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RETIREMENT SAVINGS: BY THE NUMBERS

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MONTHLY STATISTICAL REVIEW

Charles M. Bartlett, Jr.

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3.......... **Retirement Savings: By the Numbers**, by Frank A. Fernandez and Kyle L Brandon. This article continues our efforts to increase awareness of retirement savings issues by combining recently released data, the Federal Reserve's triennial release on savings and net worth, the 2004 Survey of Consumer Finances, with the quarterly Flow of Funds Accounts and other more current data sources, to update and refine our earlier assessments on the inadequacy of retirement savings and examine the causes and consequences of the decline in savings. Nearly 44% of American households were not saving at all and only one-third of U.S. families were saving enough to maintain their standards of living in retirement. We found that most of the steady decline in personal saving rates in the last two decades is attributable to the wealth effect: the propensity of individuals to save less out of current income when asset price inflation boosts their net worth. Between 1994 and 2001 the decline in the saving rate was almost wholly attributable to the top 20% of the income distribution, the principal beneficiaries of the equity market boom. Over the last three years, the rapid appreciation of housing prices has helped to extend this wealth effect to lower income groups, and the decline in saving rates and measures of the adequacy of retirement savings continued and became more generalized. We also find that there has been a sharp increase in the share of U.S. households that are not adequately preparing for retirement and that will confront significant reductions in their standards of living in retirement.

41........ **Monthly Statistical Review**, by Charles M. Bartlett, Jr. The U.S. stock market has experienced a correction beginning in early May, with the Dow Jones Industrial Average down 1.7%, the S&P 500 Index falling 3.1% and NASDAQ off 6.2% for the month. Although underwriting activity is up 29.4% and corporate financial advisory activity hit a three-year high, fear rather than fundamentals has driven secondary markets lower.

RETIREMENT SAVINGS: BY THE NUMBERS

Summary

The personal saving rate has been steadily declining for more than twenty years and is now negative. In other words, dissaving is occurring, as personal consumption expenditures (PCE) exceed personal income. U.S. households are supplementing current income by drawing on assets and increasing indebtedness. Although a number of explanations have been offered to explain this imprudent behavior, we found that most of the steady decline in personal saving rates is attributable to the wealth effect: the propensity of individuals to save less out of current income when asset price inflation boosts their net worth. The decline in the saving rate between 1994 and 2001 is largely due to significant capital gains in equity holdings. Those who benefited the most from the equity market boom of the 1990s, households in the top 20% of the income distribution, accounted for virtually all of the decline in the aggregate personal saving rate during that period, while saving rates of those in the bottom 80% of the income distribution were largely unchanged, showing no secular decline.

Since 2001, this pattern changed as growth of income and wealth slowed, income inequality increased and housing replaced equities as the principal driver of changes in net worth and saving. The significant appreciation of housing prices generated a rise in net worth that is more broadly distributed than the earlier increase driven by the equity market boom, and helped extend this wealth effect to lower income groups. Unfortunately, those are the households least able to afford a reduction in savings and/or a rise in debt to support an expansion of current consumption prior to retirement. Saving rates and measures of the adequacy of retirement savings have continued falling, and this decline has become generalized across income and age groups. Nearly half of all American households are not saving at all and only about one-third of U.S. families are saving enough to maintain their standards of living in retirement.

In order to update and refine our earlier assessments of the adequacy of retirement savings we combined recently released data, the Federal Reserve's triennial release on savings and net worth, the 2004 Survey of Consumer Finances (SCF), with data in the Federal Reserve's quarterly Flow of Funds Accounts (FFA) and other sources. While we looked at the adequacy of retirement savings for different age and income groups, we focused on prospects for those closest to retirement and hence those confronting increasingly limited opportunities to prepare: Baby Boomers, those born between 1946 and 1964. What we found was not reassuring. With real incomes for most wage earners continuing to decline, sharply higher fuel prices and rising interest payments eroding consumer purchasing power and asset price inflation having come to a halt, at least for now, the possibility that lower and middle income households can increase savings appears extremely limited. Without a substantial and somewhat improbable saving effort, it appears that roughly half of all Baby Boomers will be unable to maintain their standards of living in retirement, even if that retirement is postponed. If dissaving continues, a significant portion of Boomers, perhaps a share as large as 20%, will live in poverty or near poverty after they reach 65 years of age.

Evidence shows that people's saving behavior can change and taking steps now can have a sizable impact on the adequacy of preparation for retirement. Increasing awareness of the inadequacy of savings, dispelling unrealistic expectations and improving education on the issues can help. More can and should be done to augment retirement savings, including efforts to support a profound change in behavior on the part of many if not most U.S. households.

Introduction

Last year we summarized the current research on the adequacy of retirement savings and made specific policy recommendations to encourage additional savings. What we found was that most Americans don't save enough, not nearly enough. In fact, two years ago 43.9% of all American households weren't saving at all, and the situation appears to have deteriorated.[1] "Only about one-third of U.S. households are saving enough to maintain their standards of living when they reach retirement."[2] We concluded that more can and should be done to augment retirement savings for the remaining two-thirds of workers who have not adequately prepared for their future and who will likely experience moderate to severe declines in their living standards in retirement.

Evidence shows that saving behavior can change and taking steps now to save more, and/or planning to retire later, can have a sizeable impact on retirement income levels. Increasing awareness of the inadequacy of savings and improving education on the issues can help and remains a strategic objective of the Securities Industry Association (SIA) in 2006. The Federal Reserve Board's (FRB) release of triennial data on savings and net worth earlier this year, the 2004 SCF, afforded a rare opportunity to advance these goals. In fact, a number of organizations specializing in retirement issues have already published research utilizing this benchmark release.[3] With this and other data not available last year we were able to update and refine our earlier assessments of the inadequacy of retirement savings, and prepare current benchmarks of how individuals and groups compare in their progress towards preparing for retirement. A useful starting point is to examine the extent and nature of the decline in U.S. personal savings.

Saving and Dissaving

Personal saving, as measured by the U.S. Department of Commerce's Bureau of Economic Analysis (BEA), is essentially calculated as a residual item, e.g. after-tax income minus consumption spending.[4] The personal saving rate (personal saving as a percent of disposable personal income [DPI]) gradually but steadily trended up between the end of World War II and the mid-1980s, rising from about 7½% in the 1950s to around 10½% in the early 1980s. Since that time the personal saving rate has declined precipitously and is now negative. In other words, "dissaving" is occurring as PCE exceed personal income. This commonly cited measure is derived by the BEA from data in the National Income and Product Accounts (NIPA), but it is not the only measure of personal saving available, not even the only one prepared by the BEA.

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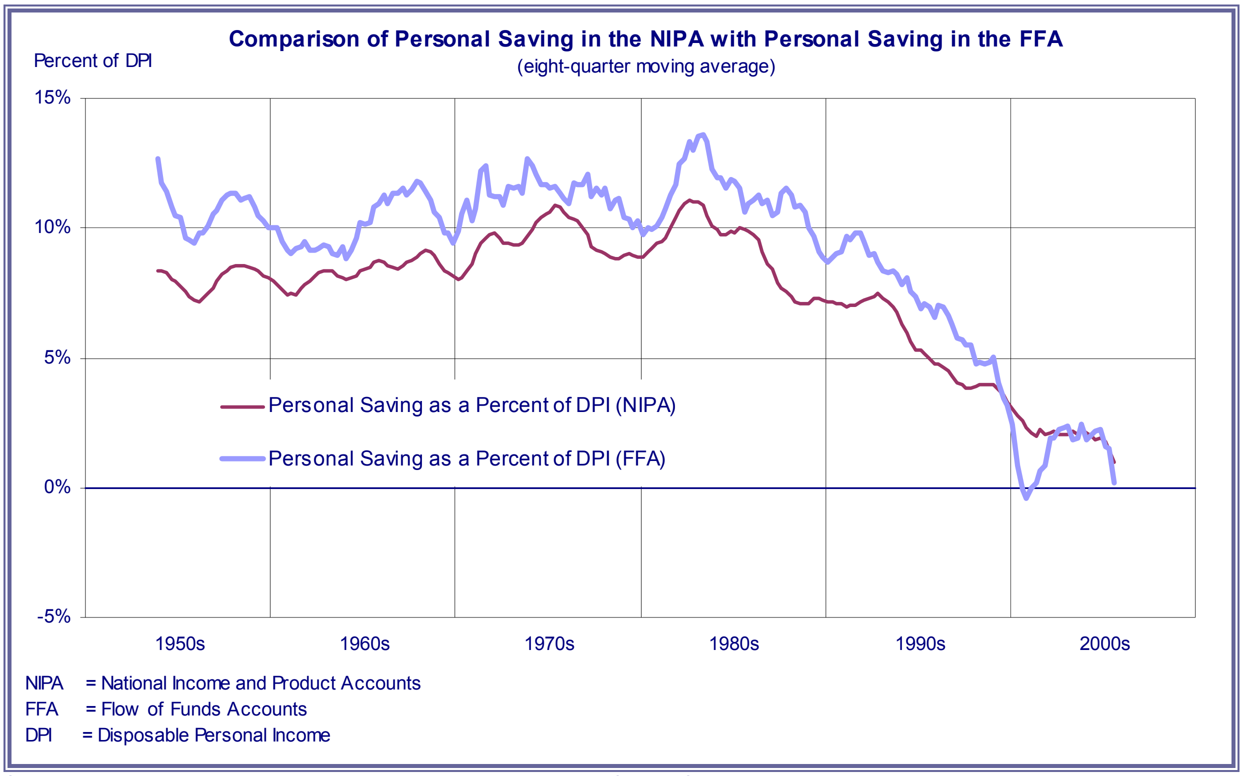
[1] According the Federal Reserves' 2004 Survey of Consumer Finances, the percentage of families that saved declined from 59.2% in 2001 to 56.1% in 2004. In 2005, we estimate the percentage declined further.

[2] F. Fernandez, R. Mills and E. Rives, "Are U.S. Retirement Savings Adequate?," *SIA Research Reports*, Vol. VI, No. 2, March 8, 2005, p. 4 (www.sia.com/research/pdf/RsrchRprtVol6-2.pdf).

[3] See for example, Munnell, Alicia H., Anthony Webb and Luke DeLorme, "A New National Retirement Risk Index," Center for Retirement Research at Boston College, *Issue Brief*, No. 48, June 2006 (www.bc.edu/centers/crr/ib_48.shtml) and Copeland, Craig, "Individual Account Retirement Plans: An Analysis of the 2004 Survey of Consumer Finances," Employee Benefit Research Institute *Issue Brief*, No. 293, May 2006 (papers.ssrn.com/sol3/papers.cfm?abstract_id=900845) .

[4] Personal savings under the BEA derivation is personal income less the sum of personal outlays and personal current taxes.

The BEA prepares another measure of personal saving that is derived from data presented quarterly in the Federal Reserve's FFA.[5] This measure is the net acquisition of financial and tangible assets less: the net increase in liabilities; net capital transfers; and net investment in consumer durables.[6] A comparison of these two saving measures, both expressed as a percent of DPI, is shown below. This alternative measure presents a slightly more positive picture of saving behavior historically, but with a pattern (a steep decline since the 1980s) similar to a common destination (negative territory over the past year). This latter measure includes only flows of assets and liabilities and is not to be confused with changes in net worth (also from the FFA) that also include valuation changes in the stock of assets and liabilities. However, measuring changes in net worth and the distribution of those changes is core to any assessment of the adequacy of savings, so more on that later.



Source: BEA (http://www.bea.gov/bea/dn/nipaweb/Nipa-Frb.asp?Freq=Qtr)

A number of explanations have been offered for this decline in saving rates. None of these individual explanations fully explains the behavior of saving rates, but each explains part of the decline and together the mosaic does produce a coherent picture. The most often cited reason for this decline is the propensity of individuals to save less out of current income when asset price inflation boosts their net worth. Research on this wealth effect, or paradox of wealth, suggests "that the operative concept of saving is not the portion of current income that they do not spend but rather the change in their net worth. The former measures only the acquisition cost of new household assets whereas the latter measures the change in the market value of assets, which is the acquisition cost of new assets plus the capital gain or loss on existing assets."[7] The relationship between the share of DPI devoted to PCE and the ratio of net worth to DPI are shown in the chart below, and it is easy to see that the two are highly correlated.

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5 BEA, National Economic Accounts, Comparison of Personal Saving in the National Income and Product Accounts (NIPA) with Personal Saving in the (FFA) (www.bea.gov/bea/dn/nipaweb/Nipa-Frb.asp).

6 A variant of this definition, one that counts investment in consumer durables as saving, is also prepared by the BEA.

7 "Questions and Reflections on the Personal Saving Rate," Remarks by Vice Chairman of the Federal Reserve Board Roger W. Ferguson, Jr. to the National Bankers Association, Nashville, Tennessee, October 6, 2004.

Comparison of Personal Saving in the NIPA with Personal Saving in the FFA

($ billions)

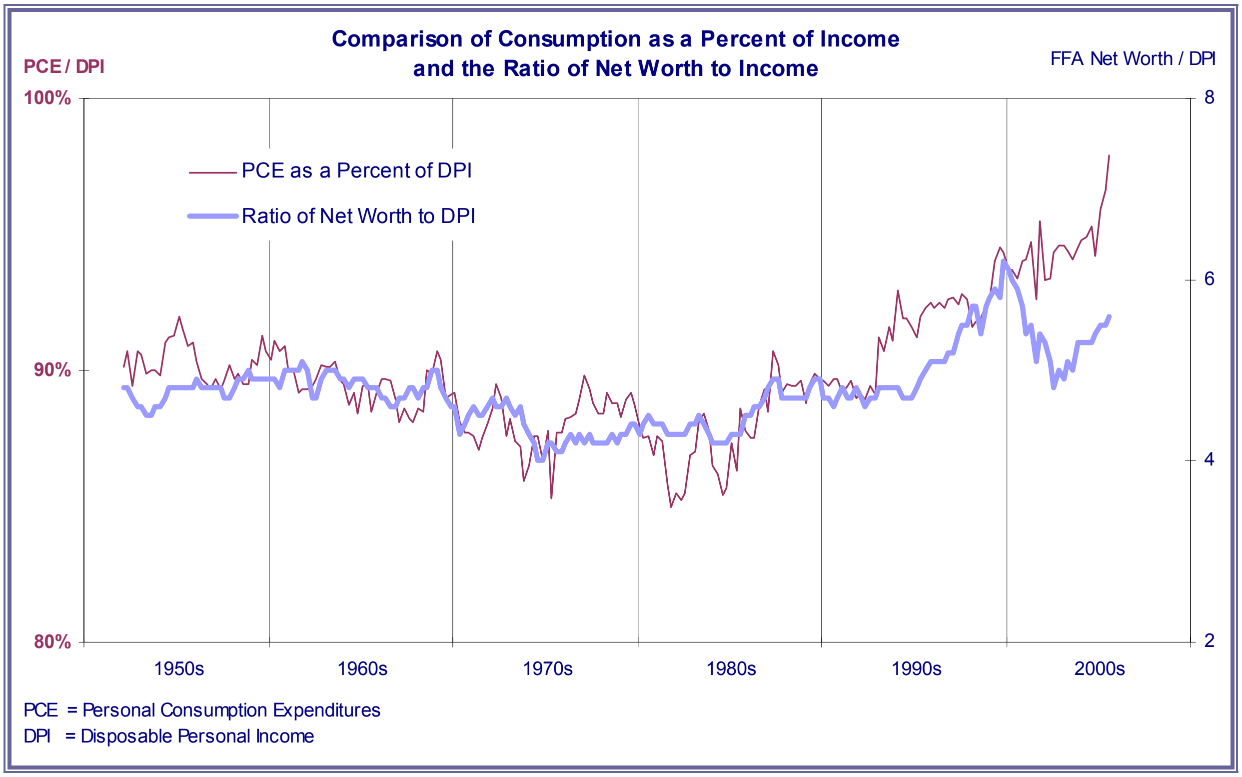
	2001	2002	2003	2004	2005
Derivation of personal saving from the NIPA:					
Personal income	8,724.1	8,881.9	9,169.1	9,713.3	10,237.7
Less: Personal current taxes	1,237.3	1,051.8	999.9	1,049.1	1,207.7
Equals: Disposable personal income (DPI)	7,486.8	7,830.1	8,169.2	8,664.2	9,029.9
Less: Personal outlays	7,354.5	7,645.3	7,996.3	8,512.5	9,072.1
Equals: Personal saving	132.3	184.7	172.8	151.8	-42.1
Derivation of personal saving from the FFA: (1)					
Net acquisition of financial assets	621.5	641.9	979.2	1,163.3	963.1
Plus: Net investment in tangible assets	542.0	564.0	629.5	700.5	722.3
Less: Net increase in liabilities	788.4	895.8	1,086.4	1,501.8	1,611.7
Mortgage debt on nonfarm homes	494.0	672.1	778.2	986.9	1,139.0
All other liabilities (2)	294.3	223.6	308.3	514.8	472.7
Less: Net capital transfers, NIPA	-36.8	-30.4	-14.6	-15.6	-16.2
Less: Net investment in consumer durable goods	194.4	205.2	209.3	216.3	219.2
Equals: Personal saving, without consumer durables	217.6	135.3	327.5	161.3	-129.4
Difference in personal saving, NIPA minus FFA	-85.3	49.5	-154.7	-9.5	87.2
Addenda:					
Net Worth of households and nonprofit organizations, FFA (not seasonally adjusted) (3)	40,712.8	39,152.0	44,205.8	48,470.0	52,429.8
Personal consumption expenditures (PCE), NIPA	7,055.0	7,350.7	7,709.9	8,214.3	8,745.7
Personal saving as a percentage of DPI, NIPAs	1.8	2.4	2.1	1.8	-0.5
Personal saving as a percentage of DPI, FFA	2.9	1.7	4.0	1.9	-1.4
Ratio of net worth (FFA) to DPI	5.4	5.0	5.4	5.6	5.8
PCE as a percent of DPI	94.2	93.9	94.4	94.8	96.9

(1) Data for these components of personal saving are taken from table F.10 of the Federal Reserve Board's Z.1 statistical release, Flow of Funds Accounts of the United States, dated June 8, 2006.

(2) Other mortgage debt, consumer credit, policy loans, security credit, and other liabilities

(3) Data on the net worth of households and nonprofit organizations are taken from table B.100 of the Federal Reserve Board's Z.1 statistical release dated June 8, 2006

Source: BEA (www.bea.gov/bea/dn/nipaweb/Nipa-Frb.asp?Freq=Qtr)



Source: BEA (http://www.bea.gov/bea/dn/nipaweb/Nipa-Frb.asp?Freq=Qtr)

Research on the relationship between the decline in the saving rate and the wealth effect suggests that the "decline in the personal saving rate since 1984 is largely due to the significant capital gains in corporate equities."[8] Perhaps more importantly, "the groups of families whose portfolios were boosted the most by the exceptional stock market performance over the latter half of the 1990s are the same groups whose net saving flows fell the sharpest from 1995 through 2000. Indeed, families who owned relatively modest shares of corporate equity – the vast majority of American households – experienced relatively mild gains in net worth-income ratios over the 1990s and continued to invest in new saving at about the same steady pace throughout the decade."[9] The "decline in the saving rate of households in the top 20% of the income distribution accounts for virtually all of the decline in the aggregate personal saving rate"[10] and for the consumption boom that mirrored this decline. In other words, those who benefited the most from the equity market boom in the 1990s – those with the highest incomes – were also the groups that substantially decreased their rates of saving out of personal income. The "savings rates for the bottom 80% of the income distribution fluctuated in a relatively narrow range and showed no secular decline"[11] between 1989 (the first year for estimates of saving by income quintile that are available) and 2001 (the latest available data when these studies were undertaken).

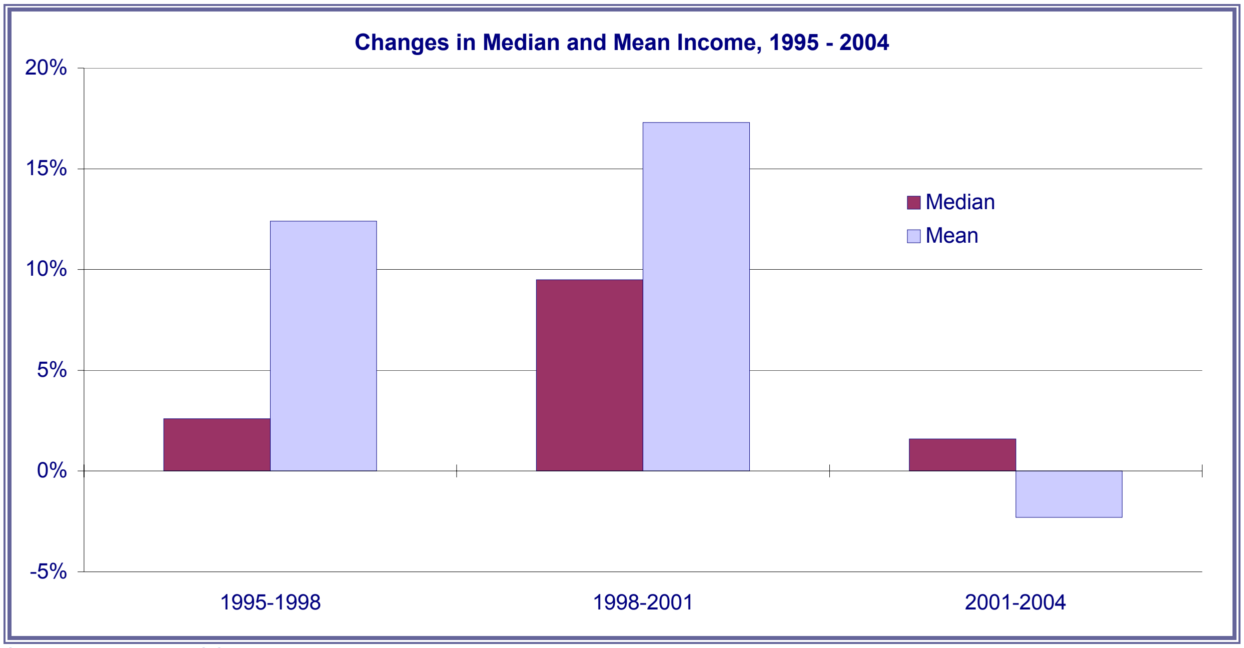
[8] Juster, F. Thomas, Joseph P. Lupton, Frank Stafford and James P. Smith, "The Decline in Household Saving and the Wealth Effect" (first released April 2004), *Review of Economics and Statistics*, Vol. 88 (February 2006), pp. 20-27 (quote on p. 1).

[9] Maki, Dean M. and Michael Palumbo, "Disentangling the Wealth Effect: A Cohort Analysis of Household Saving in the 1990s" (April 2001), FEDS Working Paper No. 2001-21. Available at SSRN: ssrn.com/abstract=268957 (quote on p. 3).

[10] Op. cit. 8, p. 1.

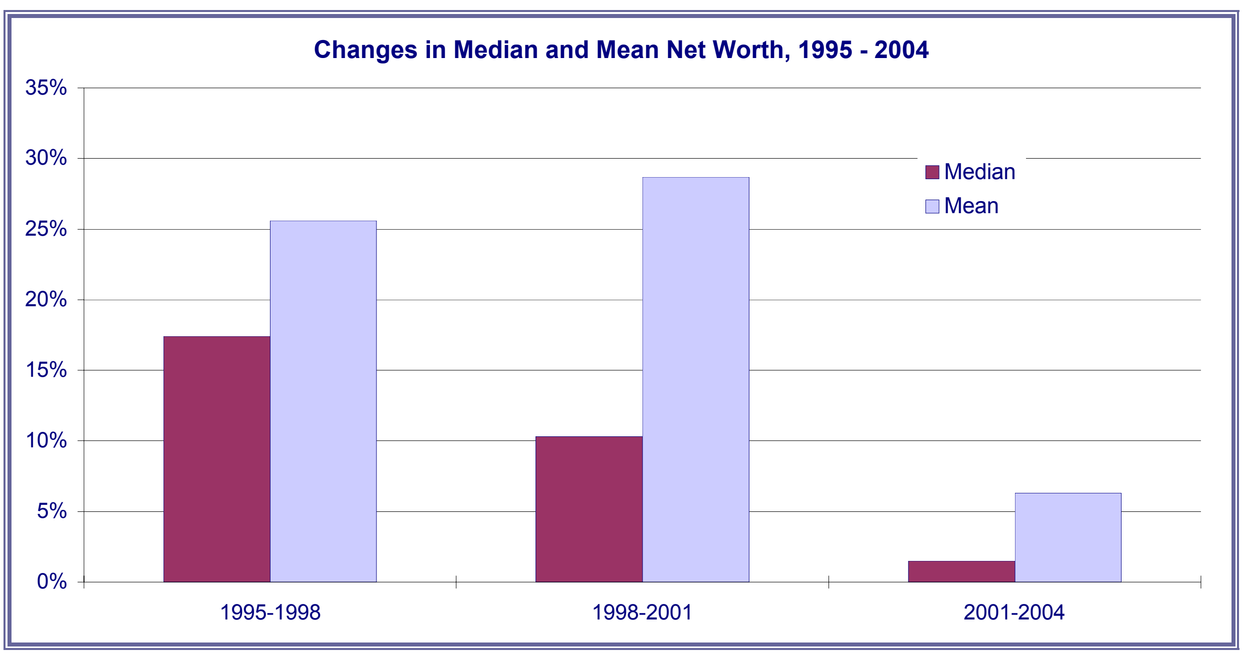
[11] Op. cit. 8, p. 2.

