effect2004/effectofgovtandt2004.html))

2004. Those owning non-pension retirement accounts stayed roughly constant at just over 25 percent.

**Table 2. Ownership of Savings Instruments by Americans 25-34**

YEAR	ANY FUNGIBLE SAVINGS INSTRUMENT	INTEREST-BEARING SAVINGS ACCOUNT
1985	65%	61%
2000	59%	52%
2004	55%	47%

It is plausible that young Americans were more inclined to invest in the stock market between 1985 and 2000 because of the large returns that were available. However, this same logic would suggest a return to the safety provided by savings accounts in the early part of this decade, when the returns were not as good. Quite the opposite happened; the movement away from savings accounts continued.

An alternative explanation is a shift to other forms of asset accumulation, such as home ownership, real estate, or private business. Between 1985 and 2004, the rate of home ownership among these individuals increased from 37 percent to 39 percent, but ownership rates of other real estate and private businesses declined substantially.

Therefore, the explanation most consistent with observed declines in ownership of savings instruments is an overall reduced emphasis on saving.

### Asset Accumulation Among Americans 25-34

The decline in the holdings of simple savings instruments represents a decline in the importance of saving to young adults. Direct evidence can be found in the level of net worth accumulated by these young adults. Net worth is the excess of assets over liabilities that an individual has accumulated. People between 25 and 34 are still at the very early stages of accumulating wealth and changes in overall savings behavior will be reflected more clearly in net worth than it will be for older individuals. Small early changes can also lead to large changes in net worth decades down the road.

Table 3 provides evidence of changes over time in the net worth of young adults.<sup>3</sup> The mean net worth for individuals between the ages of 25 and 34 increased by 4 percent between 1985 and 2004, much more slowly than income levels for this group. This is the exact opposite situation for the U.S. economy which has seen assets grow at a faster rate than income.

**Table 3. Net Worth of Americans 25-34**  
(Constant 2004 dollars.)

YEAR	MEDIAN	MEAN
1985	\$6,788	\$25,115
2000	\$5,449	\$26,670
2004	\$3,746	\$26,109

The slow growth between 1985 and 2000 indicates that many 25 to 34 year olds missed out on much of the growth in net worth experienced by the population as a whole during the 1990s.<sup>4</sup>

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<sup>3</sup> These values are significantly lower than those presented elsewhere, for instance, Bucks, B.K., A.B. Kennickell, and Kevin B. Moore. "Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances." Federal Reserve Board Bulletin, March 22, 2006. This is primarily because we are looking at individuals rather than families or households. When aggregated over families or households, our results are much closer to theirs but are still lower, presumably because the Survey of Consumer Finances generally reports higher wealth than does the SIPP.

<sup>4</sup> Wolff, E.N. "Change in Household Wealth in the 1980s and 1990s in the U.S." in Edward N. Wolff, Editor, *International Perspectives on Household Wealth*, Elgar Publishing Ltd., forthcoming.

If today's youth hope to continue enjoying an increased standard of living, they need to be moving in the opposite direction.<sup>5</sup>

Changes in average net wealth have not been even across the five quintiles of the population. The rapid concentration of wealth in the United States can be seen even among 25 to 34 year olds. Those in the top fifth saw their net worth increase by \$21,000 in real terms between 1985 and 2004 to an average of \$123,000. Every other quintile saw a decline, including a \$14,000 decline in net worth for those at the bottom to a net value of \$-17,500. This is further evidence that saving and asset accumulation among these individuals has declined in the last 20 years.

Change in levels of home equity and unsecured debt have contributed significantly to the rising inequality of wealth among this group of Americans. For the group, both home equity and unsecured debt increased between 1985 and 2004. Mean levels of home equity increased from \$11,768 to \$15,705, but this increase was experienced only by those in the upper half of the wealth distribution. Mean levels of unsecured debt increased from \$3,118 to \$4,733, with the vast majority accruing to those in the lower half of the wealth distribution.

Changes in the ratio of net worth to average wages can provide an indication of whether or not asset accumulation for a particular age group is keeping up with their expected retirement needs. If real incomes grow over time for the 24 to 35 group, retirement needs will also likely be growing if current living standards are to be maintained. Net worth, which was equivalent to 99 percent of income in 1985, was only 92 percent in 2004. Asset accumulation, and hence savings, are falling behind for this age group.

Though individuals in this group made some progress in absolute terms, they did not experience the significant gains in wealth that much of the rest of the population did during the 1990s. Comparing the changes in Table 3 with the changes for those 35-44 shows they are falling further behind.

