

Evaluating Wealth Data in the Redesigned 2014 Survey of Income and Program Participation

Jonathan Eggleston (U.S. Census Bureau)
and Michael Gideon (Amazon)

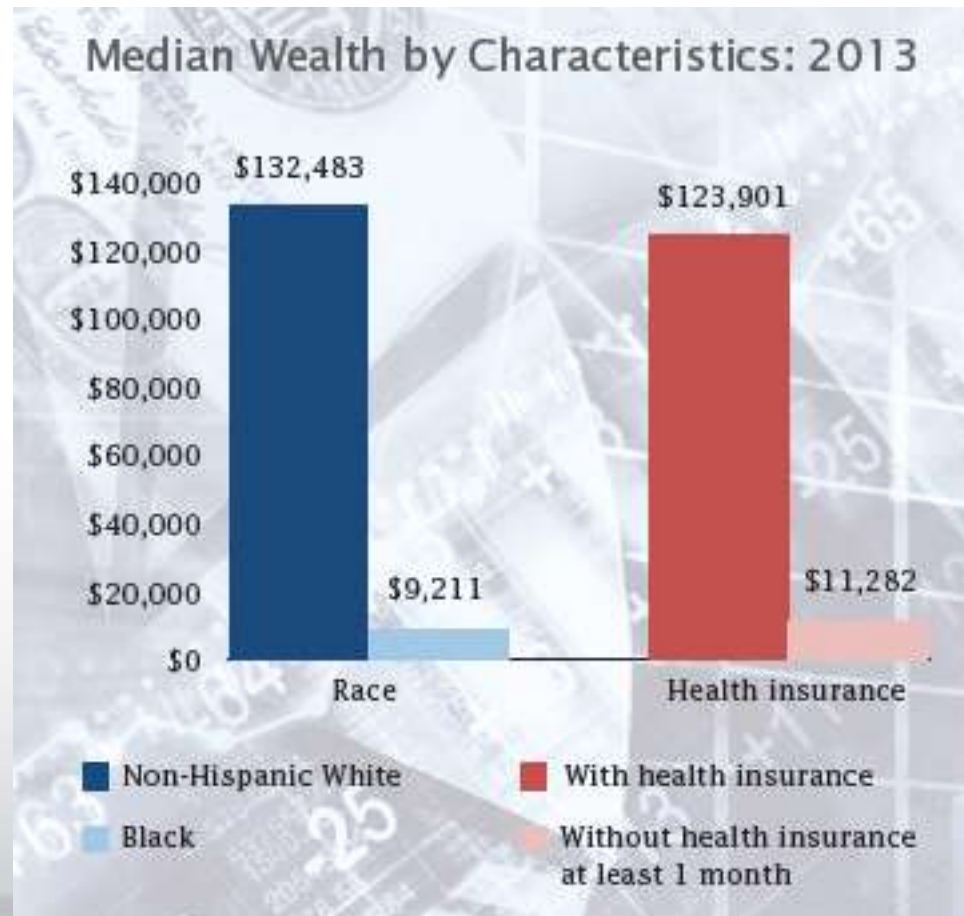
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This report is released to inform interested parties of ongoing research and to encourage discussion of work in progress. The views expressed on statistical issues are those of the authors and not necessarily those of the U.S. Census Bureau

Introduction

- Survey of Income and Program Participation (SIPP) & Survey of Consumer Finances (SCF): 2 primary sources of wealth data for U.S. households
- SCF: “Gold Standard” for wealth statistics (National Research Council 2009)
- Benefits of SIPP
 - Larger sample size (30,000 vs 6,000)
 - Important for subpopulations
 - Longitudinal
 - In-depth coverage of other topics (e.g. program participation, health insurance, retirement, veteran status)

SIPP: Wealth by Characteristics



Introduction

- Question: How does the wealth data compare between the two surveys?
 - Curtin, Juster, and Morgan (1989) and Wolff (1999): SIPP & SCF compare well in mid-80s. For late 80s and early 90s, SIPP estimates are lower than SCF estimates.
 - Czajka et al. (2003): Found discrepancies in 1998 data, discussed questions and concerns about SIPP data, and offered recommendations to improve SIPP wealth questions & imputation procedures
 - Eggleston and Klee (2016): Match between SIPP & SCF in 2010 data has improved in some dimensions but not others

2014 SIPP

- 2014 SIPP Panel: Major survey redesign
- Asset question texts changes for
 - Checking accounts
 - Life insurance cash value
 - Other financial investments
 - Real estate
- New asset and debt questions
 - Education savings accounts (529 Plans)
 - Student loans
 - Annuities and trusts
 - Businesses as an investment