Recent Changes in Household Income and Wealth: 2001 – 2004



Source: FRB, 2004 SCF

Since 2001 this pattern has changed, as growth of income and wealth slowed, income inequality increased and housing replaced equities as the principal driver of changes in net worth, saving and consumption behavior. Between 2001 and 2004, median income rose 1.6%, while the mean fell 2.3%.[12] This stands in stark contrast to the preceding three-year period, 1998-2001, when the median rose 9.5% and the mean increased 17.3%. During the more recent period, median income increased only for households in the wealthiest quartile, and mean income increased for even fewer families. Although investment-related incomes also fell, the change in the 2001-2004 period "was strongly influenced by a 6.2% decline in the overall median amount of wages…and a 3.6% decline in the mean."[13]

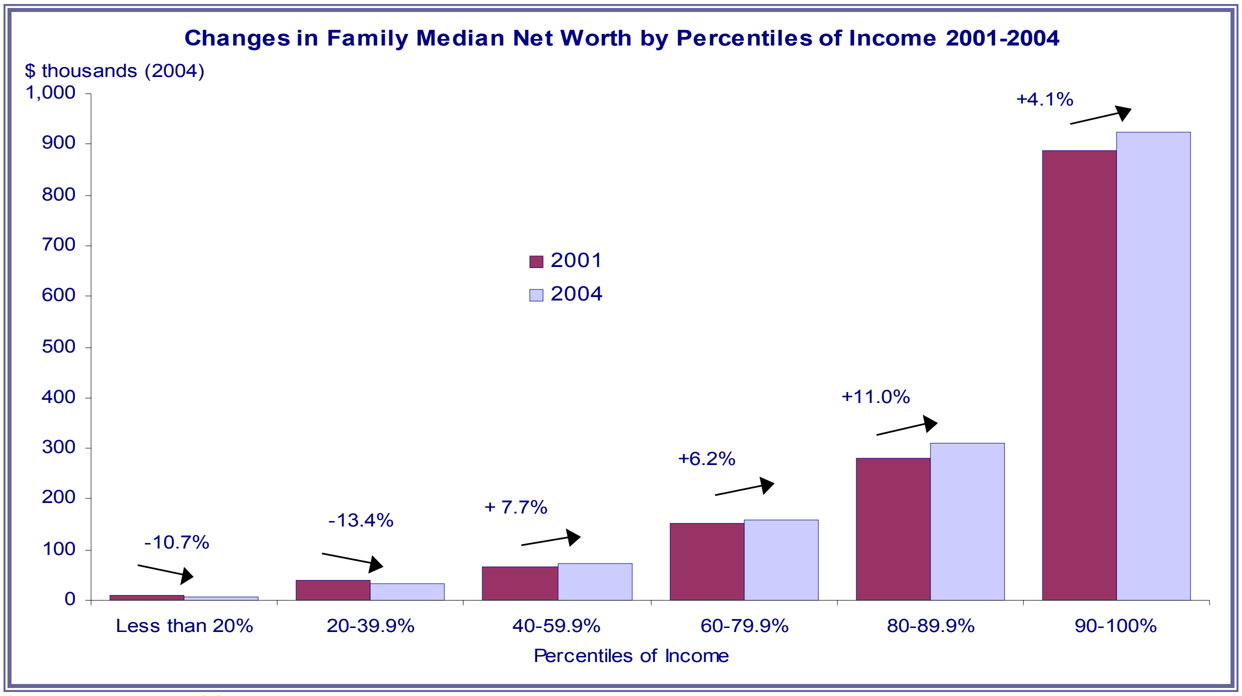


Source: FRB, 2004 SCF

[12] A detailed table of family income is presented in the Appendix.

[13] Bucks, Brian K., Arthur 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 Bulletin*, 2006, p. A5.

Despite these small changes in real family income, in aggregate, net worth rose: the median rose 1.5% and the mean 6.3%.[14] As with income, these gains "pale in comparison with the much larger increase of the preceding years; from 1998 to 2001, median net worth rose 10.3% and the mean 28.7%. In the more recent period, the median wealth declined for families in the bottom 40% of the income distribution and rose for those higher in the distribution; in contrast, mean net worth rose or held about steady for all income groups."[15] The exception was the lowest wealth quartile whose mean net worth fell from about zero dollars in 2001 to minus $1,400 in 2004.



Source: FRB, 2004 SCF

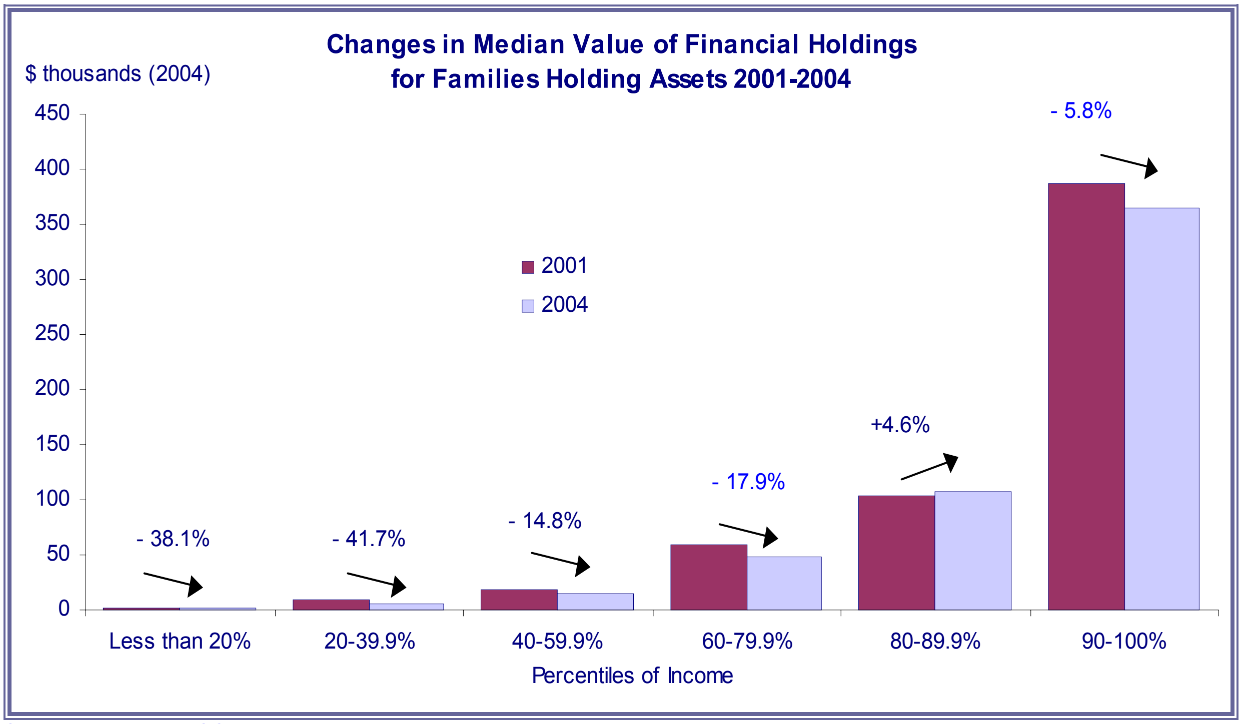
During the 2001-2004 period, a decline in the share of financial assets in households' portfolios of total assets was balanced by a rise in the share of their non-financial assets.[16] The most important factor in the decline was the fall in the importance of equity holdings. Total equity holdings as a share of total financial holdings declined from 56.0% in 2001 to 47.4% in 2004. The share of families that held stocks[17] declined from 51.9% in 2001 to 48.6% in 2004, and the median value among households with stock holdings declined from $36,700 in 2001 to $24,300 in 2004, with declines registered for all income and age groups.

[14] Detailed tables of net worth are presented in the Appendix.

[15] Op. cit. 13, p. A35.

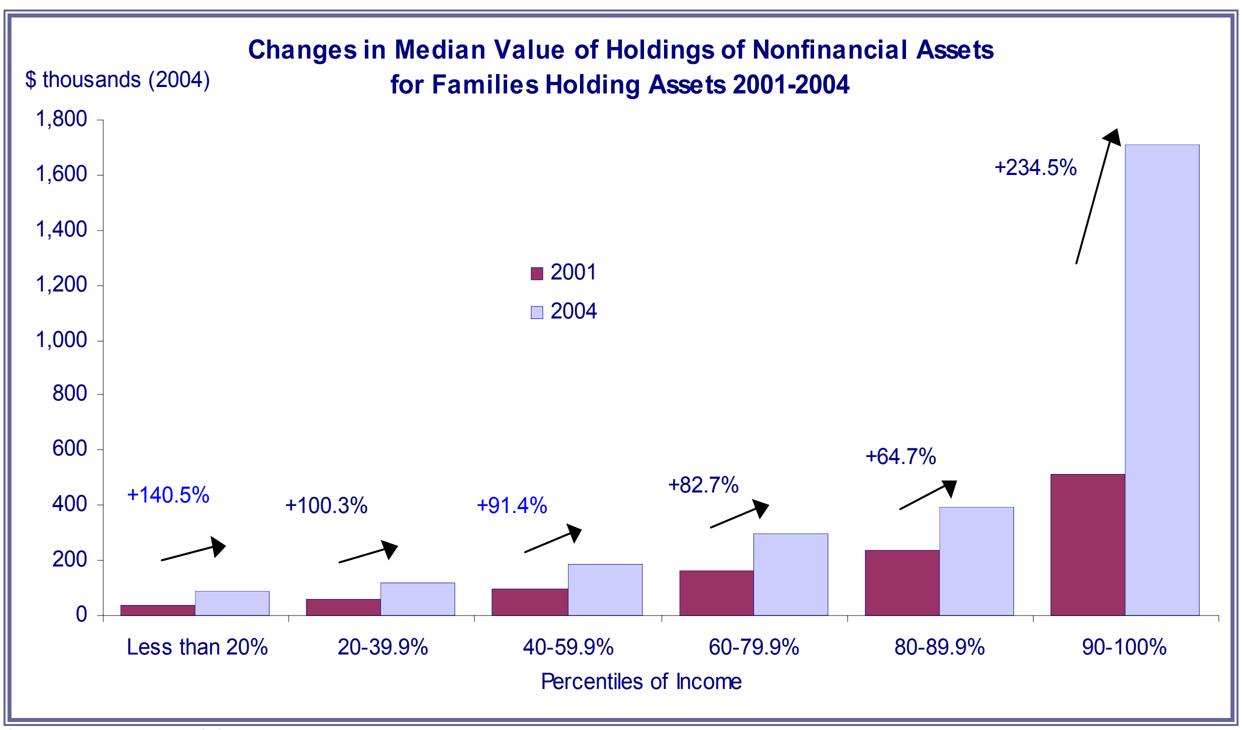
[16] Detailed tables of holdings of financial and non-financial assets are presented in the Appendix.

[17] Either holding stocks directly or indirectly through an account-type retirement plan or another type of managed asset account.



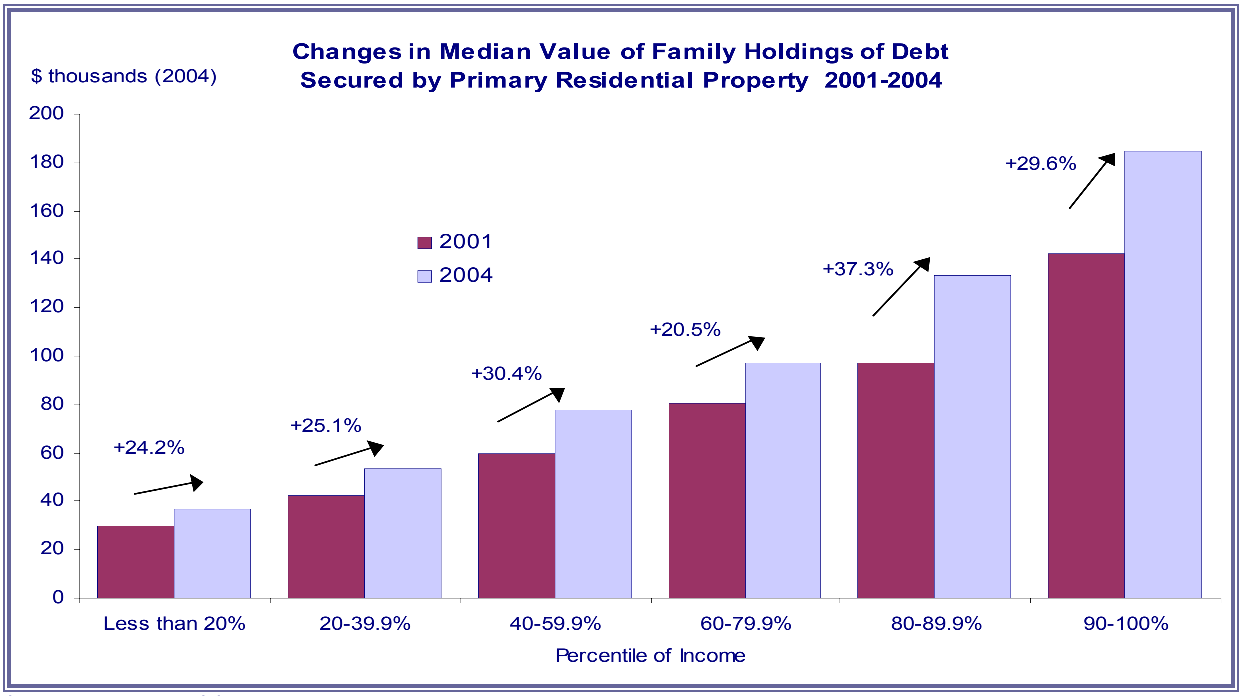
Source: FRB, 2004 SCF

The most important factor in the rise in the share of non-financial assets was residential real estate as the homeownership rate increased 1.4 percentage points and the value of real estate increased dramatically. The housing boom generated a rise in net worth that is more broadly distributed than the earlier increase in net worth driven by the equity market boom, reflecting patterns of home ownership that are less skewed than the holdings of financial assets, such as equities. For example, in 2004 the top 10% of U.S. households in terms of income (the highest income decile) accounted for 82.2% of the total value of all equities and for 45.7% of the total value of all primary residences. This less skewed distribution of housing wealth is believed to have broadened the "paradox of wealth" after 2001.



Source: FRB, 2004 SCF

After 2001, the decline of saving rates extended beyond just the top income quintile as lower income households were increasingly able to increase consumption despite falling real wages by tapping rising wealth in residences through the broader availability of home equity lines and other forms of mortgage equity withdrawals, such as cash out refinancings and reverse mortgages. "Overall…debt use increased in both prevalence and amount…[with] the most important factor in the increase being the rise in the amount of debt associated with residential real estate."[18] As a result in the last five years it would appear that the decline in personal saving rates has become more broad-based, extending to those in the bottom half of the income distribution.



Source: FRB, 2004 SCF

Unfortunately, lower income groups include those least able to afford a reduction in savings and a rise in debt to support an expansion of current consumption prior to retirement. This suggests that in the past five years there has been a sharp increase in the share of American households that are not adequately preparing for retirement and that will confront significant reductions in their standards of living after they reach 65 years of age.

Clearly the wealth effect is important, and examining the distribution of changes in asset holdings is critical in assessing the adequacy of retirement savings. However, the wealth effect explains only that part of the decline in the savings rate which occurred in the late 1990s and perhaps for the period following mid-2003, as a speculative "bubble" formed and then burst in equity markets, followed by sharp asset appreciation in certain real estate markets as equity markets rebounded over the past three years. But it does little to explain the decline in personal saving rates that occurred between 1984 and 1994.

A number of other explanations for the decline in the personal saving rate have been advanced, including: upward revisions to households' expectations for their long run or permanent income encouraging them to be less thrifty today; financial innovation providing lower income families increased access to credit cards, mortgage credit and other forms of personal debt; and

[18] Op. cit. 13, p. A35.

lower levels of interest rates, making saving less attractive and borrowing costs initially easier to bear. Other important factors include the increase in the percentage of the population over age 65, which increases the percentage of the population that is dissaving or drawing down on savings in retirement, and the growing importance of government transfer payments, such as Social Security and Medicare, reducing the incentive to save. Each of these factors explains some part of the decline in savings since 1984, but wealth effects related to equities and real estate appear to dominate in recent years. Gaining greater insight into the causes of the decline in savings and shifts in the distribution of wealth is important if this downward trend is to change. Equally important to altering savings patterns is an appreciation of the consequences of inadequate retirement savings. To do this we need better and more current measures of the degree of readiness for retirement of specific groups.

Retirement Plan Assets

Charting the decline in personal saving rates and examining its causes is far easier than assessing its potential consequences, such as the degree to which those approaching retirement will be unable to maintain pre-retirement standards of living in retirement. Although retirement accounts are an important source of retirement income, they represent only a portion of the assets that retirees may draw upon, and only about half of the workforce currently participate in these plans. However, examining the incidence of retirement plans among families, as well as the average amount of assets accumulated in these accounts, is a critical component and a useful starting point in assessing how prepared Americans are for retirement.

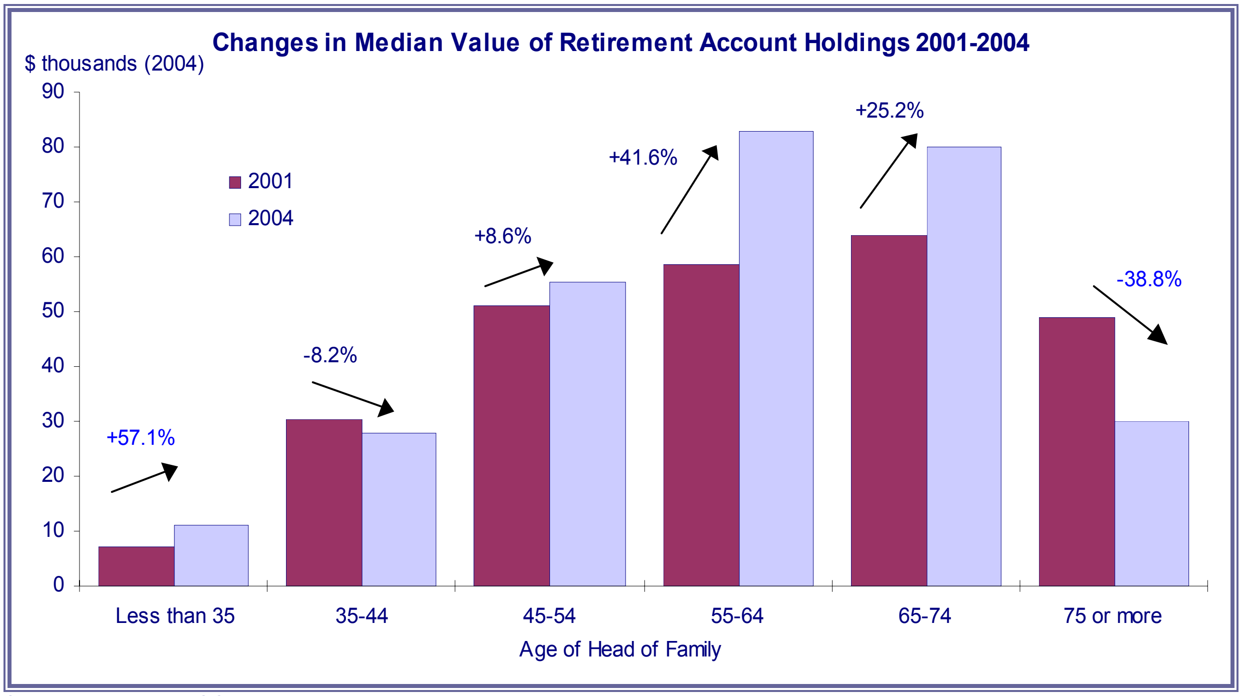
The 2004 SCF shows that both the number and percentage of households that owned a retirement account of any kind – whether an individual retirement account (IRA), a 401(k) plan, or other employment-based plan – fell from 2001 to 2004. In 2004, 56.3 million households owned at least one retirement account compared to 56.9 million households who held at least one such account in 2001. The proportion of households that owned a retirement account fell to 50.2% in 2004 from 53.4% in 2001. Although the number and percentage of households that owned retirement accounts fell, both the mean and median value of these accounts rose. The median balance in all such accounts (in 2004 dollars) rose to $36,000 in 2004 from $30,462 in 2001, an increase of 18.2%. The mean increased to $129,310 in 2004 from $110,210 in 2001, a rise of 17.3%.[19]

If one includes only those households whose head was both employed and under 65 years of age, a similar pattern emerges, with the percentage of those with any type of retirement plan, declining to 47.9% in 2004 from 49.6% in 2001. The percentage of these households that held defined contribution plans fell to 36.7% in 2004 from 38.2% in 2001, while the percentage that held defined benefit plans (pensions) declined from 19.3% in 2001 to 18.4% in 2004. Among the 79.6 million households that included a worker under the age of 65 in 2004, 33.3 million, or 42%, did not own a retirement account of any kind.[20]

[19] Purcell, Patrick, "Retirement Savings and Household Wealth: Trends from 2001 to 2004," Congressional Research Service, The Library of Congress, May 22, 2006, p.11 (www.opencrs.com/rpts/RL30922_20060522.pdf). The figures presented in the Congressional Research Service report differ somewhat from those in the SCF data presented in the following Appendix Tables 3-5, but the trends described above are unchanged, specifically that although the number and percentage of families holding these assets declined, the mean and median value of these accounts rose. For example, the SCF data shows the proportion of households that owned a retirement account fell to 49.7% in 2004 from 52.2% in 2001. The median balance in all such accounts rose to $35,200 in 2004 from $30,900 in 2001, an increase of 13.9%. The mean increased to $121,300 in 2004 from $109,300 in 2001, a rise of 11.0%.

[20] Ibid.

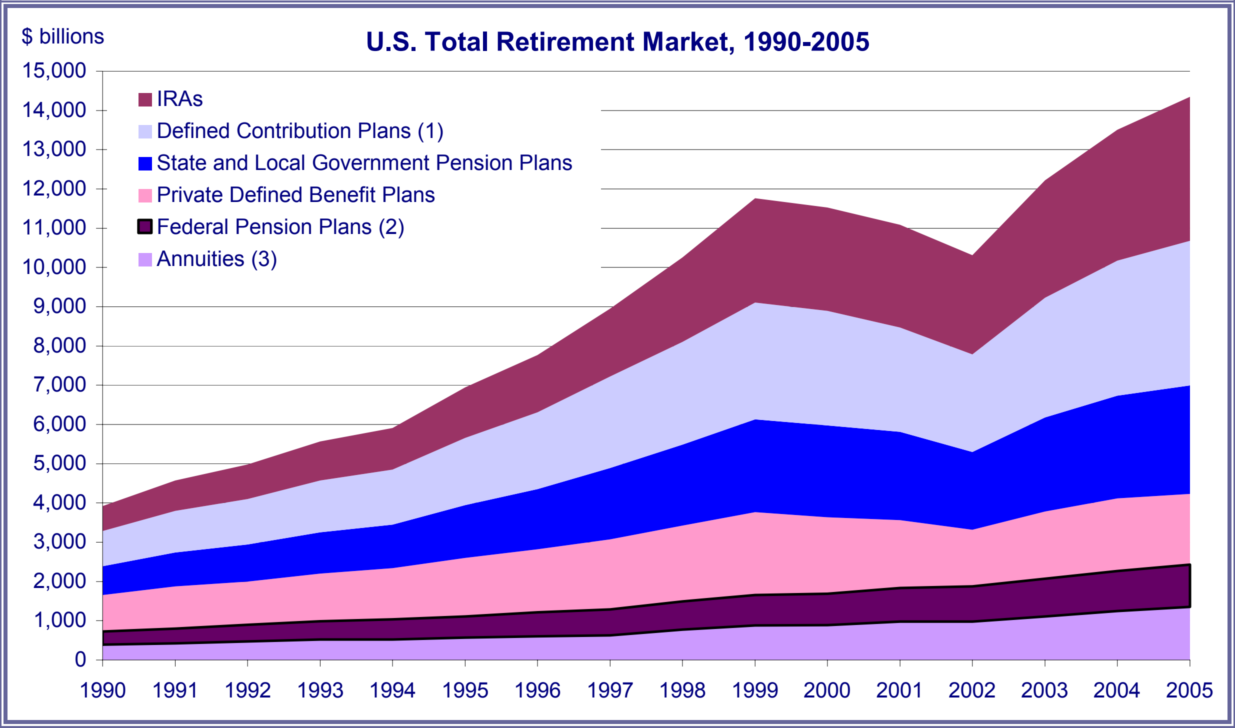
Age is obviously one of the most important considerations in evaluating the adequacy of retirement savings, since the more time one has before retirement the greater are the opportunities to make additional contributions to savings and for investment earnings to build up the value of one's retirement account. The greatest increase in median retirement account balances occurred among households whose head was 55 to 64 years old, with the median for this group rising from $58,580 in 2001 to $83,000 in 2004, an increase of nearly 42%.