Mean net worth among 35-44 year olds averaged \$81,000 in 1985, increased to \$110,000 in 2000, and was unchanged through 2004. At the same time, however, the mean net

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<sup>5</sup> We don't make too much of the decline in asset wealth between 2000 and 2004. This is likely to be due to the declines in the value of equity wealth that affected all Americans.

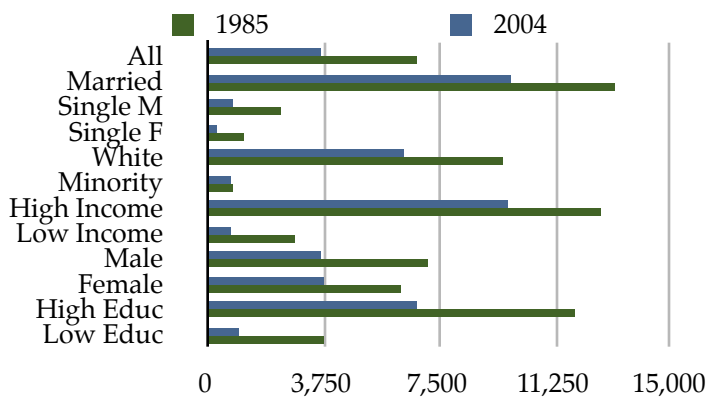
worth for Americans 25 to 34 increased more slowly between 1985 and 2004, from \$25,115 to \$26,109.

### Asset Accumulation and Demography

Median net worth among all individuals between 25 and 34 in 2004 was just over \$3,700, down from \$7,000 in 1985. This figure, however, masks enormous inequities across demographic categories (Figure 3). Median net worth among married individuals is more than 10 times what it is for single individuals. Among single individuals, men have a higher accumulation of wealth than women.

These disparities are highly correlated with home ownership and ownership of a savings account. While differences in the likelihood of home ownership are comparable to the differences in net worth displayed in Figure 3, differences in levels of unsecured debt are not. In particular, those groups identified above as having low levels of net worth have relatively high levels of unsecured debt (Figure 4).<sup>6</sup>

Figure 3. Median Net Worth of Americans 25-34



Levels of unsecured debt are highly correlated with high net worth characteristics, driven in large part by loans for college, graduate, and professional education. Married, white, high-income, and highly educated individuals have both high net worth and high levels of unsecured debt. However, the levels of unsecured debt carried by low net worth groups is high relative to that carried by high net worth groups. For instance, median net worth among married individuals is 10 times higher than for unmarried individuals, but married individuals carry on average only 25 percent more unsecured

<sup>6</sup> We use “mean unsecured debt” here because “median unsecured debt” is zero for most demographic categories, and comparisons across categories would be meaningless.

debt. It is also the case that low-income individuals have unsecured debt equivalent to 60 percent of that carried by high-income individuals.

Contributing to the decline in median net worth

are changes in demographic patterns among these young individuals.

In particular, there are significant changes in three categories that are highly correlated with median net worth.

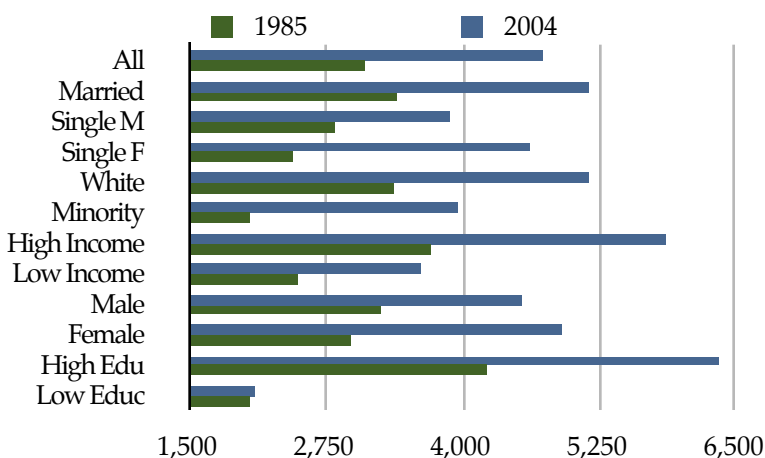
Between 1985 and 2004, the

proportion of the population

aged 25-34 that was married declined by 8 percentage points, the proportion of whites declined by 17 percentage points, and the proportion with education beyond high school increased by 13 percentage points (Table 4). The decline in marriage rates and the increasing share of the population made up of people of color have contributed to the declines in net worth while increasing levels of education offset these declines.

Taken together, these demographic shifts are responsible for just over one-quarter of the change in median net worth among young Americans.