Preview of Results

- Main results
 - SIPP net worth estimates closer to SCF estimates
 - There is now **no** statistically significant difference in **median net** worth between SIPP and SCF
 - However, **25th percentile** still lower in SIPP
- Other results
 - **Bank account** ownership rates higher now in SIPP than in previous panels, but still lower than SCF or FDIC estimates
 - SIPP **vehicle** values closer to SCF

Overview of Net Worth Estimates

Statistic	SIPP Estimate 2013	SCF Estimate 2013	Ratio SIPP/SCF 2013	Ratio from 2010
25 th Percentile	3,706	8,743	42.4***	28.3***
Median	77,949	81,077	96.1	84.5***
75 th Percentile	313,095	314,243	99.6	86.9***

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- Bank accounts
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Regular (Non-Interest) Checking Account Question Text

- 2008: “Did you own any checking accounts in your OWN name which did NOT earn interest? (Do not include any interest-earning checking accounts reported earlier.)”
 - Checking questions asked in separate sections
- 2014: Did you own a “a non-interest (regular) checking account?”
 - Checking questions now back-to-back

Bank Accounts

(Improved ownership rates)

Ownership Rates	SIPP Estimate	SCF Estimate	Difference	2010 Difference
All Bank Accounts	85.95	92.19	6.46***	18.76***
Checking Accounts	81.61	87.10	5.49***	24.67***
Median Values Conditional on Ownership				
All Bank Accounts	4,200	5,373	-299	221
Checking Accounts	1,500	1,991	491***	N/A

Primary Drivers for Changes in Wealth Statistics

- Bank accounts
- **Vehicles**
- Cash value of life insurance

Vehicle Methodology

- Both SIPP & SCF: Respondents report vehicle year, make, and model. Commercial data from NADA used to assign values based on this
 - SIPP: Use trade-in values
 - SCF: Use retail values
- SIPP 2008: NADA data in physical booklets. Values entered electronically only once per panel. Constant rate of depreciation applied to later waves
- SIPP 2014: NADA data in electronic format, can update every wave

Vehicles

(Medians closer)

Ownership Rates	SIPP Estimate	SCF Estimate	Difference	2010 Difference
Vehicles	83.99	86.29	2.3***	3.65
Vehicle Debt	32.33	31.20	1.13***	0.10

Median Values Conditional on Ownership

Vehicles	11,831	15,886	4,055***	5,799***
Vehicle Debt	12,499	12,000	-499	-667***

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Life Insurance

- Life insurance can have two parts
 - Face Value: Death benefit
 - Cash Value: Acts like a savings/investment account. Considered asset
- 2008 SIPP: Had question on cash value, but...
 - No question on face value
 - Question text did not define cash value
 - Result: People conflated face and cash value (Gottschalck and Moore 2007).
 - Cash value excluded from net worth calculation

Life Insurance

- Improvements in 2014 SIPP
 - Separate questions on face value and cash value
 - Question text defines concepts
- ...but preceding screener question on type of life insurance does not define the difference between types of life insurance (term vs. whole life)
 - 24% respondents in SIPP reported cash value of 0

Cash Value Life Insurance

	SIPP	SCF		2010
	Estimate	Estimate	Difference	Difference
Median Values Conditional on Ownership	12,000	7,704	-4,296***	-42,192***
Item Nonresponse Rates	57.2	41.1	-16.1***	

Summary

- Higher median net worth in SIPP potentially due to
 - Higher bank account ownership rates
 - Higher vehicle values
 - Additional assets included in net worth (cash value, 529 Plans, annuities, trusts, businesses as an investment)
- SIPP 25th percentile of net worth still lower than SCF, potentially due to
 - Lower bank account ownership rates
 - SIPP using vehicle trade-in values rather than retail values

Changes for SIPP 2018

- Single question on checking accounts
- Life insurance type: use SCF wording
- New question on medical debt
- Potential model-based imputation of some asset variables
 - SSA and W2 data will be used in modeling

Corresponding Author Contact Information

Jonathan Eggleston

Economist

Labor Force Statistics Branch

Social, Economic, and Housing Statistics Division

U.S. Census Bureau

Office: 301.763.2357

[jonathan.s.eggleston](mailto:jonathan.s.eggleston@ census.gov)

[@census.gov](mailto:jonathan.s.eggleston@ census.gov)