Source: FRB, 2004 SCF

While the increase is encouraging, the median balance is still not very large. That median individual retiring at age 65 in May 2006 "could purchase a level, single-life annuity that would pay $653 per month ($7,836 per year), based on the federal Thrift Savings Plan's current annuity interest rate of 5.375%. This amount would replace just 15% of the median household income of $53,400 among households headed by individuals who were 55 to 64 years old in 2004. Moreover, these median values reflect only balances of households that owned a retirement account. When we take into account households that had no retirement account and thus had retirement account balances of zero – a total of 11.7 million households headed by individuals 55 to 64 years old had retirement savings of $88,000 or less in 2004. This represents 68.3% of all households"[21] in this age group. Clearly, those who hold retirement accounts underutilize them, and, still worse, participation rates are declining.

[21] Ibid., p. 11.



U.S. Total Retirement Market, 1990-2005

($ billions)

	IRAs	Defined Contribution Plans (1)	State and Local Government Pension Plans	Private Defined Benefit Plans	Federal Pension Plans (2)	Annuities (3)	Totals
1990	637	891	739	923	340	389	3,918
1991	776	1,060	862	1,074	382	420	4,574
1992	873	1,161	948	1,099	426	470	4,977
1993	993	1,320	1,054	1,213	468	519	5,567
1994	1,056	1,407	1,107	1,305	512	523	5,909
1995	1,288	1,713	1,344	1,492	541	570	6,948
1996	1,467	1,953	1,529	1,613	606	605	7,774
1997	1,728	2,335	1,819	1,783	659	628	8,952
1998	2,150	2,621	2,062	1,928	716	778	10,255
1999	2,651	2,979	2,361	2,117	774	878	11,760
2000	2,629	2,922	2,335	1,951	797	891	11,524
2001	2,619	2,655	2,254	1,723	860	977	11,087
2002	2,533	2,483	1,980	1,446	894	980	10,316
2003	* 2,991	3,047	2,394	1,717	959	1,109	12,216
2004	* 3,336	3,440	2,620	1,846	1,024	1,244	13,510
2005	* 3,667	3,683	2,766	1,804	1,075	1,353	14,347

* estimates

(1) Defined contribution plans include private employer-sponsored defined contribution plans [including 401(k) plans], 403(b) plans, and 457 plan assets.

(2) Federal pension plans include U.S. Treasury security holdings of the civil service retirement and disability fund, the military retirement fund, the judicial retirement funds, the Railroad Retirement Board, and the foreign service retirement and disability fund. These plans also include securities held in the National Railroad Retirement Investment Trust and the Federal Employees Retirement System (FERS) Thirft Savings Plan (TSP).

(3) Annuities include all fixed and variable annuity reserves at life insurance companies less annuities held by IRAs, 403(b) plans, 457 plans, and private pension funds. Some of these annuity reserves represent assets of individuals held outside retirement plan arrangements and IRAs; however, information to separate out such reserves is not available.

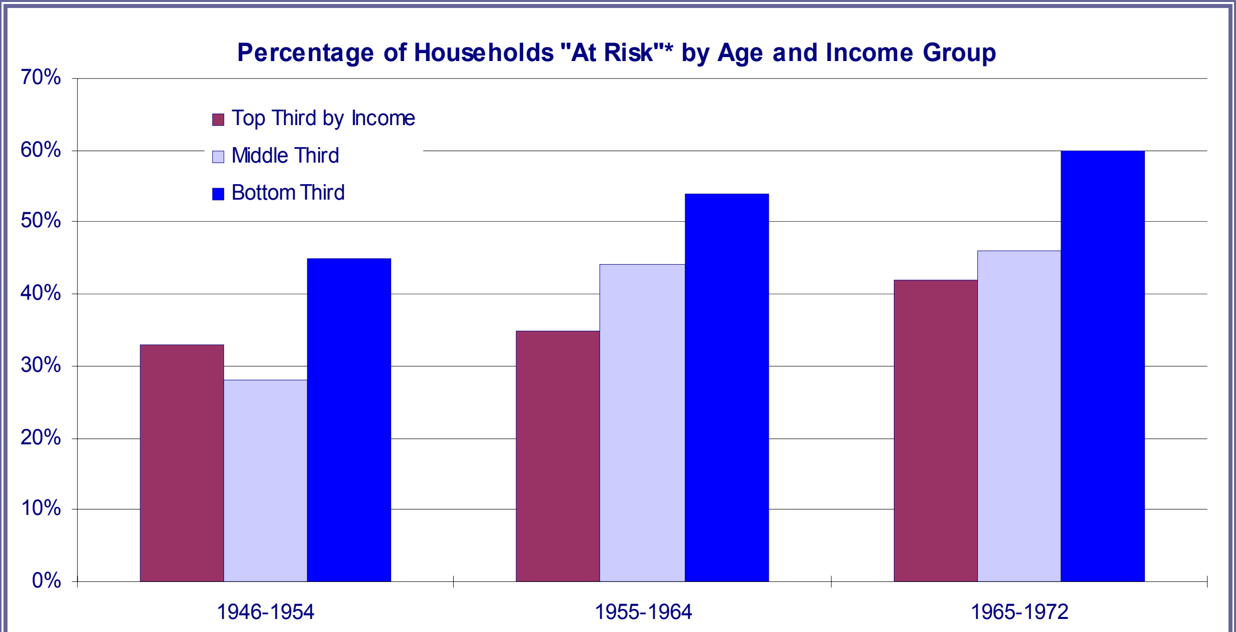
Note: Components may not add to totals because of rounding.

Sources: Investment Company Institute, Federal Reserve Board, National Association of Government Defined Contribution Administrators, American Council of Life Insurers, and the Internal Revenue Service, Statistics of Income Division.

Retirement Readiness

Although retirement plan assets are an important component of retirement planning, particularly since most households save virtually nothing outside these plans, they are only a part of the picture, and families may hold a variety of other assets that are intended, or that are available, at least in part, to finance retirement. These other assets might be drawn on to meet contingencies or shocks such as unexpected medical expenses, forced unemployment, or other saving goals, such as to finance education or home purchases. Similarly, these same contingencies might lead households to draw or borrow against retirement plan assets, even if doing so results in a financial penalty.

To address comprehensively the issue of the adequacy of U.S. retirement savings, it is necessary to look at household net worth, including the value of housing and pensions. Earlier this month, the Center for Retirement Research at Boston College completed just such an ambitious, year-long undertaking. The effort focused on developing a National Retirement Risk Index, which would measure the share of working-age households who are at risk of being unable to maintain their pre-retirement standards of living in retirement. The study narrowly defined working-age households as those between ages 32 and 58 in 2004, a group that covers the entire Baby Boomer generation and the older members of Generation X (those born between 1965 and 1972). The study concluded, "even if people (this study group) retire at age 65 and households annuitize all their wealth including the receipts from reverse mortgages on their homes, 43% percent will be at risk. But the situation is not hopeless – if people choose to work longer – even just two years – and save 3% more, they can substantially improve the outlook for their retirement security."[22]



*percentage of w orking-age households at risk of being unable to maintain their pre-retirement standard of living in retirement, by age and income

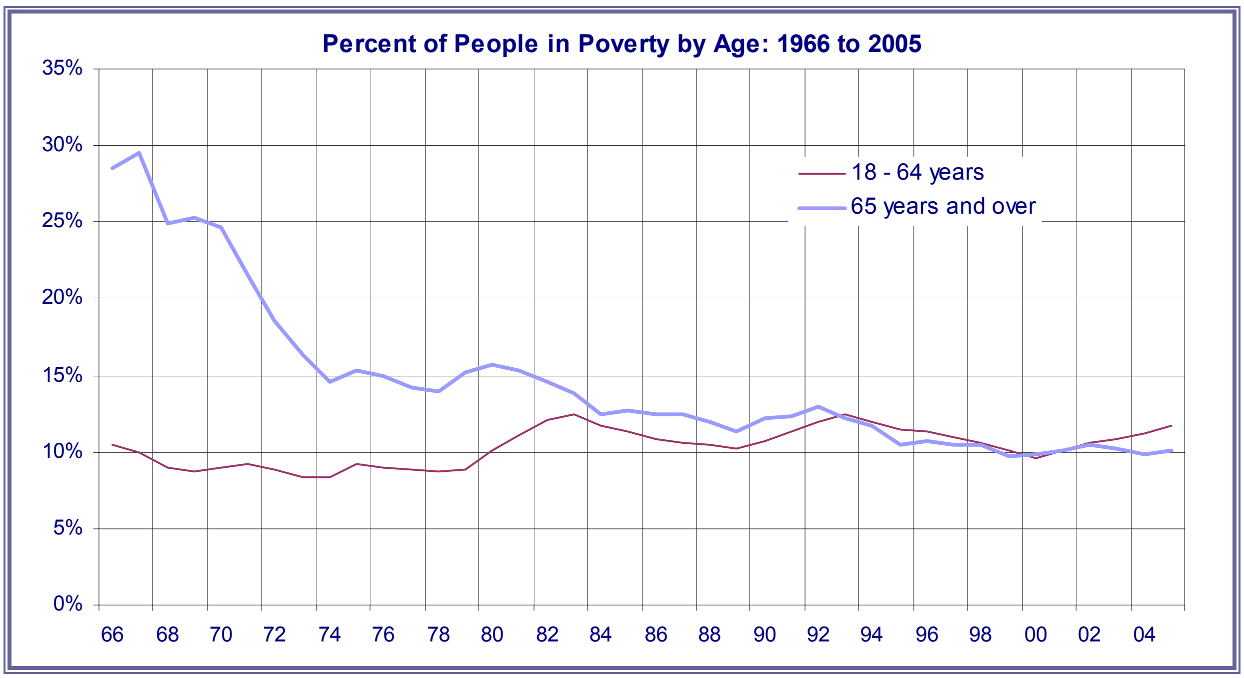
Source: Center for Retirement Research at Boston College

The study first projects a replacement rate – retirement income as a share of pre-retirement income – for a sample of U.S. households using 2004 SCF data, and then compares this

[22] Munnell, Alicia H., Anthony Webb, and Luke Delorme, "A New National Retirement Risk Index," *Issue Brief*, No. 46, Center for Retirement Research at Boston College, June 2006, p. 1 (www.bc.edu/centers/crr/issues/ib_48.pdf).

replacement rate to a target income level, which would allow a household to maintain its pre-retirement standards of living in retirement. A household is considered to be "at risk" if it falls more than 10% short of its target income level.

This well executed analysis shows that for Early Boomers, those born between 1946 and 1954, 35% of households are at risk of being unable to maintain their standards of living in retirement. This percentage rises to 44% for Late Boomers (those born between 1955 and 1964) and 49% for members of Generation X. The study "provides some of the clearest evidence to date of what economists have been warning for years: that many Americans are doing far too little to prepare financially for retirement and are unaware of how their lives might change as a result."[23] According to the study, key changes in society are affecting the adequacy of and the way in which Americans finance their retirement: people are living longer; traditional pensions are disappearing; saving rates are anemic, both inside and out of retirement plans; and the normal retirement age, the age at which individuals are eligible to receive their full benefits, is rising from 65 to 67 years.



Source: U.S. Census Bureau, "65+ in the United States: 2005"

However, the study has some significant drawbacks. First, as the authors concede, the findings may understate the size of the problem because the research makes several limiting assumptions. Second, the analysis is static, presenting a "snapshot" in time, assessing retirement preparedness employing data that is now fully two years out of date. Third, it assumes that changes in behavior such as saving more and working longer which can substantially reduce the number of households "at risk" are ready solutions, when in fact, it is much more likely that forced "retirement" will occur before age 65 as a result of a number of "shocks, such as: the onset of a major medical condition; health related work limitation; severe disability; and layoffs, and most Americans lack adequate protection when such disaster strikes."[24]

[23] Ruffenach, Glenn, "Many Households Are At Risk In Their Retirement Finances," *The Wall Street Journal*, June 6, 2006, p. D3.

[24] See, for example, Johnson, Richard W., Gordon B.T. Mermin, and Cori E. Uccello, "How Secure Are Retirement Nest Eggs?," *Issue Brief*, No. 45, Center for Retirement Research at Boston College, April 2006.

Another limiting aspect of the study is that, although the authors do allow replacement rates to decline as the level of pre-retirement income rises, they have set the bar too low with respect to the lower half of the income distribution. The study sets a target replacement rate for the bottom third of the income distribution at 81% (73% for all households) and doesn't consider those in the bottom third "at risk" unless their projected retirement income falls 10% or more below that target, specifically until it falls from an 81% replacement rate to 73%.

Poverty Status: Percentage Below Levels of Poverty* 2004			
Year of Age	Percentage Below 100% of Poverty Threshold	Percentage Below 125% of Poverty Threshold	Percentage Below 150% of Poverty Threshold
64	10.1%	13.4%	17.9%
65	10.3%	14.4%	19.6%
66	8.4%	13.4%	18.0%
67	8.0%	12.0%	18.0%
68	8.3%	14.1%	20.4%
69	10.6%	15.3%	20.6%
70	10.3%	17.7%	21.5%
71	9.4%	12.8%	19.4%
72	9.0%	15.3%	21.3%
73	9.1%	15.1%	23.6%
74	10.3%	15.7%	17.4%
75	9.5%	16.1%	23.5%
76	8.2%	15.4%	22.2%
77	9.1%	15.7%	23.4%
78	8.1%	17.7%	25.2%
79	10.8%	17.8%	21.4%
80 to 84	10.4%	19.4%	29.2%
85 and over	12.6%	21.9%	31.9%
65 and over	9.8%	16.5%	23.3%

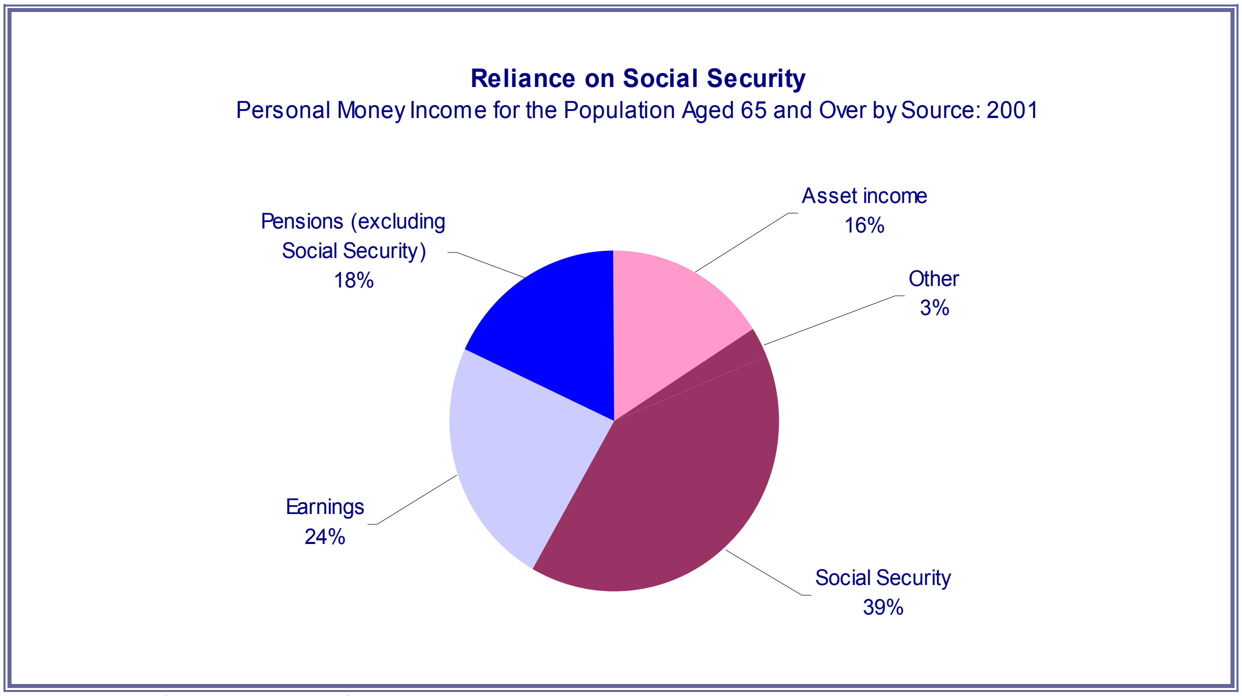
Note: Ratio of income to poverty: People and families are classified as poor if their income is less than their poverty threshold. If their income is less than half their poverty threshold, they are severely poor (below 50% of poverty); less than the threshold itself, they are poor (below 100% of poverty); less than 1.25 times the threshold, below 125% of poverty, and so on. The greater the ratio of income to poverty, the more people fall under the category, because higher ratios include more people with higher incomes.

* Percentage below x% of poverty: The number below x% of the poverty threshold, divided by the number in "all income levels," then multiplied by 100. The poverty rate is the percentage below 100% of the poverty threshold.

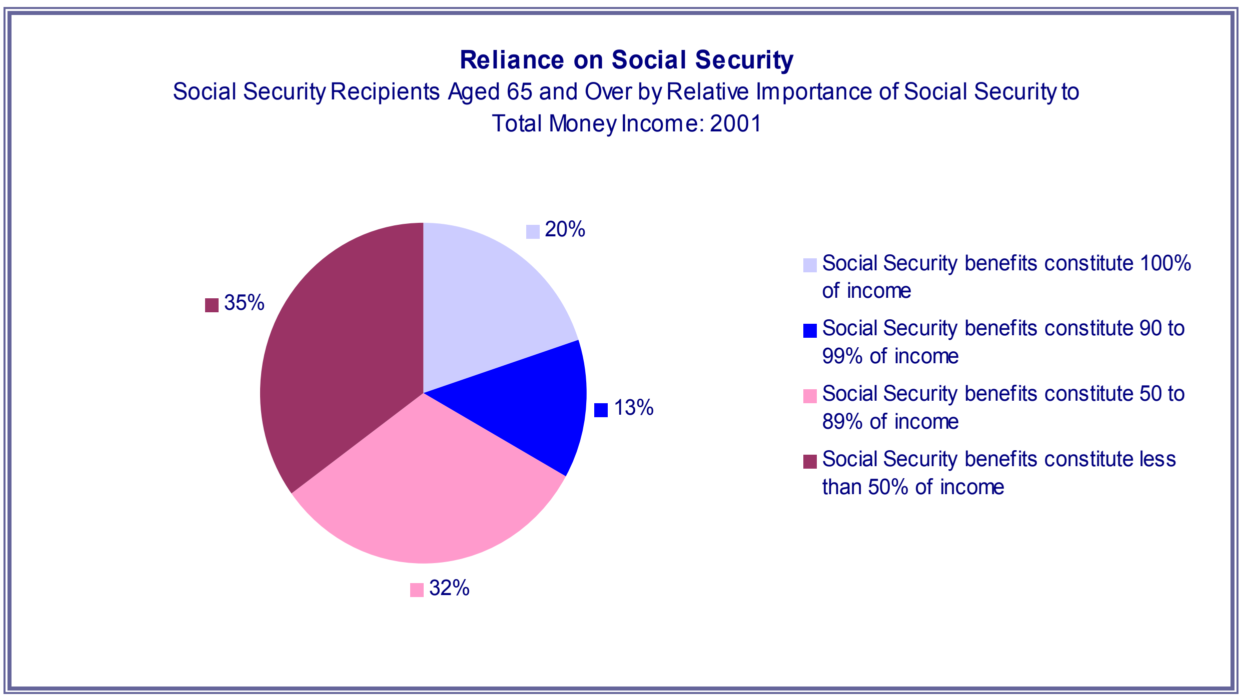
Source: U.S. Census Bureau, Current Population Survey, 2005 Annual Social and Economic Supplement

To understand why this is too low a threshold, take for example, the first Boomers, those born in 1946 and turning 60 this year. In 2004, 9.2% of them were already below the poverty line, another 2.2% had incomes of between 100% and 125% of the poverty level, and another 2.0% had incomes between 125% and 150%.[25] Assuming that this group is not "at risk" until sustaining a reduction of 27% or more from pre-retirement income is not realistic. The poor and the "working poor" (working, but with incomes 200% of the official poverty level or less) would be unable to maintain their pre-retirement standards of living in retirement well before they reach a pain threshold or "replacement rate" that is 73% of current income, particularly given that this group has a negative net worth and is almost wholly dependent on Social Security. Most literature assumes that the poor and working poor would suffer severely with replacement rates of 90% or less. Over 23% of those 65 and older live below 150% of the poverty threshold. Their current state suggests that the percentage of those 65 and older living below the poverty level will rise as Boomers retire, halting a gradual decades-long decline.

[25] U.S. Census Bureau, "Current Population Survey, 2005 Annual Social and Economic Supplement, Single Year of Age – Poverty Status: 2004."



Note: The reference population for these data is the civilian noninstitutionalized population.
Source: U.S. Census Bureau, "65+ in the United States: 2005"



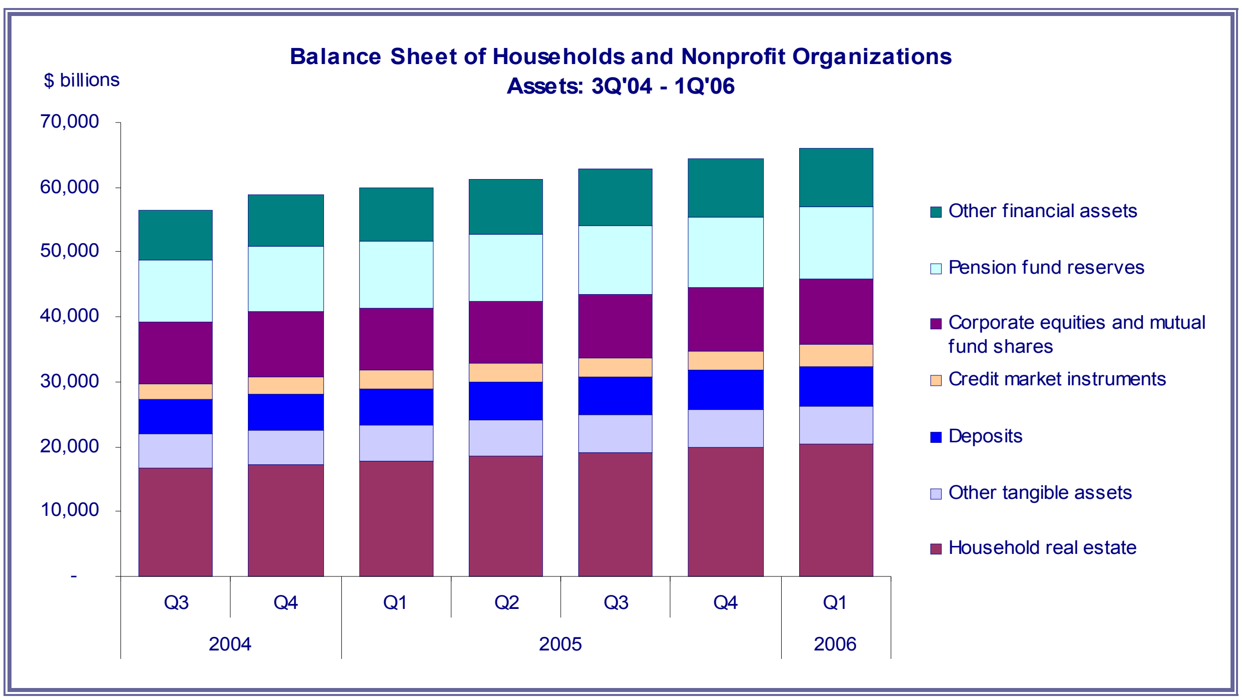
Note: The reference population for these data is the civilian noninstitutionalized population.
Source: U.S. Census Bureau, "65+ in the United States: 2005"

Here at SIA Research we pursued a parallel effort to measure the adequacy of retirement savings for the working population in general and for those closest to retirement specifically: Baby Boomers. However, our effort, the methodology for which is explained in brief below, sought to avoid these limitations. While starting with the same original database, the 2004 SCF, we employed quarterly information from the FFA to update the assessments. We employed somewhat more conservative assumptions and higher replacement rates for low-income households. A brief description of our efforts and some conclusions follow.