**Figure 4. Mean Levels of Unsecured Debt of Americans 25-34**

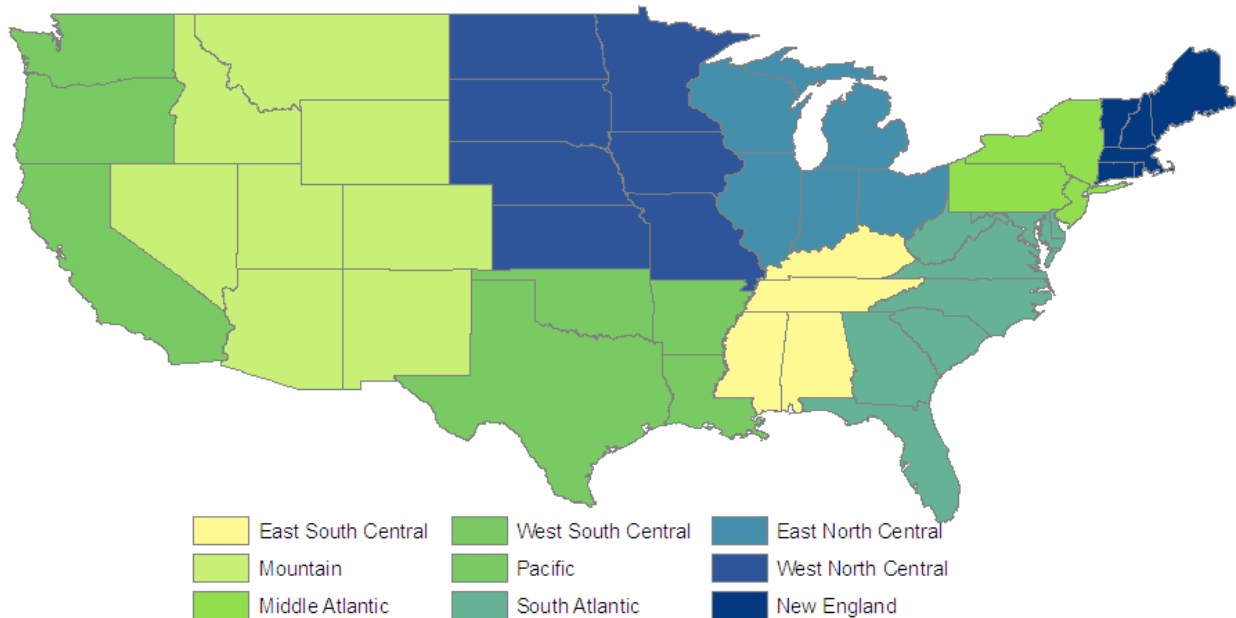


**Table 4. Changing Demographics**

	SHARE OF POPULATION		
	PERCENTAGE POINT CHANGE	2004	1985
Married	-8	54	62
White	-17	64	82
Well Educated	13	62	49

## The Geography of Asset Accumulation

**Figure 5. Median Net Worth Among Americans 25-34, by U.S. Region**  
(Darker colors indicate greater net worth.)



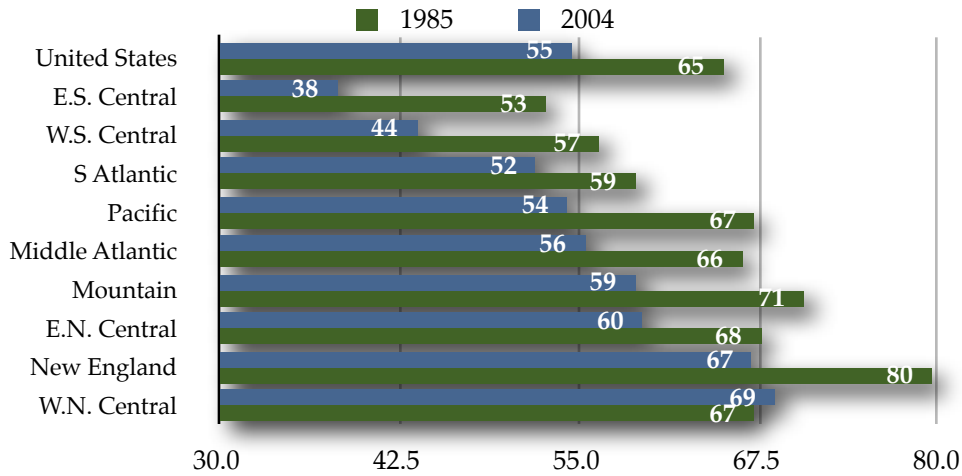
Net worth in the United States is not evenly distributed (Figure 5). In 1985, nearly two-thirds of Americans aged 25-34 owned one or another form of savings account (Figure 6). At that time, young Americans in New England had the highest ownership of such accounts, with 80 percent reporting that they had them.

