

Subject: Trends in Household Income and Wealth  
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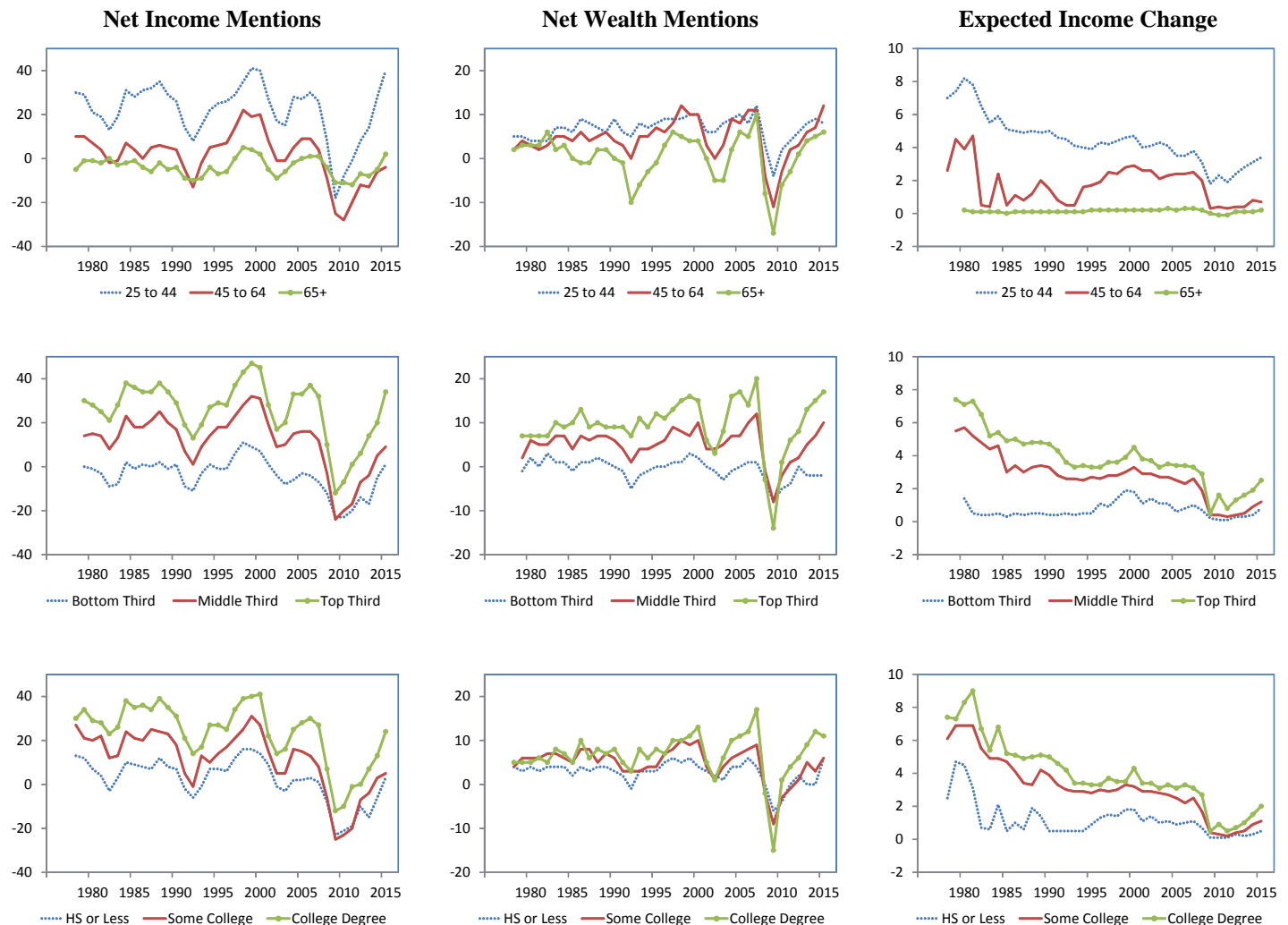
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Consumers are asked to describe in their own words what factors had the most influence on recent changes in their personal finances. The charts below show the frequency of references to net changes in incomes, net changes in assets and debts, and the percentage change consumers expected in their nominal incomes. Annual data are shown by age, income and educational subgroups from 1978 to present. The data indicate that net household wealth (whether due to increases in assets or declines in debt) have regained prior peaks for all subgroups, but that wages remain depressed, especially among households with middle incomes. While Fed policies may have achieved their goals, they are still the main defense against the risk of relapse.

**Income.** The surveys have recorded substantial gains among the youngest age group, who have regained the peaks recorded in the late 1990's. Middle aged consumers, those aged 45 to 64, while posting gains over the 2009 lows, are still well below prior peaks. All income subgroups, however, are still below prior peaks, although the middle income group is now closer to the bottom income third. The same is true for education, with the middle groups now much closer to the least educated group.

**Wealth.** Net wealth improved among all subgroups, with the lone exception of those with the lowest incomes. Note that some groups mainly improved due to rising asset values and others due to falling debt, and some due to both factors. The variance over time was much greater for the oldest group, the highest income group, and among those with a college degree.

**Expected Income Change.** The youngest consumers have reported much more favorable income expectations, with those over age 45 basically flat for six years at just above zero. While households with incomes in the top third have improved more than other households, the biggest change was that middle income households now have nearly the same income expectations as those in the bottom income third. Expected income changes differed only marginally among education groups.



Note: Data are annual averages from 1978 to 2014, and 2015:1p. Chart entries represent net percentages (increases minus decreases) for household income and wealth (net changes in assets and debts). The charts display income expectations as annual percentage changes in nominal dollars.