Extrapolating Changes in Household Wealth and Saving

In order to measure readiness for retirement we employed analysis and some "benchmarks" drawn from a database that "combines both macroeconomic and microeconomic data…aggregate data – economy-wide saving of the household sector as measured by the Flow of Funds Accounts (FFA) – and household level data – balance sheet information for a representative sample of families from the triennial Survey of Consumer Finances (SCF)."[26] The idea for this approach originated with Alan Greenspan. Using these two primary data sources prepared by the Federal Reserve and employing procedures used to combine the 1998 SCF with the quarterly FFA data that were set forth five years ago by former Federal Reserve staff,[27] we created a unique data set.

The multi-step process began with mapping the 2004 SCF data into categories compatible with FFA data. Second, we computed the shares of each asset and liability category that belonged to households in the respective age, income and wealth cohorts. Then we allocated quarterly changes in net worth using FFA data in proportion to the weights calculated from SCF data associated with the respective cohorts. In this way we constructed a current measure of net worth: quarterly panel datasets by income quintile, using the distribution of net worth from the 2004 SCF for all subsequent quarters, which we have done with the latest available quarter being 1Q'06.[28] This is a potent indicator of how American households' net worth is faring on an ongoing quarterly basis.



Note: Amounts outstanding end of period, not seasonally adjusted.
Source: Federal Reserve, FFA, table B.100.

26 Op. cit. 9, p. 2.

27 Ibid., pp. 8-12.

28 The SCF survey was conducted in May 2004. These observations were assumed to represent 2Q'04 levels, and changes in the quarterly FFA data from 2Q'04 to 1Q'06 were used to extrapolate these results.

At end-1Q'06, the net worth of U.S. households[29] reached $53.8 trillion, an increase of $8.4 trillion, or 18.6%, since 2Q'04 when the most recent SCF was undertaken. During this period from 2Q'04 to 1Q'06, almost all (96%) of the increase in net worth came from holding gains on assets, as savings (net investment) out of current income was negligible. Total assets reached $66.0 trillion, an increase of $10.7 trillion, or 19.3%, with 45% of that total accounted for by the rise in the value of real estate, which increased $4.8 trillion or 27.9%. Total liabilities grew even faster and reached $12.2 trillion at end-1Q'06, an increase of $2.2 trillion or 22.4% since end-2Q'04. Home mortgage debt, which reached $8.9 trillion, accounted for the overwhelming bulk of household liabilities and for most of the growth in indebtedness, increasing $2.0 trillion, or 28.4%, over this period.

Change in Net Worth of Households and Nonprofit Organizations

	Description	2004 Q3	2004 Q4	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2006 Q1
1	**Change in Net worth (market value)** (1)	**615.0**	**2,093.3**	**442.7**	**1,052.9**	**1,253.1**	**1,211.1**	**1,400.5**
2	Net investment	7.9	126.9	97.9	8.7	-120.3	92.3	83.8
3	Net physical investment	170.1	171.2	161.3	194.6	149.6	182.2	173.8
4	Total capital expenditures	416.1	409.2	396.6	433.7	451.2	430.7	422.3
5	Consumption of fixed capital	246.0	238.0	235.4	239.1	301.6	248.5	248.5
6	Net financial investment	-162.3	-44.3	-63.3	-185.9	-269.9	-89.9	-90.0
7	Net acquisition of financial assets	124.9	312.9	115.6	133.8	87.1	239.9	183.2
8	Net increase in liabilities	287.1	357.2	178.9	319.7	357.1	329.9	273.2
9	Holding gains on assets stated at market value (2)	629.5	1,945.0	338.7	1,051.7	1,479.7	1,107.3	1,316.8
10	Real estate	735	439.3	488.0	689.8	634.4	615.8	423.1
11	Corporate directly held equities	-197.6	566.9	-159.9	-25.8	184.7	58.9	238.4
12	Mutual fund shares	-42.0	224.2	-10.6	12.6	162.8	75.5	243.4
13	Equity in unincorporated business	196.3	154.6	186.9	214.0	234.9	195.4	152.6
14	Life insurance and pension fund reserves	-62.2	560.0	-165.6	161.2	262.9	161.7	259.3
15	Holding gains on assets stated at current cost (2)	-23.0	4.1	7.7	-5.9	-29.7	-8.9	3.6
16	Consumer durable goods	-22.8	4.1	7.0	-5.8	-29.0	-8.4	3.2
17	Equipment and software	-0.2	0	0.7	-0.1	-0.7	-0.5	0.4
18	Other volume changes (3)	0.6	17.2	-1.7	-1.6	-76.6	20.4	-3.7
	Memo							
19	Net worth outstanding (4)	46,156.3	48,249.6	48,912.7	49,965.6	51,218.7	52,429.8	53,830.3
20	Disposable personal income (NIPA)	8,670.9	8,930.4	8,902.0	8,979.7	9,030.0	9,208.0	9,301.6

(1) Sum of net investment (line 2), holding gains (lines 9 and 15), and other volume changes (line 18).

(2) Calculated as change in amount outstanding less net purchases during period.

(3) Consists of the difference between series for consumption of fixed capital published by BEA and statistical discontinuities.

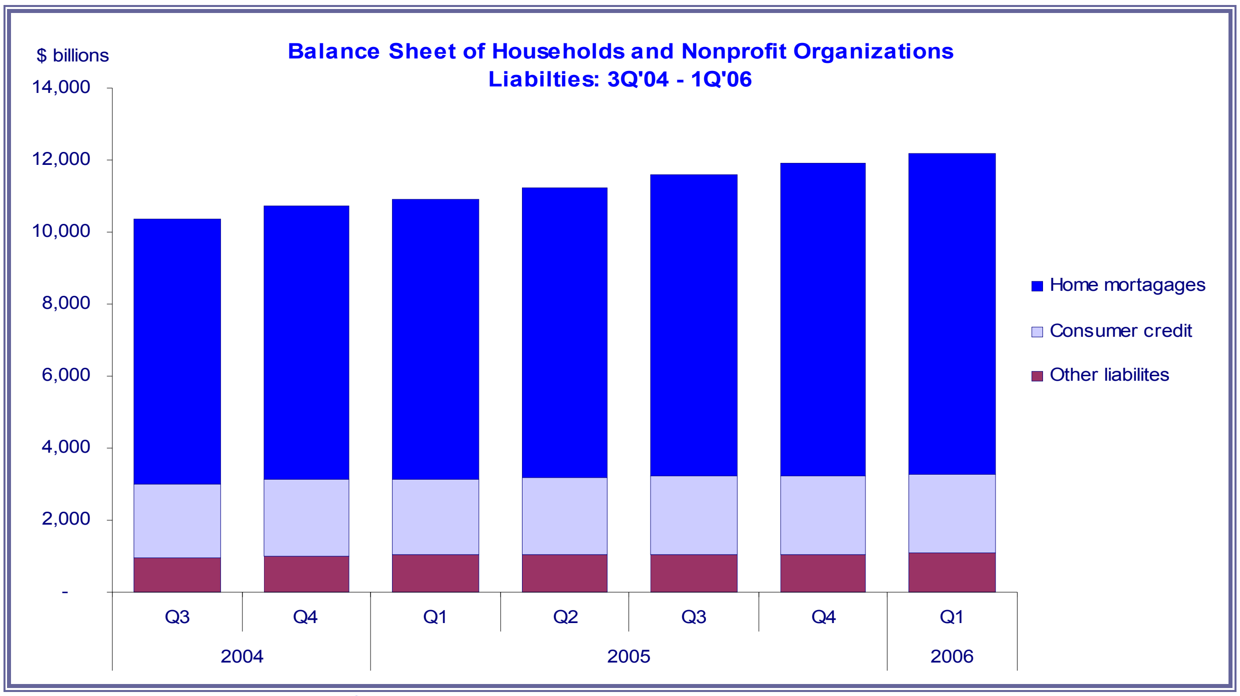
(4) Table B.100, line 41.

Note: Billions of dollars; not seasonally adjusted.

Source: Federal Reserve Statistical Release, Flow of Funds Accounts of the United States, Z.1 Release, March 9 and June 8, 2006, table R. 100.

[29] Includes non-profit organizations.

The real estate boom has helped raise the net worth of all income groups over the past two years, as home ownership continued to expand, but less so for lower income groups than one would anticipate. The clearest beneficiaries were upper income groups. We estimate that slightly more than 60% of the increase in total net worth of all households between 2Q'04 and 1Q'06 accrued to the top income decile (top 10% of the income distribution). Existing homeowners in lower income groups extracted equity from their homes more actively than in the past and more extensively than upper income groups. New homeowners in lower income groups made smaller down payments and made greater use of adjustable rate mortgages (ARMs) and sub-prime loans, both of which grew rapidly in late 2004 and 2005. It is estimated that fully 30% of all mortgages extended in 2005 were ARMs, for example. As interest rates rose and "grace periods" on ARMs expired, the burden imposed in servicing this debt increased, absorbing an increasing share of current income. Even so, homeowners continued to fare better than renters, who continued to see erosion in net worth over the past two years.



Note: Amounts outstanding end of period, not seasonally adjusted.
Source: Federal Reserve, FFA, table B.100.

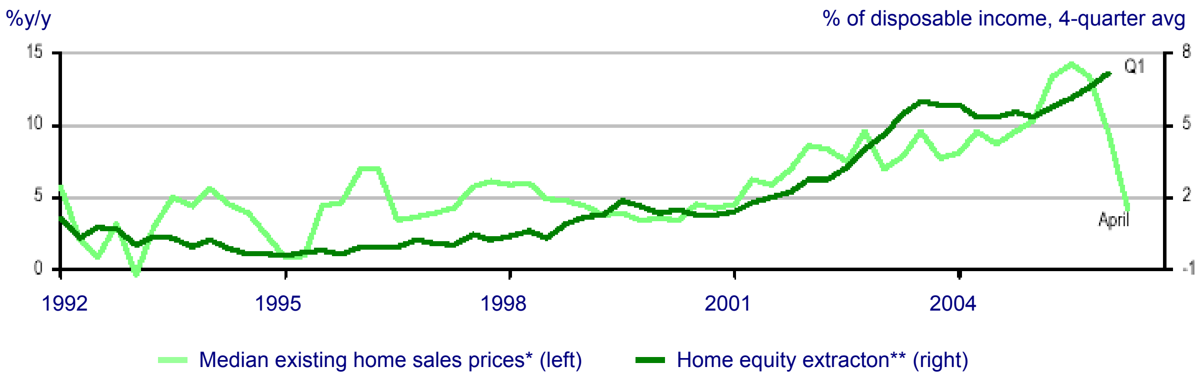
With real incomes for most wage earners continuing to decline, and sharply higher fuel prices and rising interest payments eroding consumer purchasing power, the possibility of lower income households increasing savings has been extremely limited. For example, during 1Q'06, gasoline retailers saw a 17.5% increase in receipts over the first three months of last year, as consumers spent nearly $17 billion more to fill up.[30] The median family income in 2004 was $44,300 and the median family spent roughly 5% of their income on gasoline and home heating. Now these costs absorb more than 7% of income, as gasoline was 35% higher by end-1Q'06 than a year earlier.[31]

[30] Oxford Analytica, "United States: Economic Angst Touches Middle Class," May 22, 2006.

[31] Ibid.

Furthermore, saving rates are unlikely to rise in response to the end of the real estate boom and the fading of the associated wealth effect. Homeowners are likely to reduce home equity extraction in the face of higher interest rates and lower home price gains. Consumers will become relatively more dependent on current income to support spending.

Home equity extraction is set to decline with much lower recent home price gains…

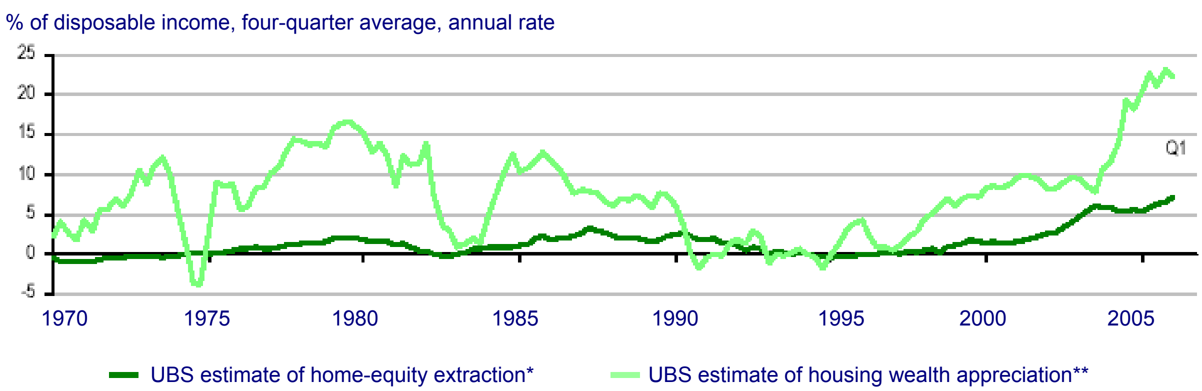


* Single-family only are available prior to 1999.

** Home equity extraction calculated as increase in mortgage debt minus all new residential investment other than home improvements.

Source: Federal Reserve Board, Bureau of Economic Analysis, National Association of Realtors, and UBS

…and the likely accompanying slowing in residential real estate wealth appreciation in coming quarters.



* Home equity extraction calculated as increase in mortgage debt minus all new residential investment other than home improvements.

** Housing wealth appreciation calculated as increase in nominal value of housing stock minus new residential investment.

Source: Federal Reserve Board, Bureau of Economic Analysis, and UBS

Above two charts reprinted from *US Economic Perspectives*, UBS Investment Research, June 23, 2006, p.13, with permission of UBS.

	Balance Sheet of Households and Nonprofit Organizations (1)	2004			2005				2006
	Description	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1	**Assets**	**55,357**	**56,534**	**58,985**	**59,833**	**61,205**	**62,816**	**64,355**	**66,029**
2	Tangible assets	21,023	21,941	22,556	23,212	24,088	24,840	25,626	26,223
3	Real estate	17,341	18,225	18,776	19,358	20,174	20,907	21,648	22,177
4	Households (2,3)	15,916	16,716	17,221	17,754	18,501	19,177	19,871	20,365
5	Nonprofit organizations	1,425	1,510	1,555	1,605	1,674	1,730	1,777	1,812
6	Equipment and software (4)	193	196	202	208	214	212	217	224
7	Consumer durable goods (4)	3,488	3,519	3,578	3,645	3,700	3,721	3,761	3,822
8	Financial assets	34,334	34,594	36,429	36,621	37,117	37,976	38,730	39,806
9	Deposits	5,403	5,331	5,455	5,795	5,827	5,924	6,082	6,251
10	Foreign deposits	85	55	58	64	63	64	66	67
11	Checkable deposits and currency	237	237	242	358	344	287	324	339
12	Time and savings deposits	4,168	4,184	4,251	4,502	4,553	4,686	4,736	4,889
13	Money market fund shares	913	855	904	871	867	888	957	957
14	Credit market instruments	2,160	2,555	2,681	2,921	2,999	2,981	3,122	3,216
15	Open market paper	118	122	136	137	152	159	164	169
16	Treasury securities	466	432	495	482	433	425	369	464
17	Savings bonds	205	204	204	204	204	204	205	206
18	Other Treasury	261	228	291	278	228	221	164	258
19	Agency and GSE-backed securities	346	481	455	458	538	640	718	691
20	Municipal securities	751	746	762	786	820	834	860	860
21	Corporate and foreign bonds	325	616	672	895	891	753	838	854
22	Mortgages	154	158	161	163	167	170	173	177
23	Corporate equities (2)	6,188	5,944	6,406	5,774	5,665	5,728	5,674	5,685
24	Mutual fund shares (5	3,421	3,437	3,726	3,772	3,841	4,045	4,167	4,537
25	Security credit	534	524	578	569	583	578	567	590
26	Life insurance reserves	1,032	1,038	1,060	1,059	1,067	1,078	1,083	1,097
27	Pension fund reserves	9,538	9,535	10,150	10,157	10,352	10,628	10,855	11,109
28	Equity in noncorporate business (6)	5,579	5,735	5,869	6,064	6,265	6,474	6,650	6,786
29	Miscellaneous assets	479	495	503	510	518	539	529	536
30	**Liabilities**	**9,965**	**10,378**	**10,735**	**10,920**	**11,240**	**11,597**	**11,926**	**12,199**
31	Credit market instruments	9,575	9,992	10,292	10,472	10,793	11,154	11,507	11,761
32	Home mortgages (7)	6,966	7,360	7,593	7,794	8,075	8,389	8,683	8,944
33	Consumer credit	2,034	2,076	2,126	2,097	2,113	2,153	2,178	2,150
34	Municipal securities	191	191	194	198	202	204	210	212
35	Bank loans n.e.c.	91	71	79	79	91	88	105	118
36	Other loans and advances	119	120	120	119	120	119	120	120
37	Commercial mortgages (8)	174	174	180	186	193	201	211	218
38	Security credit	217	210	264	266	264	258	232	249
39	Trade payables	152	154	157	159	160	162	164	166
40	Deferred and unpaid life insurance premiums	22	22	23	23	24	23	22	23
41	**Net worth**	**45,392**	**46,156**	**48,250**	**48,913**	**49,966**	**51,219**	**52,430**	**53,830**

(1) Sector includes farm households.
(2) At market value.
(3) All types of owner-occupied housing including farm houses and mobile homes, as well as second homes that are not rented, vacant homes for sale, and vacant land.
(4) At replacement (current) cost.
(5) Value based on the market values of equities held and the book value of other assets held by mutual funds.
(6) Net worth of noncorporate business (table B.103, line 31) and owners' equity in farm business and unincorporated security brokers and dealers.
(7) Included loans made under home equity lines of credit and home equity loans secured by junior leins, shown on table L.218, line 23.
(8) Liabilities of nonprofit organizations.

Note: Billions of dollars; amounts outstanding end of period, not seasonally adjusted.

Source: Federal Reserve Statistical Release, Flow of Funds Accounts of the United States, Z.1 Release, December 8, 2005, March 9 and June 8, 2006, table B. 100.

Retirement Savings Adequacy by Age

Another analysis we performed dealt with the adequacy of retirement savings. We employed information on Social Security (an asset not included in the definition of net worth in the SCF) along with demographic, market and other data used to make realistic assumptions concerning the rate of return on assets,[32] expected retirement ages,[33] expected lengths of retirement,[34] "replacement rates"[35] and other variables. In this way, we were able to project the median value of net worth each cohort is likely to have in retirement based on current saving rates,[36] how much will be needed to reach retirement goals (target replacement rate of current income) and how much more of income would have to be saved each year until retirement in order to close the gap between current savings and retirement needs or, in other words, allow them to reach that goal.

In order to make this information more comprehensible and more relevant, we selected the data for the two age cohorts closest to retirement, those Americans aged 45 to 54, and those aged 55 to 64, and present the results of a retirement preparedness analysis for the median household in each age cohort. Concerns about the inadequacy of retirement savings are most pressing for and among those closest to retirement, since they have less time to prepare than younger workers. The 2004 SCF provides data for these groups whose heads of household were born in the 1940s (1940-49) and the 1950s (1950-59). We selected two years close to the median age for these two cohorts, specifically, heads of household who turn 60 and 51, respectively, this year (2006), and it is for these two age groups that we have conducted our first runs of the analysis using SCF 2004 income and net worth data.

Another reason to select these two age cohorts is that there has been a substantial amount of research already done on Baby Boomers' retirement prospects, including information on the distribution of wealth within income deciles for this demographic group that will help facilitate the analysis and make it more granular. Those individuals age 51 and 60 represent the eldest members of the two subgroups of Boomers: "leading wave," those born between 1946 and 1954, and "trailing wave," those born between 1955 and 1964.

While Boomers appeared, at least until recently, to have been saving at rates similar to those of preceding generations at this stage of their lives, they confront different challenges. This generation will live longer, thus need more income for a potentially longer retirement. They are also more likely to have to devote a substantially greater share of retirement income to medical expenses (given that medical costs have risen and likely will continue to rise at twice the pace of core inflation) than previous generations and are more likely to encounter financial "shocks" such as those from catastrophic health care costs or extended nursing home stays. Worse yet, it would appear from recent data that saving has declined for this group in recent years.

[32] We have assumed 5% per annum growth in the combined value of financial and non-financial assets.

[33] In 2004 the average age was 62 years but is expected to rise steadily to 67 over the next 20 years. We used 65.

[34] Currently set at 20 years based on a U.S. Treasury life expectancy table.

[35] The percent of pre-retirement income needed to maintain current living standards in retirement. We allowed this to vary inversely with income (e.g., the lowest quintile needed to replace 90% to 100% of pre-retirement income, while within the highest income quintile, the median household need replace only 70%).

[36] NIPA savings rate, or the change in net worth as a percent of current income. This appears to be between 3% and 4% historically, and was estimated in 2005 at 4% for all quintiles but the highest quintile, which was set at 5%.

Results of Retirement Adequacy Analysis for Household with Householder Born in 1946

Selected Inputs and Outputs: 2004

First and Second Quintiles of Income

Selected Inputs	**First Quintile**		**Second Quintile**	
Median household Income (1)	$13,978	$13,978	$32,363	$32,363
Retirement goal (% of current income) (2)	100%	90%	90%	80%
Current net worth (3)	$20,035	$20,035	$91,626	$91,626
Annual Saving Rate (% of income) (4)	4%	4%	4%	4%
Annual investment return (5)	5%	5%	5%	5%
Years until retirement (6)	7	7	7	7
Years in retirement (7)	20	20	20	20
Selected Outputs (adjusted for inflation) (8)				
Retirement assets needed to reach goal	$64,534	$30,787	$247,239	$169,106
Value of current savings at retirement	$32,801	$32,801	$139,737	$139,737
% of income needed to save to reach goal	27%	On track	38%	13%

Third, Fourth and Fifth Quintiles of Income

Selected Inputs	**Third Quintile**		**Fourth Quintile**		**Fifth**
Median household Income (1)	$54,400	$54,400	$85,756	$85,756	$162,948
Retirement goal (% of current income) (2)	80%	70%	80%	70%	70%
Current net worth (3)	$191,267	$191,267	$427,411	$427,411	$2,221,471
Annual Saving Rate (% of income) (4)	4%	4%	4%	4%	5%
Annual investment return (5)	5%	5%	5%	5%	5%
Years until retirement (6)	7	7	7	7	7
Years in retirement (7)	20	20	20	20	20
Selected Outputs (adjusted for inflation) (8)					
Retirement assets needed to reach goal	$341,017	$209,680	$761,194	$554,155	$1,717,992
Value of current savings at retirement	$287,403	$287,403	$630,577	$630,577	$3,198,607
% of income needed to save to reach goal	14%	On track	19%	On track	On track

Results of Retirement Adequacy Analysis for Household with Householder Born in 1955

Selected Inputs and Outputs: 2004

First and Second Quintiles of Income

Selected Inputs	**First Quintile**		**Second Quintile**	
Median household Income (1)	$15,699	$15,699	$36,349	$36,349
Retirement goal (% of current income) (2)	100%	90%	90%	80%
Current net worth (3)	$11,657	$11,657	$53,311	$53,311
Annual Saving Rate (% of income) (4)	4%	4%	4%	4%
Annual investment return (5)	5%	5%	5%	5%
Years until retirement (6)	16	16	16	16
Years in retirement (7)[7]	20	20	20	20
Selected Outputs (adjusted for inflation) (8)				
Retirement assets needed to reach goal	$116,938	$63,243	$333,305	$208,983
Value of current savings at retirement	$40,269	$40,269	$150,616	$150,616
% of income needed to save to reach goal	18%	7%	18%	8%

Third, Fourth and Fifth Quintiles of Income

Selected Inputs	**Third Quintile**		**Fourth Quintile**		**Fifth**
Median household Income (1)	$61,100	$61,100	$96,317	$96,317	$183,017
Retirement goal (% of current income) (2)	80%	70%	80%	70%	70%
Current net worth (3)	$111,284	$111,284	$248,679	$248,679	$1,292,508
Annual Saving Rate (% of income) (4)	4%	4%	4%	4%	5%
Annual investment return (5)	5%	5%	5%	5%	5%
Years until retirement (6)	16	16	16	16	16
Years in retirement (7)	20	20	20	20	20
Selected Outputs (adjusted for inflation) (8)					
Retirement assets needed to reach goal	$550,589	$341,613	$1,255,929	$926,503	$2,854,350
Value of current savings at retirement	$300,418	$300,418	$633,273	$633,273	$3,034,157
% of income needed to save to reach goal	15%	5%	23%	12%	On track

(1)–(8): see page 26 for explanatory notes.

Those Americans born in 1946, the first of the "baby boomer" generation, are turning 60 this year, and many will retire by the end of 2008, well before their 65th birthdays in 2011. For these households, prospects are fairly clear for the median family given how few years remain until retirement. The median household in the top income quintile, with an income of $162,948 and net worth of $2.2 million, is on track to a comfortable retirement. Rather than worrying about saving for retirement, the median household in this quintile is more likely concerned with the details of managing its net worth in the most tax-advantaged manner and planning bequest strategies.