The least likely to hold such an account were those in the East South Central region.<sup>7</sup> In the subsequent 19 years, however, ownership of savings instruments declined in all but the West North Central region. The East South Central region not only had the lowest ownership rate in 1985, but experienced a 15 percentage point decline between 1985 and 2004, the largest of any region.

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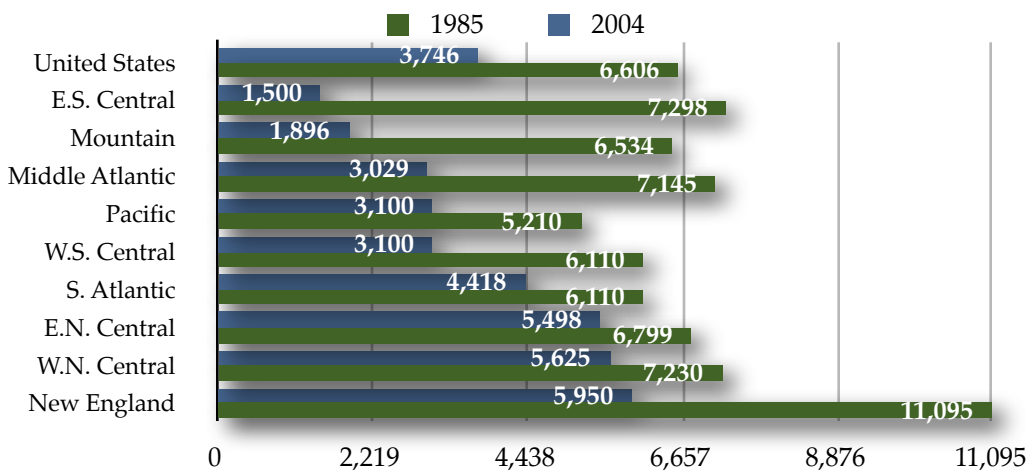
<sup>7</sup> Regional definitions are presented in Table A.1 at the end of this document.  
Beacon Economics

**Figure 6. Regional Changes in Ownership of Savings Instruments: 1985-2004**



The East South Central region ranks last in median net worth as well as ownership of savings instruments (Figure 7). The decline in net worth in other regions was also quite large. In particular, the wealthiest region -- New England -- experienced a decline of just over \$5,000. This is largely explained by increased concentration of home equity among high-wealth individuals and increases in unsecured debt among individuals with relatively low net worth.

**Figure 7. Regional Changes in Median Net Worth: 1985-2004**



The nationwide decline in median net worth represents an increasing concentration of net worth among the wealthiest individuals rather than a decline in the aggregate net worth of those aged 25 to 34. In 1985, the top half of the wealth distribution accounted for 102 percent of all wealth held by this group. By 2004, this had increased to 113 percent.

This trend holds true for each of the 9 regions discussed here. In 7 of the 9 regions, the richest 50 percent are responsible for more than 112 percent of the net asset accumulation in the region. On average, this leaves the bottom half of the wealth distribution with negative net worth.

Only in the New England and Pacific regions do the top half of the wealth distribution hold a smaller proportion; both are under 109 percent. This concentration was most extreme in the East South Central region, with the top half holding 129 percent of the net worth in the region compared with only 98 percent in 1985.

In general, the top half of the distribution held between 110 and 116 percent in 2004 while it held less than 106 percent in all regions in 1985.