For the median household in the second quintile, the future is not so certain. We estimate that a comfortable retirement would require an 80% replacement of pre-retirement income, and by this measure the median household is far behind. However, based on a 70% replacement rate, which would not be dire at least for the median, current savings may prove adequate. No doubt there are those in the quintile who are very well prepared as well as those who are hopelessly behind, but for the middle it is likely that a reasonably comfortable retirement can be achieved with careful planning. As for those in the middle quintile of income, the picture is not dissimilar. While the median household is behind on an 80% replacement rate, it looks on track for a 70% replacement rate. While that may be sufficient for the median in reasonably good times, it leaves little cushion for health or financial shocks.

For the two lowest quintiles, the story is quite different. The overwhelming majority of those in the bottom two quintiles of income distribution will, despite best efforts, experience at least a moderate if not severe reduction in their standards of living in retirement, and some may not be able to "retire" at all, taking second jobs, generally at substantially lower wages, just to be able meet basic needs. To avoid this would require a substantial and wholly improbable saving effort, e.g., saving an additional 20% or more out of current income, and for the second quintile it would require an additional 9% of current income to get them to even an 80% replacement rate. For the bottom quintile, Social Security and other forms of public assistance will form the bulk of their retirement income.[37] Since these are already the poorest households, the percentage of American seniors (those 65 years of age or older) living in poverty will rise in the coming years above levels that we see currently.

For those households led by householders born in 1955, the current picture is generally no better and in some ways is worse. Because this age cohort has accumulated much lower levels of net worth they have a long way to go in terms of amassing adequate savings. For the wealthiest quintile, as with the older boomers, the median household has more than sufficient savings for a comfortable retirement. As for the rest of this age group, current saving behavior leaves them well short of anything approaching adequate retirement savings. It will take at least a doubling of the saving rate to bring the median households in the four remaining quintiles to lower levels of adequacy and increases in the saving rate up to 18 - 23% of current income to bring savings up to a level affording a comfortable replacement rate. It is the lack of preparedness of this age cohort that brings the dire state of retirement savings inadequacy to stark light - and must motivate changes in both public policy and private behavior if a startling increase in senior poverty is to be avoided.

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[37] Refer to graphs "Reliance on Social Security," p. 18.

Explanatory Notes to Tables on Page 24

(1) SIA estimates based on quintile distribution of median income, adjusted for age cohort, from Federal Reserve Board, Survey of Consumer Finances, 2004, Table 1 (www.federalreserve.gov/Pubs/oss/oss2/2004/bulletin.tables.int.xls). Median of top quintile is 90th percentile, see Bucks, B. et al, "Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finance," Federal Reserve Bulletin, vol. 92, February 2006, Page A6, footnote 5 (www.federalreserve.gov/pubs/oss/oss2/2004/bull0206.pdf).

(2) SIA estimates based on analysis presented in Munnel, A. and Soto, M., "What Replacement Rates Do Households Actually Experience in Retirement?" Center for Retirement Research at Boston College, August 2005 (www.bc.edu/centers/crr/wp_2005-10.shtml).

(3) SIA estimates based on quintile distribution of median net worth, adjusted for age cohort, from Federal Reserve Board, Survey of Consumer Finances, 2004, Table 3 (www.federalreserve.gov/Pubs/oss/oss2/2004/bulletin.tables.int.xls). Median of top quintile is 90th percentile, see Bucks, B. et al, "Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finance," Federal Reserve Bulletin, vol. 92, February 2006, Page A7, footnote 9 (www.federalreserve.gov/pubs/oss/oss2/2004/bull0206.pdf). Net worth includes all assets (financial and non-financial) and liabilities.

(4) Analysis of saving rate based on the distribution of family holdings of financial and non-financial assets, Federal Reserve Board, Survey of Consumer Finances, 2004, Tables 5 and 8 (www.federalreserve.gov/Pubs/oss/oss2/2004/bulletin.tables.int.xls) applied to changes in household assets from year end 2004 to year end 2005, from Board of Governors of the Federal Reserve System, "Flow of Funds Accounts of the United States, Flows and Outstandings Fourth Quarter 2005," Table B.100 Balance Sheet of Households and Nonprofit Organizations, p. 102 (www.federalreserve.gov/releases/z1/current/z1.pdf).

(5) SIA estimate based on historical rates of return for financial and non-financial assets and for some assets being tax-advantaged and some not. SIA estimates of social security income are based on the SSA Simple Calculator for age and income information for each quintile (www.ssa.gov/OACT/quickcalc/index.html), using family maximum amount.

(6) In 2004, for those born in 1946 there were seven years until the assumed retirement age of 65, while for those born in 1955, there were 16 years left until the assumed retirement age of 65. SIA estimates of social security income are based on the SSA Simple Calculator for age and income information for each quintile (www.ssa.gov/OACT/quickcalc/index.html), using family maximum amount.

(7) U.S. Department of the Treasury, Internal Revenue Service, "Individual Retirement Arrangements (IRAs), For Use in Preparing 2005 Returns," Publication Number 590, Appendix C, Life Expectancy Tables, Table 1, pp. 84-85 (www.irs.gov/pub/irs-pdf/p590.pdf).

(8) Output generated by a retirement planning calculator at Vanguard.com (https://flagship2.vanguard.com/VGApp/hnw/RetirementSavings).

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Appendix Tables

Table 1

Before-tax family income by selected characteristics of families
(Thousands of 2004 dollars)

Family characteristic	2001		2004		Change	
	Median	Mean	Median	Mean	Median	Mean
All Families	**42.5**	**72.4**	**43.2**	**70.7**	**1.6%**	**-2.3%**
Percentiles of income						
Less than 20	10.9	10.7	11.1	10.8	1.8%	0.9%
20-39.9	26.0	25.7	25.7	26.1	-1.2%	1.6%
40-59.9	42.5	42.9	43.2	43.4	1.6%	1.2%
60-79.9	69.0	69.4	68.1	69.1	-1.3%	-0.4%
80-89.9	105.1	104.4	104.7	106.5	-0.4%	2.0%
90-100	180.6	322.4	184.8	302.1	2.3%	-6.3%
Age of head (years)						
Less than 35	35.6	47.1	32.9	45.1	-7.6%	-4.2%
35-44	54.7	82.1	49.8	73.8	-9.0%	-10.1%
45-54	58.0	99.3	61.1	94.4	5.3%	-4.9%
55-64	48.2	92.6	54.4	100.3	12.9%	8.3%
65-74	29.6	61.9	33.3	59.6	12.5%	-3.7%
75 or more	23.8	39.1	23.7	40.9	-0.4%	4.6%
Percentiles of net worth						
Less than 25	21.0	25.5	20.5	25.1	-2.4%	-1.6%
25-49.9	37.2	42.3	37.0	42.2	-0.5%	-0.2%
50-74.9	54.2	62.2	52.4	60.6	-3.3%	-2.6%
75-89.9	74.6	83.9	77.0	87.8	3.2%	4.6%
90-100	136.9	273.1	143.8	256.0	5.0%	-6.3%

Notes: For questions on income, respondents were asked to base their answers on the calendar year preceding the interview. Percentage distributions may not sum to 100 because of rounding. Dollars have been converted to 2004 values with the current-methods consumer price index for all urban consumers.

Source: FRB, SCF 2004

Table 2

Family net worth, by selected characteristics of families
(Thousands of 2004 dollars)

Family characteristic	2001		2004		Change	
	Median	Mean	Median	Mean	Median	Mean
All Families	**91.7**	**421.5**	**93.1**	**448.2**	**1.5%**	**6.3%**
Percentiles of income						
Less than 20	8.4	56.1	7.5	72.6	-10.7%	29.4%
20-39.9	39.6	121.8	34.3	122.0	-13.4%	0.2%
40-59.9	66.5	171.4	71.6	193.8	7.7%	13.1%
60-79.9	150.7	311.3	160.0	342.8	6.2%	10.1%
80-89.9	280.3	486.6	311.1	485.0	11.0%	-0.3%
90-100	887.9	2,406.7	924.1	2,534.4	4.1%	5.3%
Age of head (years)						
Less than 35	12.3	96.6	14.2	73.5	15.4%	-23.9%
35-44	82.6	276.4	69.4	299.2	-16.0%	8.2%
45-54	141.6	517.6	144.7	542.7	2.2%	4.8%
55-64	193.3	775.4	248.7	843.8	28.7%	8.8%
65-74	187.8	717.9	190.1	690.9	1.2%	-3.8%
75 or more	161.2	496.2	163.1	528.1	1.2%	6.4%
Percentiles of net worth						
Less than 25	1.2	*	1.7	-1.4	41.7%	NM
25-49.9	43.4	47.0	43.6	47.1	0.5%	0.2%
50-74.9	166.8	176.6	170.7	185.4	2.3%	5.0%
75-89.9	458.2	478.6	506.8	526.7	10.6%	10.1%
90-100	1,386.6	2,936.1	1,430.1	3,114.2	3.1%	6.1%

* Less than 0.05 ($50)
Source: FRB, SCF 2004

Table 3

Family holdings of financial assets, by selected characteristics of families and type of asset

2001 Survey of Consumer Finances

Family characteristic	Trans-action accounts	Certifi-cates of deposit	Savings bonds	Bonds	Stocks	Pooled investment funds	Retire-ment accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
	Percentage of families holding asset										
All families	**91.4**	**15.7**	**16.7**	**3.0**	**21.3**	**17.7**	**52.2**	**28.0**	**6.6**	**9.4**	**93.4**
Percentiles of income											
Less than 20	71.6	10.0	3.8	*	3.8	3.6	13.2	13.8	2.2	6.2	75.5
20-39.9	90.3	14.7	11.0	*	11.2	9.5	33.3	24.7	3.3	10.2	93.6
40-59.9	96.6	17.4	14.1	1.5	16.4	15.7	52.8	25.6	5.4	9.9	98.3
60-79.9	99.1	16.0	24.4	3.7	26.2	20.6	75.7	35.7	8.5	9.2	99.6
80-89.9	99.7	18.3	30.3	3.9	37.0	29.0	83.7	38.6	10.7	10.8	99.8
90-100	99.2	22.0	29.7	12.7	60.6	48.8	88.3	41.8	16.7	12.5	99.7
Age of head (years)											
Less than 35	87.1	6.3	12.7	*	17.4	11.5	45.1	15.0	2.1	10.5	89.7
35-44	91.1	9.8	22.6	2.1	21.6	17.5	61.4	27.0	3.1	9.7	93.5
45-54	92.7	15.2	21.0	2.8	22.0	20.2	63.4	31.1	6.4	8.5	94.7
55-64	93.8	14.4	14.3	6.1	26.7	21.3	59.1	35.7	13.0	10.6	95.0
65-74	93.8	29.7	11.3	3.9	20.5	19.9	44.0	36.7	11.8	8.5	94.6
75 or more	93.7	36.5	12.5	5.7	21.8	19.5	25.7	33.3	11.2	7.7	95.1
Percentiles of net worth											
Less than 25	73.7	1.8	4.3	*	5.0	2.5	18.9	6.9	*	8.1	78.0
25-49.9	94.2	8.8	12.8	*	9.5	7.2	45.3	26.0	1.3	8.7	96.7
50-74.9	98.2	23.2	23.6	*	20.3	17.5	63.2	34.6	6.2	8.7	98.9
75-89.9	99.6	30.1	25.9	5.3	41.2	36.0	77.6	41.7	13.9	9.6	99.8
90-100	99.6	26.9	26.3	18.4	64.3	54.8	87.4	48.6	26.4	16.2	100.0

2004 Survey of Consumer Finances

Family characteristic	Trans-action accounts	Certifi-cates of deposit	Savings bonds	Bonds	Stocks	Pooled investment funds	Retire-ment accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
	Percentage of families holding asset										
All families	**91.3**	**12.7**	**17.6**	**1.8**	**20.7**	**15.0**	**49.7**	**24.2**	**7.3**	**10.0**	**93.8**
Percentiles of income											
Less than 20	75.5	5.0	6.2	*	5.1	3.6	10.1	14.0	3.1	7.1	80.1
20-39.9	87.3	12.7	8.8	*	8.2	7.6	30.0	19.2	4.9	9.9	91.5
40-59.9	95.9	11.8	15.4	*	16.3	12.7	53.4	24.2	7.9	9.3	98.5
60-79.9	98.4	14.9	26.6	2.2	28.2	18.6	69.7	29.8	7.8	11.2	99.1
80-89.9	99.1	16.3	32.3	2.8	35.8	26.2	81.9	29.5	12.1	11.4	99.8
90-100	100.0	21.5	29.9	8.8	55.0	39.1	88.5	38.1	13.0	13.4	100.0
Age of head (years)											
Less than 35	86.4	5.6	15.3	*	13.3	8.3	40.2	11.0	2.9	11.6	90.1
35-44	90.8	6.7	23.3	0.6	18.5	12.3	55.9	20.1	3.7	10.0	93.6
45-54	91.8	11.9	21.0	1.8	23.2	18.2	57.7	26.0	6.2	12.1	93.6
55-64	93.2	18.1	15.2	3.3	29.1	20.6	62.9	32.1	9.4	7.2	95.2
65-74	93.9	19.9	14.9	4.3	25.4	18.6	43.2	34.8	12.8	8.1	96.5
75 or more	96.4	25.7	11.0	3.0	18.4	16.6	29.2	34.0	16.7	8.1	97.6
Percentiles of net worth											
Less than 25	75.4	2.2	6.2	*	3.6	2.0	14.3	7.7	*	6.9	79.8
25-49.9	92.0	6.5	13.2	*	9.3	7.2	43.1	19.3	2.3	9.5	96.1
50-74.9	98.0	16.0	22.7	*	21.0	12.5	61.8	30.1	8.8	10.2	99.4
75-89.9	99.7	24.2	28.5	3.2	39.1	32.4	77.6	36.7	15.6	11.2	100.0
90-100	100.0	28.8	28.1	12.7	62.9	47.3	82.5	43.8	21.0	16.4	100.0

Source: FRB, SCF 2004

Table 4

Family holdings of financial assets, by selected characteristics of families and type of asset

2001 Survey of Consumer Finances

Family characteristic	Trans-action accounts	Certifi-cates of deposit	Savings bonds	Bonds	Stocks	Pooled investment funds	Retire-ment accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
	Median value of holdings for families holding asset (thousands of 2004 dollars)										
All families	**4.2**	**16.0**	**1.1**	**46.3**	**21.3**	**37.3**	**30.9**	**10.7**	**74.6**	**4.3**	**29.8**
Percentiles of income											
Less than 20	0.9	10.7	1.1	*	8.0	22.4	4.8	3.8	25.8	1.8	2.1
20-39.9	1.9	14.9	0.6	*	10.7	25.6	8.5	6.6	38.3	3.2	8.4
40-59.9	3.0	13.8	0.5	10.7	8.5	25.6	14.5	7.5	74.6	3.2	18.2
60-79.9	5.5	16.0	1.1	42.6	18.1	32.0	32.0	12.8	63.9	3.2	59.1
80-89.9	10.1	13.8	1.1	53.3	21.3	29.8	58.6	10.7	74.6	7.5	103.4
90-100	27.7	26.6	2.1	94.5	53.3	93.2	138.5	25.6	119.3	16.0	387.7
Age of head (years)											
Less than 35	1.9	4.3	0.3	*	6.1	9.6	7.0	10.7	42.6	1.7	6.6
35-44	3.6	6.4	1.1	14.5	16.0	18.6	30.4	9.6	53.3	2.1	28.6
45-54	4.8	12.8	1.1	63.9	16.0	41.0	51.1	11.7	63.9	5.3	48.0
55-64	5.9	20.2	2.7	63.9	42.6	63.9	58.6	10.7	58.6	10.7	59.8
65-74	8.5	21.3	2.1	76.1	90.5	74.6	63.9	9.3	127.8	8.5	54.7
75 or more	7.8	26.6	3.2	37.3	63.9	74.6	49.0	7.5	106.5	19.2	42.6
Percentiles of net worth											
Less than 25	0.7	1.6	0.2	*	1.4	2.1	2.1	1.9	*	1.1	1.4
25-49.9	2.3	5.3	0.5	*	3.4	5.3	8.0	5.5	10.7	2.4	11.2
50-74.9	5.9	12.2	1.2	*	8.8	16.0	32.0	9.6	23.4	4.8	56.5
75-89.9	14.5	21.3	2.1	21.3	27.6	39.9	81.5	12.8	74.6	10.7	214.8
90-100	38.3	42.6	2.1	95.9	129.9	149.1	202.4	32.0	213.0	35.1	753.5

* Fifty (ten observations over five implicates) or fewer total observations.

2004 Survey of Consumer Finances

Family characteristic	Trans-action accounts	Certifi-cates of deposit	Savings bonds	Bonds	Stocks	Pooled investment funds	Retire-ment accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
	Median value of holdings for families holding asset (thousands of 2004 dollars)										
All families	**3.8**	**15.0**	**1.0**	**65.0**	**15.0**	**40.4**	**35.2**	**6.0**	**45.0**	**4.0**	**23.0**
Percentiles of income											
Less than 20	0.6	10.0	0.4	*	6.0	15.3	5.0	2.8	22.0	2.5	1.3
20-39.9	1.5	14.0	0.6	*	8.0	25.0	10.0	3.9	50.0	2.0	4.9
40-59.9	3.0	10.0	0.8	*	12.0	23.0	17.2	5.0	36.0	2.5	15.5
60-79.9	6.6	18.0	1.0	80.0	10.0	25.5	32.0	7.0	35.0	4.0	48.5
80-89.9	11.0	20.0	0.8	26.7	15.0	33.5	70.0	10.0	50.0	5.0	108.2
90-100	28.0	33.0	2.0	160.0	57.0	125.0	182.7	20.0	100.0	20.0	365.1
Age of head (years)											
Less than 35	1.8	4.0	0.5	*	4.4	8.0	11.0	3.0	5.0	1.0	5.2
35-44	3.0	10.0	0.5	10.0	10.0	15.9	27.9	5.0	18.3	3.5	19.0
45-54	4.8	11.0	1.0	30.0	14.5	50.0	55.5	8.0	43.0	5.0	38.6
55-64	6.7	29.0	2.5	80.0	25.0	75.0	83.0	10.0	65.0	7.0	78.0
65-74	5.5	20.0	3.0	40.0	42.0	60.0	80.0	8.0	60.0	10.0	36.1
75 or more	6.5	22.0	5.0	295.0	50.0	60.0	30.0	5.0	50.0	22.0	38.8
Percentiles of net worth											
Less than 25	0.5	2.0	0.3	*	1.9	2.0	2.9	0.8	*	0.7	1.0
25-49.9	2.0	5.8	0.5	*	3.5	7.4	11.8	4.0	9.4	2.0	9.9
50-74.9	5.8	10.4	1.0	*	8.0	16.0	33.5	5.0	22.0	5.0	47.2
75-89.9	15.8	31.0	2.0	25.0	20.0	50.0	95.7	10.0	50.0	7.0	203.0
90-100	43.0	46.0	2.5	111.1	110.0	160.0	264.0	20.0	135.0	40.0	728.8

* Fifty (ten observations over five implicates) or fewer total observations.

Source: FRB, SCF 2004

Table 5

Family holdings of financial assets, by selected characteristics of families and type of asset

2001 Survey of Consumer Finances

Family characteristic	Trans-action accounts	Certifi-cates of deposit	Savings bonds	Bonds	Stocks	Pooled investment funds	Retire-ment accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
Warning! Because estimates in this table have not been reviewed for robustness, they may be sensitive to outliers.											
	Mean value of holdings for families holding asset (thousands of 2004 dollars)										
All families	**25.3**	**39.9**	**8.4**	**310.2**	**204.8**	**139.3**	**109.3**	**38.4**	**321.5**	**41.9**	**215.6**
Percentiles of income											
Less than 20	5.4	24.1	4.7	*	23.6	68.6	23.4	9.9	144.3	25.0	25.5
20-39.9	9.0	31.2	5.4	*	44.4	48.6	29.4	16.3	160.0	11.1	46.4
40-59.9	13.1	29.7	3.0	31.2	48.2	68.8	47.6	28.6	194.0	24.9	84.2
60-79.9	18.6	36.5	11.0	108.8	92.1	78.1	72.0	39.4	177.4	23.9	157.8
80-89.9	27.3	39.6	4.0	137.6	97.5	98.7	117.8	46.3	234.2	20.2	249.9
90-100	118.5	86.7	16.7	600.9	534.7	305.8	325.2	86.7	720.1	180.4	1161.4
Age of head (years)											
Less than 35	7.0	22.3	1.4	*	69.0	34.6	20.1	48.8	185.4	15.9	52.4
35-44	16.9	14.1	6.3	76.6	87.9	79.9	68.6	34.6	233.9	18.4	121.3
45-54	28.5	31.4	9.0	394.2	205.0	156.0	134.4	54.1	233.3	67.0	257.2
55-64	39.1	46.8	6.7	369.3	318.8	200.8	204.6	35.1	374.6	75.2	404.7
65-74	44.8	49.3	11.2	421.9	375.2	198.8	180.7	24.7	386.6	62.7	349.3
75 or more	35.6	57.0	29.5	247.4	347.3	206.0	132.5	26.1	381.6	46.2	291.1
Percentiles of net worth											
Less than 25	1.5	3.7	0.5	*	2.7	3.0	4.0	3.5	*	2.5	3.4
25-49.9	4.9	11.2	1.6	*	7.8	11.8	14.9	11.1	21.1	5.8	18.5
50-74.9	13.3	23.5	4.0	*	20.8	28.0	44.6	26.8	39.6	11.0	70.4
75-89.9	31.0	43.5	10.2	37.1	63.6	70.6	117.9	43.1	106.3	33.1	228.1
90-100	138.1	98.5	26.7	481.1	597.1	352.6	393.6	102.2	698.1	188.5	1445.3

* Fifty (ten observations over five implicates) or fewer total observations.

2004 Survey of Consumer Finances

Family characteristic	Trans-action accounts	Certifi-cates of deposit	Savings bonds	Bonds	Stocks	Pooled investment funds	Retire-ment accounts	Cash value life insurance	Other managed assets	Other	Any financial asset
Warning! Because estimates in this table have not been reviewed for robustness, they may be sensitive to outliers.											
	Mean value of holdings for families holding asset (thousands of 2004 dollars)										
All families	**27.1**	**54.9**	**5.8**	**547.0**	**160.3**	**184.0**	**121.3**	**23.1**	**207.0**	**39.5**	**200.7**
Percentiles of income											
Less than 20	5.2	57.1	4.0	*	43.1	77.4	27.6	11.2	39.9	12.6	23.1
20-39.9	9.4	65.5	2.2	*	31.1	65.3	26.5	7.6	87.2	13.9	42.9
40-59.9	12.9	26.9	3.8	*	49.6	74.1	44.6	10.7	115.5	13.0	72.0
60-79.9	28.3	41.6	6.6	188.9	60.0	103.8	74.0	17.7	151.7	16.5	148.1
80-89.9	27.9	41.8	5.4	154.2	66.8	94.0	146.8	19.6	169.8	23.8	238.8
90-100	115.5	100.1	9.3	970.2	450.4	457.4	350.3	74.1	587.5	193.9	1093.1
Age of head (years)											
Less than 35	7.7	14.0	2.3	*	13.7	25.2	25.2	10.2	56.8	6.5	28.2
35-44	20.9	24.4	2.7	286.3	79.5	174.8	66.7	20.5	128.4	16.7	114.3
45-54	27.1	44.5	5.1	290.9	149.0	185.9	141.1	23.6	200.2	68.4	227.7
55-64	43.1	56.0	10.4	697.1	221.1	291.3	210.9	27.4	251.1	67.6	387.6
65-74	35.6	71.0	14.3	478.1	323.4	183.2	208.9	28.3	239.6	65.6	334.7
75 or more	44.7	84.3	9.9	890.3	205.4	169.1	118.8	22.6	240.2	47.5	250.7
Percentiles of net worth											
Less than 25	1.3	3.5	0.7	*	3.5	3.0	5.2	2.2	*	2.1	3.0
25-49.9	4.8	8.7	2.7	*	6.7	10.3	17.2	6.7	17.9	8.1	17.2
50-74.9	13.2	23.8	2.6	*	15.7	31.6	48.0	12.4	38.0	15.4	63.3
75-89.9	33.9	56.0	8.9	63.3	43.3	83.3	133.7	19.5	77.5	18.1	220.9
90-100	151.4	132.3	13.7	758.9	469.4	474.2	426.6	73.2	584.0	184.2	1346.3

* Fifty (ten observations over five implicates) or fewer total observations.

Source: FRB, SCF 2004

Table 6

Family holdings of nonfinancial assets and of any asset, by selected characteristics of families and type of asset

2001 Survey of Consumer Finances

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresident-tial property	Business equity	Other	Any nonfinancial asset	Any asset
	Percentage of families holding asset							
All families	**84.8**	**67.7**	**11.3**	**8.2**	**11.9**	**7.5**	**90.7**	**96.7**
Percentiles of income								
Less than 20	56.8	40.6	3.1	2.8	2.5	2.9	67.7	85.6
20-39.9	86.7	57.3	5.4	6.7	7.1	5.8	93.1	98.3
40-59.9	91.6	66.0	7.9	6.7	8.8	6.2	95.6	99.8
60-79.9	94.8	81.8	14.2	7.0	12.0	8.7	97.8	100.0
80-89.9	95.4	90.9	19.7	12.1	18.7	9.4	99.4	100.0
90-100	92.8	94.4	32.8	23.9	39.0	17.9	99.5	100.0
Age of head (years)								
Less than 35	78.8	39.9	3.4	2.8	7.0	6.8	83.0	93.2
35-44	88.9	67.8	9.2	7.4	14.2	7.8	93.2	97.4
45-54	90.5	76.2	14.7	10.0	17.1	7.2	95.2	98.1
55-64	90.7	83.2	18.3	12.3	15.6	7.9	95.4	98.4
65-74	81.3	82.5	13.7	12.9	11.7	9.7	91.6	97.1
75 or more	73.9	76.2	15.2	8.3	2.4	5.8	86.4	97.8
Percentiles of net worth								
Less than 25	64.8	14.3	*	*	1.2	3.0	68.2	87.0
25-49.9	86.8	69.6	4.5	3.6	4.0	5.0	96.3	100.0
50-74.9	94.1	91.4	12.7	8.0	11.5	6.6	98.7	100.0
75-89.9	93.1	95.1	19.5	15.3	22.4	10.2	99.6	100.0
90-100	94.1	95.8	39.0	30.0	42.8	22.7	99.7	100.0

2004 Survey of Consumer Finances

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresident-tial property	Business equity	Other	Any nonfinancial asset	Any asset
	Percentage of families holding asset							
All families	**86.3**	**69.1**	**12.5**	**8.3**	**11.5**	**7.8**	**92.5**	**97.9**
Percentiles of income								
Less than 20	65.0	40.3	3.6	2.7	3.7	3.9	76.4	92.2
20-39.9	85.3	57.0	6.9	3.8	6.7	4.4	92.0	97.8
40-59.9	91.6	71.5	10.0	7.6	9.5	7.5	96.7	99.8
60-79.9	95.3	83.1	14.0	10.6	12.0	10.4	98.4	100.0
80-89.9	95.9	91.8	19.3	12.8	16.0	8.3	99.1	99.8
90-100	93.1	94.7	37.2	20.8	34.7	16.7	99.3	100.0
Age of head (years)								
Less than 35	82.9	41.6	5.1	3.3	6.9	5.5	88.6	96.5
35-44	89.4	68.3	9.4	6.4	13.9	6.0	93.0	97.7
45-54	88.8	77.3	16.3	11.4	15.7	9.7	94.7	98.3
55-64	88.6	79.1	19.5	12.8	15.8	9.2	92.6	97.5
65-74	89.1	81.3	19.9	10.6	8.0	9.0	95.6	99.5
75 or more	76.9	85.2	9.7	7.7	5.3	8.5	92.5	99.6
Percentiles of net worth								
Less than 25	69.8	15.2	*	*	*	2.9	73.7	91.7
25-49.9	89.2	71.2	4.9	4.1	5.6	5.4	97.5	100.0
50-74.9	92.0	93.4	12.7	8.3	11.2	7.8	99.0	100.0
75-89.9	95.2	96.2	23.1	15.1	19.9	12.3	99.8	100.0
90-100	93.1	96.9	45.6	28.8	40.8	18.8	99.9	100.0

Source: FRB, SCF 2004

Table 7

Family holdings of nonfinancial assets and of any asset, by selected characteristics of families and type of asset

2001 Survey of Consumer Finances

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresidential property	Business equity	Other	Any nonfinancial asset	Any asset
	Median value of holdings for families holding asset (thousands of 2004 dollars)							
All families	**14.4**	**131.0**	**85.2**	**52.7**	**106.5**	**12.8**	**120.9**	**156.8**
Percentiles of income								
Less than 20	5.7	69.2	26.6	34.6	60.0	6.4	36.5	24.4
20-39.9	8.9	85.2	79.9	32.0	37.3	6.4	60.7	71.5
40-59.9	13.4	101.2	53.3	32.0	65.7	10.7	98.2	122.5
60-79.9	18.7	138.5	74.6	53.3	66.6	10.7	161.5	245.0
80-89.9	24.2	186.4	66.6	49.0	106.5	21.3	239.2	401.6
90-100	31.9	319.5	213.0	155.8	285.7	53.3	510.8	1,075.1
Age of head (years)								
Less than 35	12.1	101.2	79.9	35.5	53.3	10.7	31.7	41.4
35-44	15.8	133.1	79.9	42.1	106.5	9.6	125.5	167.9
45-54	16.7	143.8	69.2	60.3	108.6	11.7	150.8	225.7
55-64	16.1	138.5	85.2	83.6	106.5	32.0	157.5	241.1
65-74	14.5	137.4	154.4	53.3	106.5	21.3	158.9	228.6
75 or more	9.4	118.2	85.2	29.8	544.2	12.8	130.6	180.6
Percentiles of net worth								
Less than 25	6.7	52.7	*	*	10.7	4.3	8.8	8.7
25-49.9	12.5	74.6	25.6	9.6	16.0	10.7	66.7	79.9
50-74.9	16.2	127.8	53.3	26.6	53.3	10.7	154.3	229.7
75-89.9	20.2	213.0	85.2	55.7	127.8	19.2	300.1	541.6
90-100	30.7	372.8	223.7	225.5	532.6	42.6	758.9	1,531.7

* Fifty (ten observations over five implicates) or fewer total observations.

2004 Survey of Consumer Finances

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresidential property	Business equity	Other	Any nonfinancial asset	Any asset
	Median value of holdings for families holding asset (thousands of 2004 dollars)							
All families	**14.2**	**160.0**	**100.0**	**60.0**	**100.0**	**15.0**	**147.8**	**172.9**
Percentiles of income								
Less than 20	4.5	70.0	33.0	11.0	30.0	4.5	22.4	17.0
20-39.9	7.9	100.0	65.0	30.0	30.0	7.5	71.1	78.3
40-59.9	13.1	135.0	55.0	36.0	62.5	10.0	131.2	154.4
60-79.9	19.8	175.0	100.0	47.0	150.0	10.0	197.2	289.4
80-89.9	25.8	225.0	98.0	60.0	100.0	17.5	281.8	458.5
90-100	33.0	450.0	268.3	189.0	350.0	50.0	651.2	1,157.7
Age of head (years)								
Less than 35	11.3	135.0	82.5	55.0	50.0	5.0	32.3	39.2
35-44	15.6	160.0	80.0	42.2	100.0	10.0	151.3	173.4
45-54	18.8	170.0	90.0	43.0	144.0	20.0	184.5	234.9
55-64	18.6	200.0	135.0	75.0	190.9	25.0	226.3	351.2
65-74	12.4	150.0	80.0	78.0	100.0	30.0	161.1	233.2
75 or more	8.4	125.0	150.0	85.8	80.3	11.0	137.1	185.2
Percentiles of net worth								
Less than 25	5.6	65.0	*	*	*	3.0	7.4	7.7
25-49.9	11.9	85.0	25.6	14.9	17.5	6.0	72.4	84.5
50-74.9	17.4	159.3	65.0	25.0	55.0	10.0	188.1	257.3
75-89.9	22.6	250.0	100.0	73.9	150.0	25.0	360.8	600.2
90-100	30.6	450.0	325.0	250.0	527.4	80.0	907.7	1,572.6

* Fifty (ten observations over five implicates) or fewer total observations.

Source: FRB, SCF 2004

Table 8

Family holdings of nonfinancial assets and of any asset, by selected characteristics of families and type of asset

2001 Survey of Consumer Finances

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresident-tial property	Business equity	Other	Any nonfinancial asset	Any asset
Warning! Because estimates in this table have not been reviewed for robustness, they may be sensitive to outliers.								
	Mean value of holdings for families holding asset (thousands of 2004 dollars)							
All families	**19.5**	**192.6**	**198.4**	**277.2**	**687.5**	**60.2**	**306.6**	**495.6**
Percentiles of income								
Less than 20	8.4	79.7	39.7	67.2	196.3	13.4	67.4	75.7
20-39.9	11.9	116.7	105.1	89.4	128.2	19.0	106.4	144.9
40-59.9	15.6	129.7	110.1	93.2	157.5	15.4	135.7	213.0
60-79.9	22.2	174.1	110.4	178.1	246.8	23.6	228.1	380.3
80-89.9	28.0	221.5	137.6	163.9	354.3	38.0	347.0	594.3
90-100	40.9	473.8	413.7	649.9	1626.0	180.3	1448.6	2599.6
Age of head (years)								
Less than 35	15.5	135.9	168.3	66.8	328.8	18.2	118.4	156.0
35-44	19.7	191.4	124.7	146.3	506.9	27.9	261.6	366.4
45-54	22.6	216.1	179.9	199.8	675.7	98.5	372.3	609.6
55-64	23.1	212.7	211.1	380.9	1017.2	112.2	472.6	848.7
65-74	20.4	198.2	375.5	547.7	934.3	83.6	457.8	771.9
75 or more	14.2	178.9	161.0	239.5	1480.0	37.0	264.3	516.9
Percentiles of net worth								
Less than 25	8.8	54.6	*	*	18.9	4.7	20.9	19.4
25-49.9	14.7	80.6	31.3	14.8	23.1	13.2	75.2	90.3
50-74.9	19.5	142.1	74.6	39.8	67.1	20.9	172.4	239.7
75-89.9	24.3	236.4	124.7	110.0	179.7	29.8	333.1	559.6
90-100	41.8	502.5	412.2	644.1	1708.8	153.5	1646.2	3086.5

* Fifty (ten observations over five implicates) or fewer total observations.

2004 Survey of Consumer Finances

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresident-tial property	Business equity	Other	Any nonfinancial asset	Any asset
Warning! Because estimates in this table have not been reviewed for robustness, they may be sensitive to outliers.								
	Mean value of holdings for families holding asset (thousands of 2004 dollars)							
All families	**20.1**	**246.8**	**267.3**	**298.1**	**765.5**	**66.6**	**366.3**	**538.4**
Percentiles of income								
Less than 20	7.9	103.0	120.1	112.1	334.0	14.1	87.8	92.8
20-39.9	11.0	131.1	115.3	131.1	207.4	21.7	121.6	154.5
40-59.9	15.8	176.7	107.8	153.7	157.8	46.3	188.0	253.3
60-79.9	23.9	224.3	192.4	144.3	294.4	33.9	295.0	437.1
80-89.9	28.9	286.9	170.6	157.0	265.6	43.3	393.9	629.9
90-100	45.4	615.2	544.4	754.8	1963.7	185.5	1708.8	2790.4
Age of head (years)								
Less than 35	14.5	172.0	149.3	133.7	227.7	10.2	126.2	142.1
35-44	21.0	236.7	237.2	276.6	543.5	26.7	320.2	414.2
45-54	23.1	273.7	280.1	215.2	863.5	62.5	468.1	667.7
55-64	26.6	318.7	333.7	350.1	1058.4	93.4	606.2	954.3
65-74	19.6	229.2	226.0	511.5	1167.7	98.9	424.2	732.2
75 or more	13.7	212.5	303.2	304.5	936.7	130.8	329.7	552.0
Percentiles of net worth								
Less than 25	8.4	71.4	*	*	*	4.5	23.0	21.1
25-49.9	14.3	96.9	39.4	17.0	20.9	12.0	88.3	102.7
50-74.9	20.6	184.7	76.1	40.6	79.9	22.2	217.1	278.0
75-89.9	27.3	294.6	146.2	140.8	195.1	43.1	409.4	629.3
90-100	43.6	669.7	559.4	713.6	1947.6	199.0	1982.9	3327.9

* Fifty (ten observations over five implicates) or fewer total observations.
Source: FRB, SCF 2004

Table 9

Family holdings of debt, by selected characteristics of families and type of debt

2001 Survey of Consumer Finances

Family characteristic	Secured by residential property: Primary residence	Secured by residential property: Other	Lines of credit not secured by residential property	Installment loans	Credit card balances	Other	Any debt
	Percentage of families holding debt						
All families	**44.6**	**4.6**	**1.5**	**45.2**	**44.4**	**7.2**	**75.1**
Percentiles of income							
Less than 20	13.8	*	1.3	25.5	30.3	5.9	49.3
20-39.9	27.0	1.8	1.5	43.2	44.5	5.6	70.2
40-59.9	44.4	3.2	1.5	51.9	52.8	7.7	82.1
60-79.9	61.8	5.3	1.5	56.7	52.6	7.7	85.6
80-89.9	76.9	10.3	2.6	55.7	50.3	9.3	91.4
90-100	75.4	14.2	1.4	41.2	33.1	8.8	85.3
Age of head (years)							
Less than 35	35.7	2.7	1.7	63.8	49.6	8.8	82.7
35-44	59.6	4.9	1.7	57.1	54.1	8.0	88.6
45-54	59.8	6.4	1.5	45.9	50.4	7.4	84.6
55-64	49.0	7.4	3.1	39.3	41.6	7.4	75.4
65-74	32.0	3.4	*	21.1	30.0	5.0	56.8
75 or more	9.5	2.0	*	9.5	18.4	3.6	29.2
Percentiles of net worth							
Less than 25	11.2	*	2.4	48.9	45.5	8.3	68.7
25-49.9	49.4	2.0	1.3	51.0	55.1	7.2	80.8
50-74.9	59.1	5.4	*	48.2	44.6	7.1	78.0
75-89.9	61.1	7.8	*	37.2	38.9	4.9	74.8
90-100	55.5	14.2	2.1	25.6	22.4	8.2	70.2

2004 Survey of Consumer Finances

Family characteristic	Secured by residential property: Primary residence	Secured by residential property: Other	Lines of credit not secured by residential property	Installment loans	Credit card balances	Other	Any debt
	Percentage of families holding debt						
All families	**47.9**	**4.0**	**1.6**	**46.0**	**46.2**	**7.6**	**76.4**
Percentiles of income							
Less than 20	15.9	*	*	26.9	28.8	4.6	52.6
20-39.9	29.5	1.5	1.5	39.9	42.9	5.8	69.8
40-59.9	51.7	2.6	1.8	52.4	55.1	8.0	84.0
60-79.9	65.8	4.1	1.8	57.8	56.0	8.3	86.6
80-89.9	76.8	7.5	2.6	60.0	57.6	12.3	92.0
90-100	76.2	15.4	2.5	45.7	38.5	10.6	86.3
Age of head (years)							
Less than 35	37.7	2.1	2.2	59.4	47.5	6.2	79.8
35-44	62.8	4.0	1.5	55.7	58.8	11.3	88.6
45-54	64.6	6.3	2.9	50.2	54.0	9.4	88.4
55-64	51.0	5.9	0.7	42.8	42.1	8.4	76.3
65-74	32.1	3.2	0.4	27.5	31.9	4.0	58.8
75 or more	18.7	1.5	*	13.9	23.5	2.5	40.3
Percentiles of net worth							
Less than 25	12.4	*	1.3	47.5	40.3	6.2	64.9
25-49.9	52.8	1.4	1.7	52.4	57.9	9.4	83.8
50-74.9	66.1	4.5	1.9	49.1	52.8	7.0	83.2
75-89.9	61.6	5.7	1.3	40.2	40.5	7.1	74.6
90-100	58.4	16.6	1.4	27.2	23.4	9.1	72.7

* Fifty (ten observations over five implicates) or fewer total observations.

Source: FRB, SCF 2004

Table 10

Family holdings of debt, by selected characteristics of families and type of debt

2001 Survey of Consumer Finances

Family characteristic	Secured by residential property: Primary residence	Secured by residential property: Other	Lines of credit not secured by residential property	Installment loans	Credit card balances	Other	Any debt
	Median value of holdings for families holding debt (thousands of 2004 dollars)						
All families	**74.6**	**42.6**	**4.2**	**10.3**	**2.0**	**3.2**	**41.3**
Percentiles of income							
Less than 20	29.8	*	0.6	4.9	1.1	1.1	5.5
20-39.9	42.6	32.0	1.1	7.0	1.3	3.2	12.2
40-59.9	59.8	41.3	0.7	10.3	2.1	2.1	31.0
60-79.9	80.5	44.7	4.3	12.7	2.4	3.2	66.4
80-89.9	96.9	33.2	8.3	15.4	4.0	4.3	103.1
90-100	142.7	83.1	10.7	14.3	3.0	22.4	155.9
Age of head (years)							
Less than 35	82.0	55.4	0.5	10.2	2.1	2.1	26.5
35-44	85.2	52.2	0.7	11.8	2.1	3.3	65.5
45-54	79.9	35.7	5.7	10.3	2.4	5.3	57.8
55-64	58.6	41.3	21.8	9.5	2.0	5.3	36.9
65-74	41.5	82.0	*	7.5	1.0	2.7	14.0
75 or more	47.7	44.7	*	6.2	0.8	2.7	5.3
Percentiles of net worth							
Less than 25	60.7	*	0.6	8.8	1.7	2.1	9.3
25-49.9	60.2	21.3	1.9	10.0	2.0	1.3	41.0
50-74.9	73.5	50.1	*	10.7	2.1	4.3	63.9
75-89.9	91.6	32.0	*	12.5	2.2	7.5	85.2
90-100	143.8	83.1	21.8	12.1	2.1	32.0	130.7

* Fifty (ten observations over five implicates) or fewer total observations.

2004 Survey of Consumer Finances

Family characteristic	Secured by residential property: Primary residence	Secured by residential property: Other	Lines of credit not secured by residential property	Installment loans	Credit card balances	Other	Any debt
	Median value of holdings for families holding debt (thousands of 2004 dollars)						
All families	**95.0**	**87.0**	**3.0**	**11.5**	**2.2**	**4.0**	**55.3**
Percentiles of income							
Less than 20	37.0	*	*	5.6	1.0	2.0	7.0
20-39.9	53.3	32.5	0.3	8.0	1.9	2.7	16.1
40-59.9	78.0	66.0	1.0	10.8	2.2	2.3	44.7
60-79.9	97.0	62.0	7.0	13.9	3.0	3.5	93.4
80-89.9	133.0	78.0	14.0	15.1	2.7	5.0	136.0
90-100	185.0	159.0	40.0	18.0	4.0	9.4	209.0
Age of head (years)							
Less than 35	107.0	62.5	1.0	11.9	1.5	3.0	33.6
35-44	110.0	75.0	1.9	12.0	2.5	4.0	87.2
45-54	97.0	87.0	7.0	12.0	2.9	4.0	83.2
55-64	83.0	108.8	14.0	12.9	2.2	5.5	48.0
65-74	51.0	100.0	4.0	8.3	2.2	5.0	25.0
75 or more	31.0	39.0	*	6.7	1.0	2.0	15.4
Percentiles of net worth							
Less than 25	71.0	*	0.3	10.5	1.8	4.0	11.4
25-49.9	75.0	26.3	1.0	9.3	2.0	2.0	44.2
50-74.9	97.0	47.0	8.0	13.3	2.5	4.0	90.1
75-89.9	115.0	99.0	22.0	12.9	3.0	5.0	110.7
90-100	186.1	148.0	50.0	17.5	3.0	20.0	190.8

* Fifty (ten observations over five implicates) or fewer total observations.

Source: FRB, SCF 2004

Table 11

Family holdings of debt, by selected characteristics of families and type of debt

2001 Survey of Consumer Finances

Family characteristic	Secured by residential property: Primary residence	Secured by residential property: Other	Lines of credit not secured by residential property	Installment loans	Credit card balances	Other	Any debt
Warning! Because estimates in this table have not been reviewed for robustness, they may be sensitive to outliers.							
	Mean value of holdings for families holding debt (thousands of 2004 dollars)						
All families	**97.7**	**78.9**	**19.2**	**15.9**	**4.4**	**18.8**	**77.2**
Percentiles of income							
Less than 20	39.3	*	6.6	9.3	2.2	2.3	17.8
20-39.9	49.3	33.2	7.2	11.3	3.0	9.3	29.6
40-59.9	67.0	52.8	3.2	13.6	3.9	6.4	50.1
60-79.9	86.6	55.2	19.0	16.1	5.0	6.7	80.6
80-89.9	111.1	59.2	12.8	19.6	7.7	12.3	117.9
90-100	194.3	137.4	118.3	33.6	7.0	102.7	226.1
Age of head (years)							
Less than 35	96.9	74.7	4.9	14.8	4.3	5.1	59.0
35-44	105.8	76.1	5.2	18.2	4.6	11.5	91.0
45-54	106.9	67.1	17.5	16.5	4.5	29.1	95.2
55-64	85.8	86.7	34.3	14.6	4.3	40.1	79.7
65-74	69.3	130.9	*	9.9	5.5	16.0	55.9
75 or more	55.1	50.7	*	14.5	2.0	32.5	31.5
Percentiles of net worth							
Less than 25	64.3	*	4.3	14.2	4.1	6.6	24.5
25-49.9	68.2	24.3	4.6	13.3	3.7	4.3	53.6
50-74.9	85.1	60.5	*	14.2	4.8	5.8	80.9
75-89.9	109.5	57.1	*	17.3	4.8	20.3	108.2
90-100	194.0	139.1	90.8	41.0	7.6	107.7	214.1

* Fifty (ten observations over five implicates) or fewer total observations.

2004 Survey of Consumer Finances

Family characteristic	Secured by residential property: Primary residence	Secured by residential property: Other	Lines of credit not secured by residential property	Installment loans	Credit card balances	Other	Any debt
Warning! Because estimates in this table have not been reviewed for robustness, they may be sensitive to outliers.							
	Mean value of holdings for families holding debt (thousands of 2004 dollars)						
All families	**124.1**	**166.7**	**36.6**	**18.8**	**5.1**	**17.1**	**103.4**
Percentiles of income							
Less than 20	50.1	*	*	10.9	2.7	9.1	24.6
20-39.9	68.2	72.9	6.6	14.3	3.8	7.7	41.7
40-59.9	87.3	74.1	3.0	16.0	5.2	6.8	70.0
60-79.9	113.3	98.5	15.9	20.4	5.5	5.8	108.9
80-89.9	151.7	87.8	33.8	22.9	6.5	18.0	156.3
90-100	238.9	289.7	153.3	33.3	8.6	66.0	296.5
Age of head (years)							
Less than 35	127.4	101.2	19.3	18.4	3.7	6.1	79.9
35-44	135.9	128.1	16.9	18.6	5.2	9.6	119.0
45-54	135.1	200.2	24.6	17.0	6.2	13.6	128.8
55-64	118.2	209.1	116.8	18.6	5.7	35.5	113.6
65-74	76.9	150.3	253.8	13.9	5.4	39.9	64.2
75 or more	61.6	85.7	*	47.4	4.3	39.7	54.0
Percentiles of net worth							
Less than 25	76.0	*	9.2	19.3	4.2	6.6	32.0
25-49.9	84.8	54.3	7.3	13.1	4.5	5.1	66.3
50-74.9	115.4	67.5	12.0	19.0	5.8	9.5	111.4
75-89.9	139.1	110.3	38.4	17.7	5.8	9.1	137.5
90-100	238.6	288.6	266.3	46.3	7.5	89.9	293.9

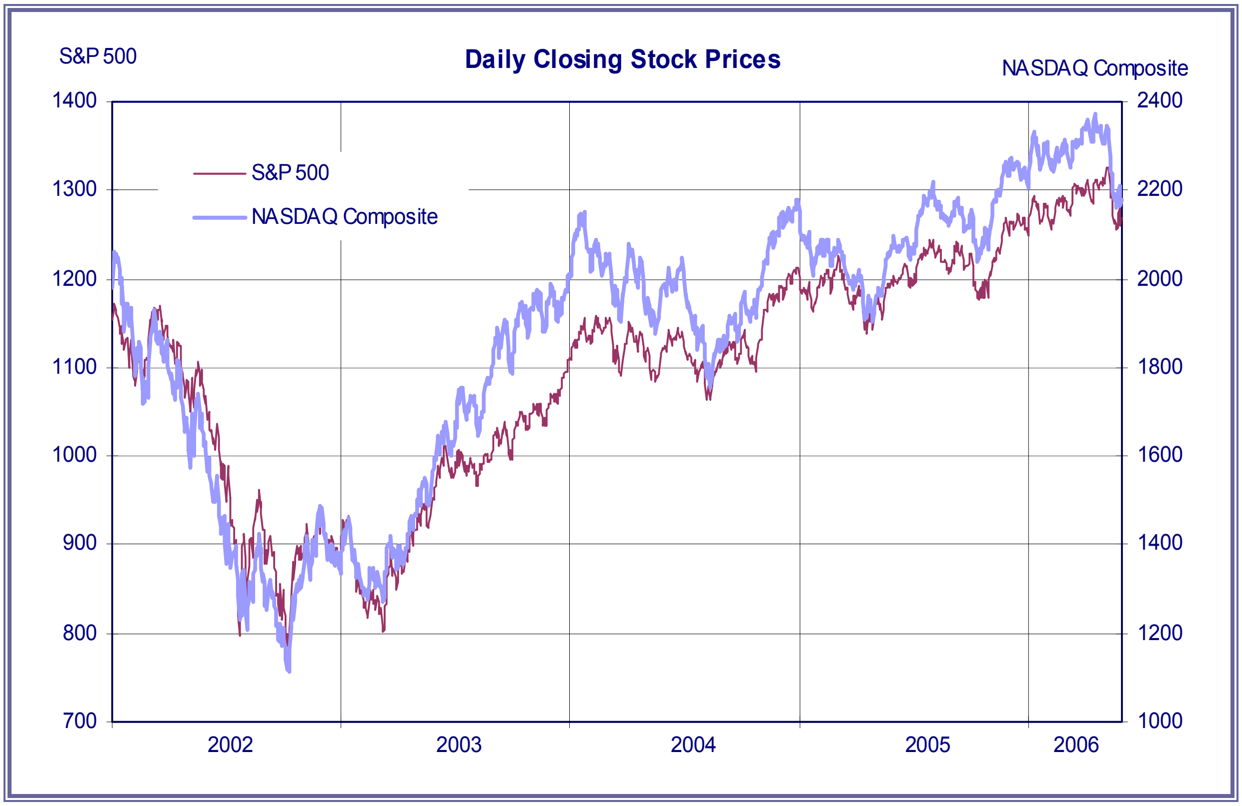
* Fifty (ten observations over five implicates) or fewer total observations.