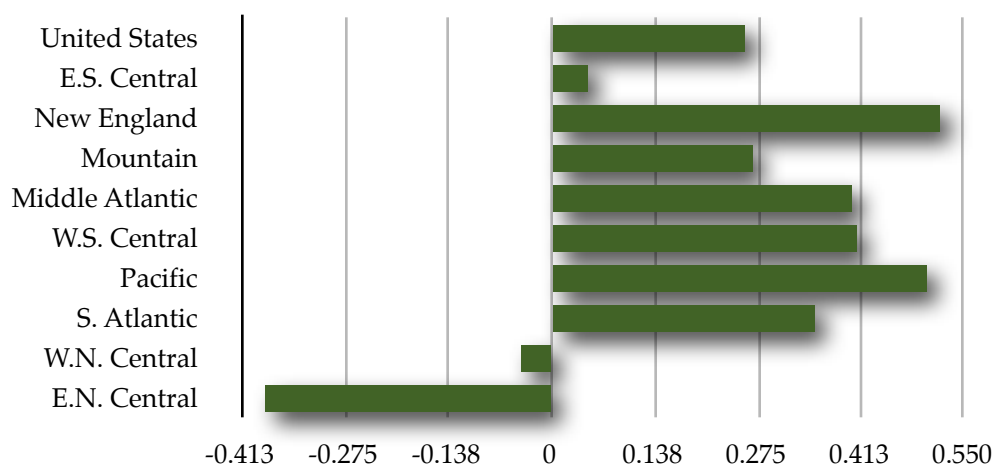
As was the case nationally, changes in unsecured debt, home equity, and demographics are an important part of the regional disparities. The concentration of unsecured debt among low-wealth individuals increased in every region while their share of home equity fell in all but the West North Central Region (Table 5). The increase in unsecured debt among low-wealth individuals was particularly strong in the East South Central and New England regions. In the East South Central region, low-wealth individuals account for 86 percent of the unsecured debt. Shares of home equity did not change markedly between 1985 and 2004, but the change was either 0 or negative in every region.

**Table 5. Changing Shares of Wealth Factors: 1985-2004**

REGION	UNSECURED DEBT		HOME EQUITY	
	2004 SHARE FOR LOW WEALTH INDIVIDUALS	%-POINT CHANGE FROM 1985	2004 SHARE FOR LOW WEALTH INDIVIDUALS	%-POINT CHANGE FROM 1985
New England	76	23	-2	-2
Middle Atlantic	73	18	0	-2
E.N. Central	69	8	0	-3
W.N. Central	76	9	3	0
S. Atlantic	71	13	-1	-3
E.S. Central	86	40	2	0
W.S. Central	67	8	1	-2
Mountain	66	13	-2	-4
Pacific	66	5	0	-2
United States	71	12	0	-2

**Figure 8. Contribution of Demographic Changes to Declining Median Net Worth**

(Bars represent the share of the decline in median net worth that is explained by demographic changes between 1985 and 2004.)



Demographic changes played very different roles in different regions. In most regions, changing demographics, falling marriage rates, and the implicit changes in net worth among individuals in the region served to exacerbate the concentration of wealth in the top half of the distribution (Figure 8). In six of the nine regions, demographics accounted for a greater proportion of the reduction in median net worth than they did for the nation as a whole. In the West and East North Central regions, changing demographics in the form of improvements in educational attainment offset the declines in median net worth that otherwise would have occurred.

**Table 6. Explaining Regional Changes in Net Worth Over Time**  
(Ranked change between 1985 and 2004.)

	CHANGE IN NET WORTH	MARRIED	WHITE	HIGH INCOME	WELL EDU- CATED
E.S. Central	9	5	2	6	6
New England	8	9	3	2	5
Mountain	7	2	8	7	9
Middle Atlantic	6	8	6	1	3
W.S. Central	5	6	9	9	7
Pacific	4	4	7	8	8
S. Atlantic	3	3	4	5	4
W.N. Central	2	7	1	4	1
E.N. Central	1	1	5	3	2
Correlation with Change in Net Worth	1.00	0.40	0.02	0.05	0.55

Table 6 shows that marital status and education have played important roles in driving changes across regions, but changes in racial composition and income status have not. Changes in income composition have been relatively minor. Changes in racial composition have not been highly correlated with changes in the median net worth despite the lower median net worth among minority groups relative to whites.

**Table A.1 Census Bureau Regional Divisions**

<p><b>New England</b></p> <p>Connecticut Maine Massachusetts New Hampshire Rhode Island Vermont</p>	<p><b>Middle Atlantic</b></p> <p>New Jersey New York Pennsylvania</p>	<p><b>East North Central</b></p> <p>Indiana Illinois Michigan Ohio Wisconsin</p>
<p><b>West North Central</b></p> <p>Iowa Kansas Minnesota Missouri Nebraska North Dakota South Dakota</p>	<p><b>South Atlantic</b></p> <p>Delaware District of Columbia Florida Georgia Maryland North Carolina South Carolina Virginia West Virginia</p>	<p><b>East South Central</b></p> <p>Alabama Kentucky Mississippi Tennessee</p>
<p><b>West South Central</b></p> <p>Arkansas Louisiana Oklahoma Texas</p>	<p><b>Mountain</b></p> <p>Arizona Colorado Idaho New Mexico Montana Utah Nevada Wyoming</p>	<p><b>Pacific</b></p> <p>Alaska California Hawaii Oregon Washington</p>