Source: FRB, SCF 2004

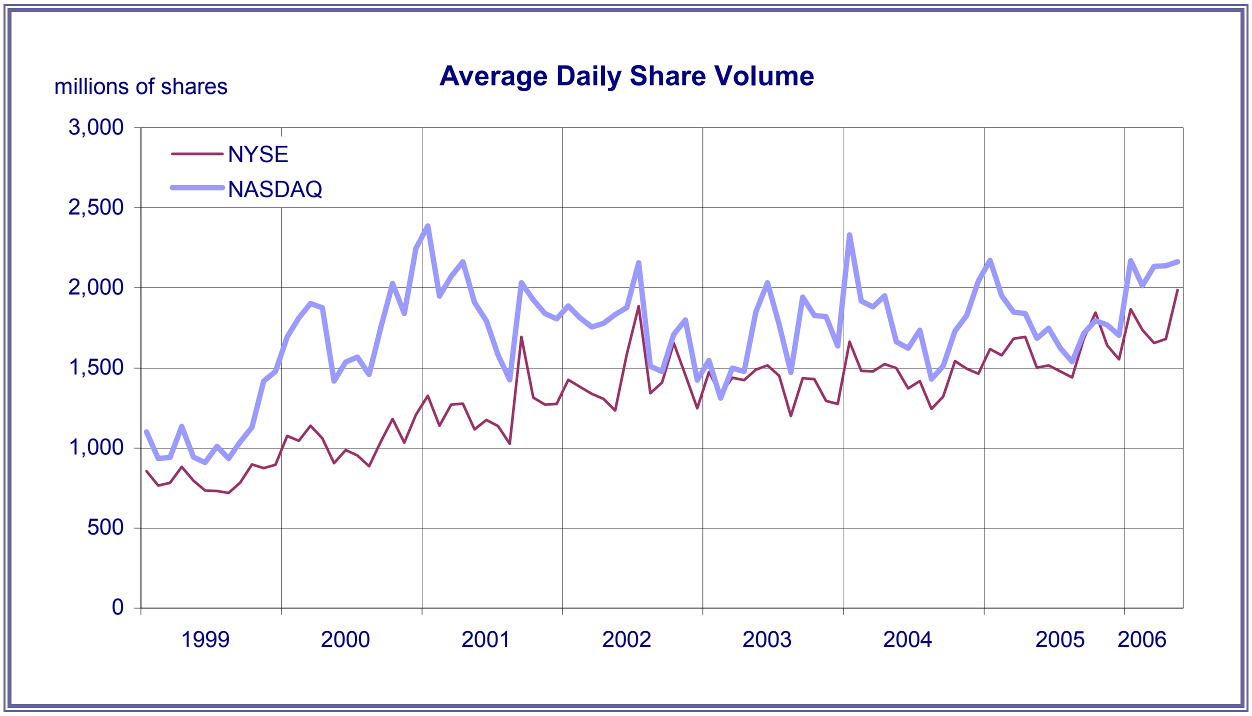
MONTHLY STATISTICAL REVIEW

U.S. Equity Market Activity

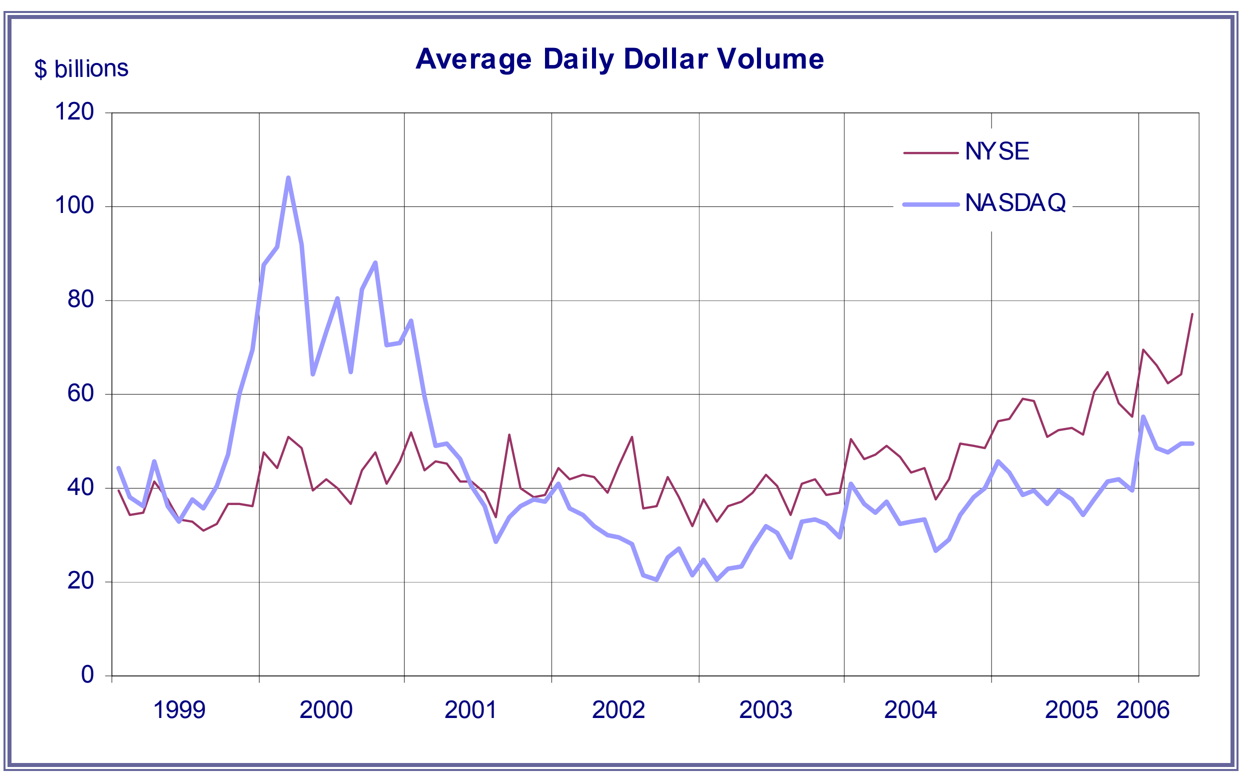
Stock Prices – The U.S. stock markets turned south in May after a strong showing in April. The Dow Jones Industrial Average and S&P 500 declined 1.7% and 3.1%, respectively, from end-April to end-May, while the NASDAQ Composite Index slipped 6.2%. The DJIA closed the month at 11,168.31, its second highest month-end close since August 2000, and was still up 2.8% year-to-date. The S&P 500 was down 0.8% and the NASDAQ down 5.5% year-to-date. While the stock markets turned lower, and in the case of the DJIA from near an all-time record high, concern over the future direction of U.S. inflation, interest rates and corporate earnings prompted increased selling.



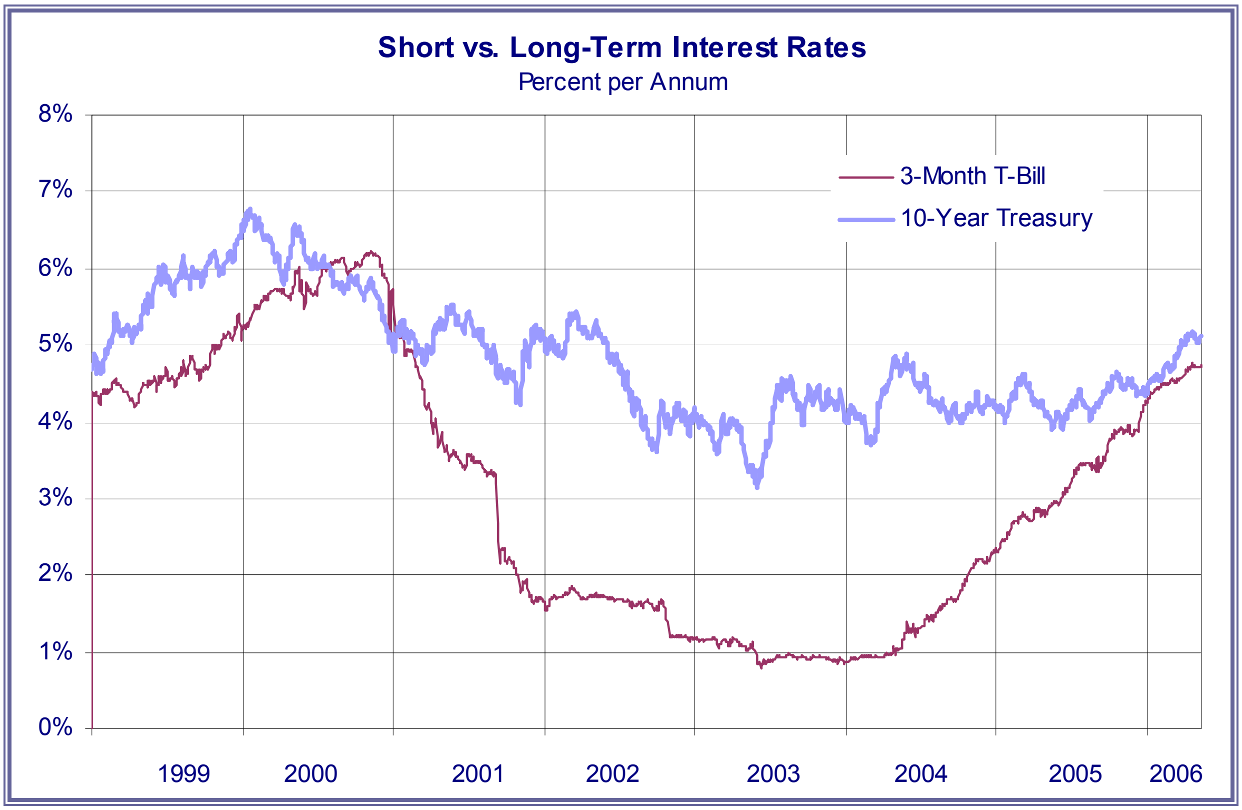
Share Volume – Average daily volume on the New York Stock Exchange reversed its two-month slide, climbing 18.2% in May to 1.986 billion shares. Year-to-date, average daily volume reached 1.787 billion shares, 10.6% above the level attained in the same year-earlier period. NASDAQ share volume continued its upward trend in May, rising 1.2% to reach an average of 2.63 billion shares. Compared with the same year-earlier period, NASDAQ share volume was up 12.2%.



Dollar Volume – Dollar volume followed the same pattern as share volume in May, with NYSE and NASDAQ average daily dollar volume both rising in May, but the NYSE at a faster rate. This upturn for the NYSE can be attributed to the sell off at the end of May. May daily dollar volume averaged $77.33 billion on the NYSE and $49.6 billion on NASDAQ, up 20.2% and 0.7%, respectively, on the month. Year-to-date, NYSE average daily dollar volume reached $67.9 billion, 22.3% ahead of the same year-earlier period. NASDAQ daily dollar volume averaged $50.0 billion year-to-date, 23.1% above the same year-earlier period.

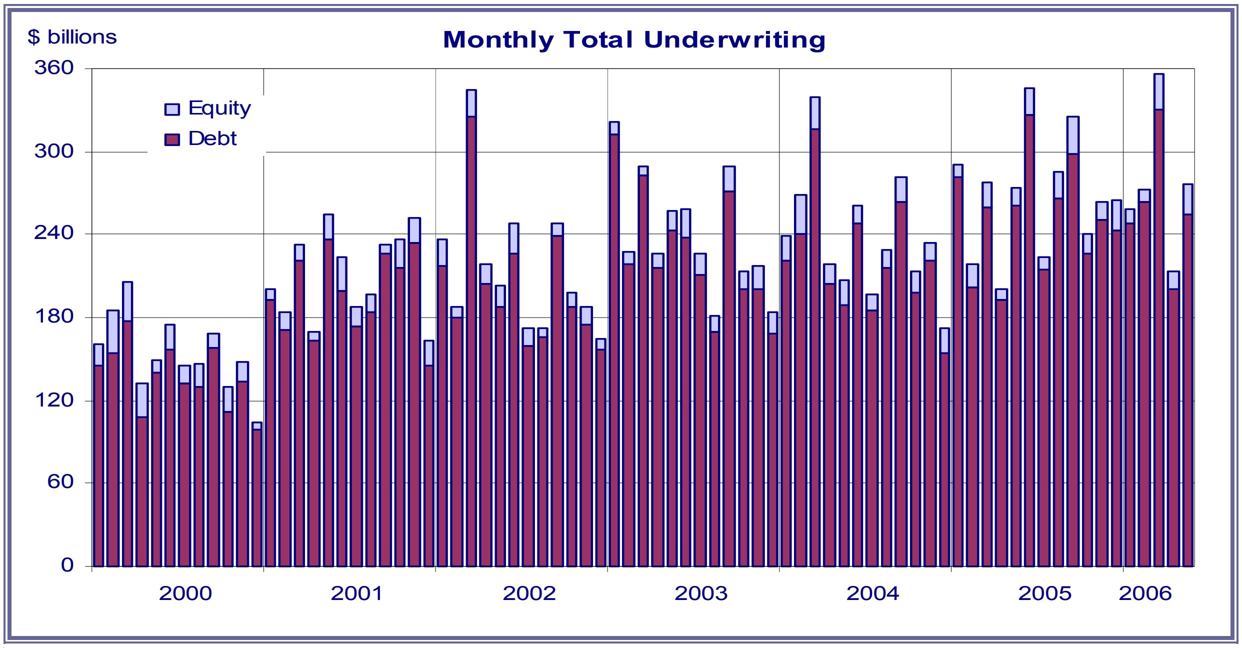


Interest Rates – Long-term interest rates rose for the fifth consecutive month in May, with the 10-year Treasury yield averaging 5.11%, up from 4.99% in April. Short-term rates continued their now two-year rise, with the yield on three-month Treasury bills averaging 4.72% in May, up from 4.60% in April. The yield spread between three-month and 10-year Treasuries was unchanged in May at 39 basis points, up from the year's lowest monthly average spread of 14 basis points in February but still well below the 130 basis point spread recorded in May last year. The Federal Open Market Committee raised the Federal Funds rate by a quarter-point as expected at its May meeting. Future interest rate rises are expected to be dependent on future economic performance. A quarter point increase at end-June is seen as a virtual certainty, with expectations of further rises outweighing expectations of no further rises at the next meeting in early August.



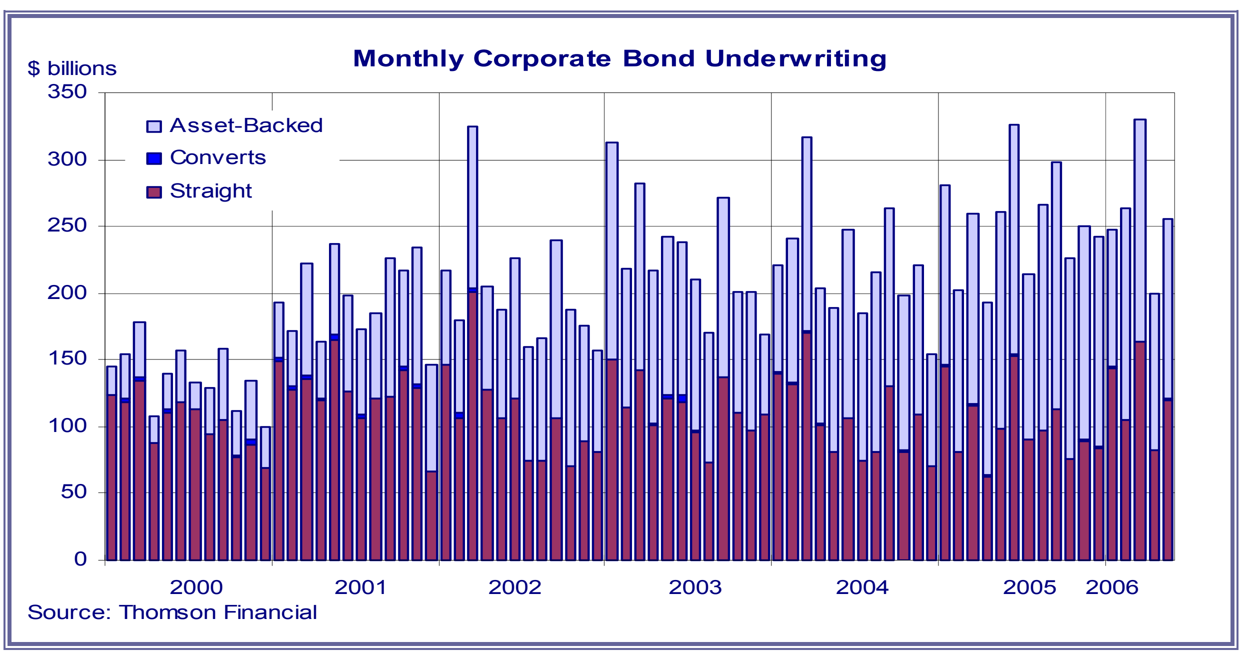
U.S. Underwriting Activity

Total underwriting activity in the U.S. markets rebounded in May, rising 29.4% from April's level to reach $275.8 billion for the month, reflecting a respectable turn around in both debt and equity issuance. Total underwriting for the first five months of 2006 was 9.2% above the same five-month period last year.



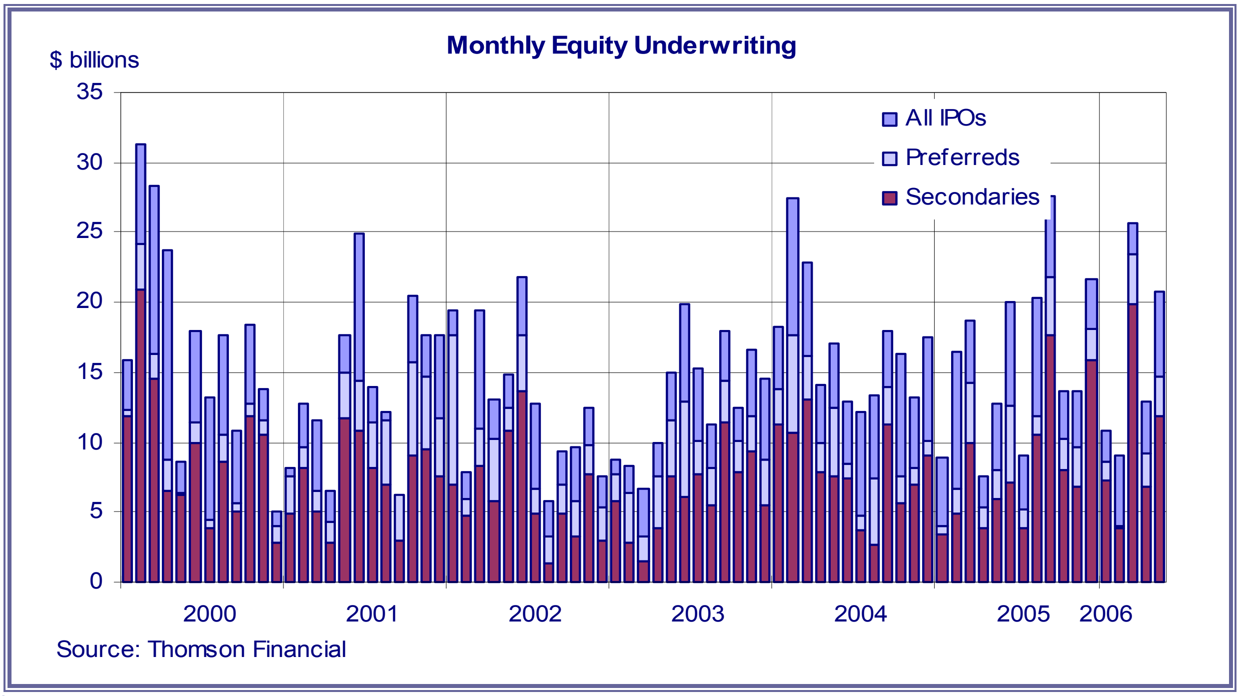
Source: Thomson Financial

Corporate Bond Underwriting – As with equities, corporate debt issuance increased, rising 27.4% in May 2006 relative to the preceding month. For the first five months, corporate debt issuance was 8.4% above results in the same year-earlier period. Straight corporate bonds led the way with issuance 45.4% above April's level. Year-to-date straight corporate debt issuance was 22.1% above the same year-earlier period. Asset backed debt issuance reached $677.8 billion, up 13.7% over April, but the year-to-date total was 2% below the same year-earlier period.



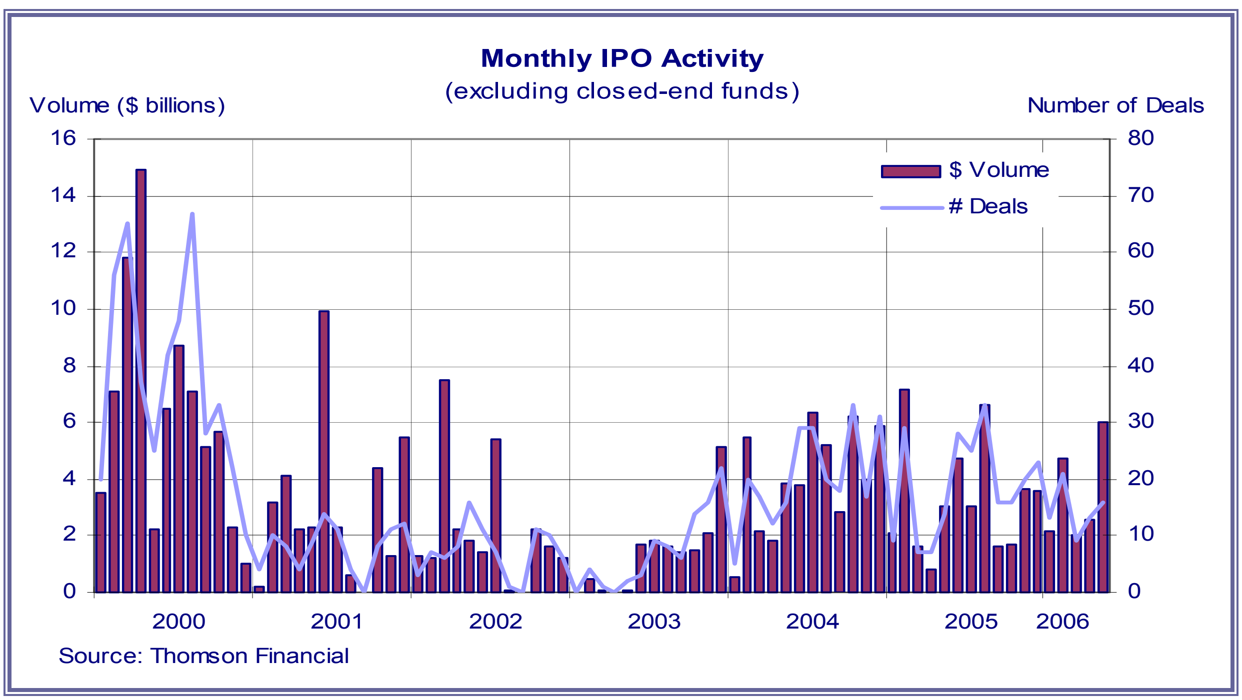
Source: Thomson Financial

Equity Underwriting – Overall issuance volume of common and preferred stock rose in May to $20.7 billion, up nearly 61% over April's depressed level, which followed a very strong March result ($25.6 billion). Equity offerings in the first five months of 2006 were up 22.9% above the same year-earlier period.



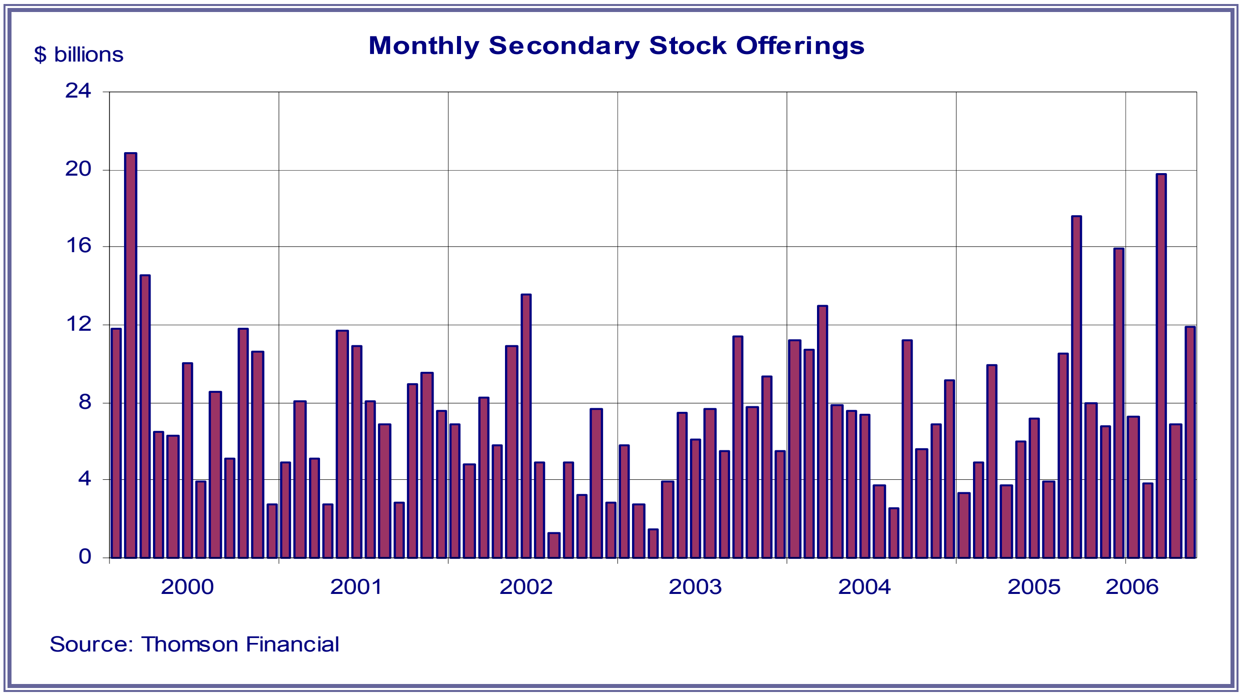
Source: Thomson Financial

Initial Public Offerings (IPOs) – U.S. IPO activity continued its three-month upward trend in May, rising 61% to reach $6.0 billion for the month. Year-to-date, IPO volume totaled $19.3 billion, down 26.4% from the same year-earlier period. Deal flow slowed with 39 IPOs filed in the month of May, but only 3 in the week ended June 10. Postponed IPOs in 2006 have totaled 22 so far, with 4 occurring in May.



Source: Thomson Financial

Secondary Offerings of Common Stock – U.S. secondary offerings recovered in May, after an off month in April, to reach $11.9 billion, up more than 74% from April's offerings and 99% above levels seen in May last year. May's strong showing pushed total year-to-date volume to $49.7 billion, which is up 77.1% over the same year-earlier period.



Charles M. Bartlett, Jr.
Vice President and Director, Statistics

U.S. CORPORATE UNDERWRITING ACTIVITY

(In $ Billions)

	Straight Corporate Debt	Con- vertible Debt	Asset- Backed Debt	**TOTAL DEBT**	Common Stock	Preferred Stock	**TOTAL EQUITY**	All IPOs	"True" IPOs	Secondaries	**TOTAL UNDER- WRITINGS**
1985	76.4	7.5	20.8	104.7	24.7	8.6	33.3	8.5	8.4	16.2	138.0
1986	149.8	10.1	67.8	227.7	43.2	13.9	57.1	22.3	18.1	20.9	284.8
1987	117.8	9.9	91.7	219.4	41.5	11.4	52.9	24.0	14.3	17.5	272.3
1988	120.3	3.1	113.8	237.2	29.7	7.6	37.3	23.6	5.7	6.1	274.5
1989	134.1	5.5	135.3	274.9	22.9	7.7	30.6	13.7	6.1	9.2	305.5
1990	107.7	4.7	176.1	288.4	19.2	4.7	23.9	10.1	4.5	9.0	312.3
1991	203.6	7.8	300.0	511.5	56.0	19.9	75.9	25.1	16.4	30.9	587.4
1992	319.8	7.1	427.0	753.8	72.5	29.3	101.8	39.6	24.1	32.9	855.7
1993	448.4	9.3	474.8	932.5	102.4	28.4	130.8	57.4	41.3	45.0	1,063.4
1994	381.2	4.8	253.5	639.5	61.4	15.5	76.9	33.7	28.3	27.7	716.4
1995	466.0	6.9	152.4	625.3	82.0	15.1	97.1	30.2	30.0	51.8	722.4
1996	564.8	9.3	252.9	827.0	115.5	36.5	151.9	50.0	49.9	65.5	979.0
1997	769.8	8.5	385.6	1,163.9	120.2	33.3	153.4	44.2	43.2	75.9	1,317.3
1998	1,142.5	6.3	566.8	1,715.6	115.0	37.8	152.7	43.7	36.6	71.2	1,868.3
1999	1,264.8	16.1	487.1	1,768.0	164.3	27.5	191.7	66.8	64.3	97.5	1,959.8
2000	1,236.2	17.0	393.4	1,646.6	189.1	15.4	204.5	76.1	75.8	112.9	1,851.0
2001	1,511.2	21.6	832.5	2,365.4	128.4	41.3	169.7	40.8	36.0	87.6	2,535.1
2002	1,303.2	8.6	1,115.4	2,427.2	116.4	37.6	154.0	41.2	25.8	75.2	2,581.1
2003	1,370.7	10.6	1,352.3	2,733.6	118.5	37.8	156.3	43.7	15.9	74.8	2,889.9
2004	1,278.4	5.5	1,372.3	2,656.2	169.6	33.2	202.7	72.8	47.9	96.7	2,859.0
2005	1,205.4	6.3	1,808.6	3,020.3	160.5	29.9	190.4	62.6	39.6	97.8	3,210.7
2005											
Jan	145.6	0.2	135.5	281.3	8.2	0.7	8.9	4.9	2.1	3.3	290.2
Feb	80.5	0.0	121.2	201.7	14.8	1.7	16.4	9.8	7.1	5.0	218.2
Mar	116.0	0.5	142.8	259.3	14.4	4.3	18.7	4.4	1.6	10.0	278.0
Apr	62.5	0.8	129.3	192.5	6.0	1.6	7.6	2.2	0.8	3.8	200.2
May	98.9	0.0	162.5	261.4	10.8	2.0	12.8	4.9	3.0	6.0	274.2
June	152.5	2.0	171.4	325.9	14.5	5.5	20.0	7.3	4.7	7.1	345.9
July	90.9	0.0	123.8	214.7	7.8	1.3	9.1	3.9	3.1	3.9	223.8
Aug	97.3	0.0	168.3	265.6	18.8	1.4	20.2	8.3	6.6	10.5	285.8
Sept	112.8	0.0	185.2	298.0	23.4	4.2	27.6	5.8	1.6	17.6	325.7
Oct	75.9	0.0	150.8	226.7	11.4	2.2	13.7	3.5	1.7	7.9	240.4
Nov	88.9	1.6	159.7	250.3	10.8	2.8	13.6	4.0	3.7	6.8	263.9
Dec	83.5	1.2	158.0	242.8	19.5	2.2	21.7	3.6	3.6	15.9	264.5
2006											
Jan	143.8	1.6	102.5	247.9	9.6	1.3	10.9	2.3	2.2	7.3	258.8
Feb	105.4	0.0	158.3	263.7	8.8	0.2	9.0	5.0	4.7	3.8	272.7
Mar	163.3	1.0	166.0	330.3	22.1	3.6	25.7	2.3	2.0	19.8	355.9
Apr	82.4	0.4	117.4	200.2	10.6	2.3	12.9	3.7	2.6	6.9	213.1
May	119.8	1.7	133.6	255.1	18.0	2.8	20.7	6.0	6.0	11.9	275.8
June											
July											
Aug											
Sept											
Oct											
Nov											
Dec											
YTD '05	503.5	1.5	691.3	1,196.3	54.2	10.2	64.4	26.2	14.7	28.1	1,260.7
YTD '06	614.7	4.7	677.8	1,297.2	68.9	10.3	79.2	19.3	17.6	49.7	1,376.4
% Change	22.1%	210.9%	-2.0%	8.4%	27.1%	0.6%	22.9%	-26.4%	19.8%	77.1%	9.2%

Note: IPOs and secondaries are subsets of common stock. “True” IPOs exclude closed-end funds.
Source: Thomson Financial

MUNICIPAL BOND UNDERWRITINGS

(In $ Billions)

INTEREST RATES

(Averages)

	Compet. Rev. Bonds	Nego. Rev. Bonds	**TOTAL REVENUE BONDS**	Compet. G.O.s	Nego. G.O.s	**TOTAL G.O.s**	**TOTAL MUNICIPAL BONDS**	3-Mo. T Bills	10-Year Treasuries	SPREAD
1985	10.2	150.8	161.0	17.6	22.8	40.4	201.4	7.47	10.62	3.15
1986	10.0	92.6	102.6	23.1	22.6	45.7	148.3	5.97	7.68	1.71
1987	7.1	64.4	71.5	16.3	14.2	30.5	102.0	5.78	8.39	2.61
1988	7.6	78.1	85.7	19.2	12.7	31.9	117.6	6.67	8.85	2.18
1989	9.2	75.8	85.0	20.7	17.2	37.9	122.9	8.11	8.49	0.38
1990	7.6	78.4	86.0	22.7	17.5	40.2	126.2	7.50	8.55	1.05
1991	11.0	102.1	113.1	29.8	28.1	57.9	171.0	5.38	7.86	2.48
1992	12.5	139.0	151.6	32.5	49.0	81.5	233.1	3.43	7.01	3.58
1993	20.0	175.6	195.6	35.6	56.7	92.4	287.9	3.00	5.87	2.87
1994	15.0	89.2	104.2	34.5	23.2	57.7	161.9	4.25	7.09	2.84
1995	13.5	81.7	95.2	27.6	32.2	59.8	155.0	5.49	6.57	1.08
1996	15.6	100.1	115.7	31.3	33.2	64.5	180.2	5.01	6.44	1.43
1997	12.3	130.2	142.6	35.5	36.5	72.0	214.6	5.06	6.35	1.29
1998	21.4	165.6	187.0	43.7	49.0	92.8	279.8	4.78	5.26	0.48
1999	14.3	134.9	149.2	38.5	31.3	69.8	219.0	4.64	5.65	1.01
2000	13.6	116.2	129.7	35.0	29.3	64.3	194.0	5.82	6.03	0.21
2001	17.6	164.2	181.8	45.5	56.3	101.8	283.5	3.39	5.02	1.63
2002	19.5	210.5	230.0	52.3	73.1	125.4	355.4	1.60	4.61	3.01
2003	21.1	215.8	236.9	54.7	87.7	142.4	379.3	1.01	4.02	3.00
2004	17.2	209.8	227.1	51.5	77.7	129.2	356.3	1.37	4.27	2.90
2005	20.5	240.9	261.4	55.9	89.1	145.0	406.4	3.15	4.29	1.15
<u>2005</u>										
Jan	1.0	11.7	12.7	3.6	6.6	10.2	22.8	2.33	4.22	1.89
Feb	1.5	15.6	17.1	4.5	9.2	13.6	30.7	2.54	4.17	1.63
Mar	1.2	24.1	25.3	7.2	12.5	19.7	45.0	2.74	4.50	1.76
Apr	1.9	16.4	18.2	5.1	7.9	13.0	31.3	2.76	4.34	1.58
May	1.3	20.8	22.1	4.1	9.5	13.6	35.7	2.84	4.14	1.30
June	2.4	25.2	27.6	7.1	9.4	16.5	44.1	2.97	4.00	1.03
July	1.5	21.8	23.3	3.8	6.8	10.5	33.8	3.22	4.18	0.96
Aug	1.3	21.7	23.0	4.3	6.8	11.1	34.1	3.44	4.26	0.82
Sept	2.5	17.2	19.7	4.9	6.7	11.7	31.4	3.42	4.20	0.78
Oct	2.9	18.8	21.7	2.4	3.4	5.8	27.4	3.71	4.46	0.75
Nov	2.3	26.1	28.4	5.1	5.1	10.3	38.7	3.88	4.54	0.66
Dec	0.8	21.5	22.3	3.8	5.2	9.0	31.3	3.89	4.47	0.58
<u>2006</u>										
Jan	0.7	10.5	11.2	3.4	4.0	7.4	18.6	4.24	4.42	0.18
Feb	1.6	12.3	13.9	3.2	5.9	9.2	23.1	4.43	4.57	0.14
Mar	1.1	16.1	17.3	4.2	5.4	9.6	26.9	4.51	4.72	0.21
Apr	2.2	21.0	23.2	2.8	4.3	7.1	30.2	4.60	4.99	0.39
May	2.4	22.4	24.8	3.9	5.7	9.6	34.4	4.72	5.11	0.39
June										
July										
Aug										
Sept										
Oct										
Nov										
Dec										
YTD '05	6.8	88.6	95.4	24.5	45.7	70.2	165.6	2.64	4.27	1.63
YTD '06	8.1	82.3	90.4	17.6	25.3	42.9	133.3	4.50	4.76	0.26
% Change	18.9%	-7.1%	-5.2%	-28.1%	-44.7%	-38.9%	-19.5%	70.3%	11.4%	-83.9%

Sources: Thomson Financial; Federal Reserve

	STOCK MARKET PERFORMANCE INDICES (End of Period)				STOCK MARKET VOLUME (Daily Avg., Mils. of Shs.)			VALUE TRADED (Daily Avg., $ Bils.)	
	Dow Jones Industrial Average	S&P 500	NYSE Composite	NASDAQ Composite	NYSE	AMEX	NASDAQ	NYSE	NASDAQ
1985	1,546.67	211.28	1,285.66	324.93	109.2	8.3	82.1	3.9	0.9
1986	1,895.95	242.17	1,465.31	348.83	141.0	11.8	113.6	5.4	1.5
1987	1,938.83	247.08	1,461.61	330.47	188.9	13.9	149.8	7.4	2.0
1988	2,168.57	277.72	1,652.25	381.38	161.5	9.9	122.8	5.4	1.4
1989	2,753.20	353.40	2,062.30	454.82	165.5	12.4	133.1	6.1	1.7
1990	2,633.66	330.22	1,908.45	373.84	156.8	13.2	131.9	5.2	1.8
1991	3,168.83	417.09	2,426.04	586.34	178.9	13.3	163.3	6.0	2.7
1992	3,301.11	435.71	2,539.92	676.95	202.3	14.2	190.8	6.9	3.5
1993	3,754.09	466.45	2,739.44	776.80	264.5	18.1	263.0	9.0	5.3
1994	3,834.44	459.27	2,653.37	751.96	291.4	17.9	295.1	9.7	5.8
1995	5,117.12	615.93	3,484.15	1,052.13	346.1	20.1	401.4	12.2	9.5
1996	6,448.27	740.74	4,148.07	1,291.03	412.0	22.1	543.7	16.0	13.0
1997	7,908.25	970.43	5,405.19	1,570.35	526.9	24.4	647.8	22.8	17.7
1998	9,181.43	1,229.23	6,299.93	2,192.69	673.6	28.9	801.7	29.0	22.9
1999	11,497.12	1,469.25	6,876.10	4,069.31	808.9	32.7	1,081.8	35.5	43.7
2000	10,786.85	1,320.28	6,945.57	2,470.52	1,041.6	52.9	1,757.0	43.9	80.9
2001	10,021.50	1,148.08	6,236.39	1,950.40	1,240.0	65.8	1,900.1	42.3	44.1
2002	8,341.63	879.82	5,000.00	1,335.51	1,441.0	63.7	1,752.8	40.9	28.8
2003	10,453.92	1,111.92	6,440.30	2,003.37	1,398.4	67.1	1,685.5	38.5	28.0
2004	10,783.01	1,211.92	7,250.06	2,175.44	1,456.7	66.0	1,801.3	46.1	34.6
2005	10,717.50	1,248.29	7,753.95	2,205.32	1,602.2	63.5	1,778.5	56.1	39.5
2005									
Jan	10,489.94	1,181.27	7,089.83	2,062.41	1,618.4	62.5	2,172.3	54.1	45.5
Feb	10,766.23	1,203.60	7,321.23	2,051.72	1,578.2	62.7	1,950.2	54.5	43.2
Mar	10,503.76	1,180.59	7,167.53	1,999.23	1,682.6	66.7	1,849.0	59.1	38.8
Apr	10,192.51	1,156.85	7,008.32	1,921.65	1,692.8	61.7	1,839.2	58.8	39.6
May	10,467.48	1,191.50	7,134.33	2,068.22	1,502.1	52.9	1,685.6	50.8	36.6
June	10,274.97	1,191.33	7,217.78	2,056.96	1,515.8	58.0	1,747.9	52.5	39.4
July	10,640.91	1,234.18	7,476.66	2,184.83	1,478.9	58.8	1,621.8	53.1	37.8
Aug	10,481.60	1,220.33	7,496.09	2,152.09	1,441.4	61.9	1,538.9	51.3	34.1
Sept	10,568.70	1,228.81	7,632.98	2,151.69	1,683.0	70.5	1,716.5	60.6	37.5
Oct	10,440.07	1,207.01	7,433.12	2,120.30	1,846.7	72.7	1,796.3	64.6	41.7
Nov	10,805.87	1,249.48	7,645.28	2,232.82	1,641.7	64.6	1,768.3	58.3	41.9
Dec	10,717.50	1,248.29	7,753.95	2,205.32	1,553.5	69.6	1,704.4	55.2	39.6
2006									
Jan	10,864.86	1,280.08	8,106.55	2,305.82	1,867.6	81.4	2,170.7	69.4	55.0
Feb	10,993.41	1,280.66	8,060.61	2,281.39	1,737.0	77.4	2,014.0	66.0	48.8
Mar	11,109.32	1,294.83	8,233.20	2,339.79	1,656.2	75.0	2,135.2	62.2	47.6
Apr	11,367.14	1,310.61	8,471.43	2,322.57	1,680.7	92.0	2,138.7	64.3	49.3
May	11,168.31	1,270.09	8,189.11	2,178.88	1,986.9	92.5	2,163.6	77.3	49.6
June									
July									
Aug									
Sept									
Oct									
Nov									
Dec									
YTD '05	10,467.48	1,191.50	7,134.33	2,068.22	1,616.2	61.3	1,895.1	55.5	40.6
YTD '06	11,168.31	1,270.09	8,189.11	2,178.88	1,787.3	83.6	2,126.4	67.9	50.0
% Change	6.7%	6.6%	14.8%	5.4%	10.6%	36.3%	12.2%	22.3%	23.1%

MUTUAL FUND ASSETS

($ Billions)

	Equity	Hybrid	Bond	Money Market	TOTAL ASSETS
1985	116.9	12.0	122.6	243.8	495.4
1986	161.4	18.8	243.3	292.2	715.7
1987	180.5	24.2	248.4	316.1	769.2
1988	194.7	21.1	255.7	338.0	809.4
1989	248.8	31.8	271.9	428.1	980.7
1990	239.5	36.1	291.3	498.3	1,065.2
1991	404.7	52.2	393.8	542.5	1,393.2
1992	514.1	78.0	504.2	546.2	1,642.5
1993	740.7	144.5	619.5	565.3	2,070.0
1994	852.8	164.5	527.1	611.0	2,155.4
1995	1,249.1	210.5	598.9	753.0	2,811.5
1996	1,726.1	252.9	645.4	901.8	3,526.3
1997	2,368.0	317.1	724.2	1,058.9	4,468.2
1998	2,978.2	364.7	830.6	1,351.7	5,525.2
1999	4,041.9	383.2	808.1	1,613.1	6,846.3
2000	3,962.0	346.3	811.1	1,845.2	6,964.7
2001	3,418.2	346.3	925.1	2,285.3	6,975.0
2002	2,667.0	327.4	1,124.9	2,272.0	6,391.3
2003	3,684.8	436.7	1,240.9	2,051.7	7,414.1
2004	4,384.0	519.3	1,290.4	1,913.2	8,106.9
2005	4,940.0	567.3	1,357.4	2,040.5	8,905.2
<u>2005</u>					
Jan	4,288.7	515.7	1,302.6	1,892.5	7,999.5
Feb	4,416.3	528.9	1,305.3	1,875.4	8,125.8
Mar	4,349.6	525.4	1,295.7	1,875.7	8,046.4
Apr	4,246.8	522.6	1,306.8	1,841.3	7,917.6
May	4,407.3	534.7	1,323.4	1,858.4	8,123.7
June	4,472.1	543.9	1,336.4	1,865.4	8,217.7
July	4,670.3	554.6	1,339.4	1,883.9	8,448.3
Aug	4,678.6	557.5	1,360.6	1,922.9	8,519.7
Sept	4,759.5	560.8	1,356.3	1,912.6	8,589.2
Oct	4,664.3	552.0	1,344.7	1,936.5	8,497.5
Nov	4,863.6	562.7	1,349.2	1,991.1	8,766.6
Dec	4,940.0	567.3	1,357.4	2,040.5	8,905.2
<u>2006</u>					
Jan	5,196.4	581.1	1,375.4	2,040.4	9,193.3
Feb	5,198.1	582.5	1,389.3	2,051.0	9,220.9
Mar	5,340.5	588.1	1,384.6	2,048.5	9,361.7
Apr	5,473.2	596.5	1,388.9	2,027.2	9,485.8
May					
June					
July					
Aug					
Sept					
Oct					
Nov					
Dec					
YTD '05	4,246.8	522.6	1,306.8	1,841.3	7,917.6
YTD '06	5,473.2	596.5	1,388.9	2,027.2	9,485.8
% Change	28.9%	14.1%	6.3%	10.1%	19.8%

MUTUAL FUND NET NEW CASH FLOW*

($ Billions)

	Equity	Hybrid	Bond	Money Market	Long-TOTAL	Total Term Funds
1985	8.5	1.9	63.2	-5.4	68.2	73.6
1986	21.7	5.6	102.6	33.9	163.8	129.9
1987	19.0	4.0	6.8	10.2	40.0	29.8
1988	-16.1	-2.5	-4.5	0.1	-23.0	-23.1
1989	5.8	4.2	-1.2	64.1	72.8	8.8
1990	12.8	2.2	6.2	23.2	44.4	21.2
1991	39.4	8.0	58.9	5.5	111.8	106.3
1992	78.9	21.8	71.0	-16.3	155.4	171.7
1993	129.4	39.4	73.3	-14.1	228.0	242.1
1994	118.9	20.9	-64.6	8.8	84.1	75.2
1995	127.6	5.3	-10.5	89.4	211.8	122.4
1996	216.9	12.3	2.8	89.4	321.3	232.0
1997	227.1	16.5	28.4	102.1	374.1	272.0
1998	157.0	10.2	74.6	235.3	477.1	241.8
1999	187.7	-12.4	-5.5	193.6	363.4	169.8
2000	309.4	-30.7	-49.8	159.6	388.6	228.9
2001	31.9	9.5	87.7	375.6	504.8	129.2
2002	-27.7	8.6	140.3	-46.7	74.5	121.2
2003	152.3	32.6	31.0	-258.5	-42.6	215.8
2004	177.9	42.7	-10.8	-156.6	53.2	209.8
2005	135.5	25.2	31.3	63.1	255.2	192.0
<u>2005</u>						
Jan	10.1	5.0	4.7	-27.5	-7.8	19.7
Feb	22.1	4.4	2.6	-19.3	9.8	29.1
Mar	15.3	3.9	-1.3	-2.2	15.7	17.9
Apr	8.5	2.6	1.2	-36.7	-24.4	12.3
May	11.8	2.2	4.0	14.5	32.5	18.0
June	6.3	2.0	4.1	3.0	15.4	12.4
July	9.9	1.4	7.4	13.9	32.5	18.6
Aug	6.4	1.8	7.4	32.5	48.0	15.5
Sept	7.8	1.3	3.8	-13.4	-0.4	13.0
Oct	6.5	0.9	0.6	21.2	29.2	8.0
Nov	21.0	0.5	-0.3	30.3	51.5	21.2
Dec	9.8	-0.8	-2.8	47.0	53.2	6.2
<u>2006</u>						
Jan	31.6	-0.1	8.3	-4.4	35.3	39.7
Feb	27.3	0.8	8.7	5.5	42.3	36.8
Mar	34.4	0.6	5.3	-8.3	32.0	40.2
Apr	26.4	0.4	1.1	-27.1	0.7	27.9
May						
June						
July						
Aug						
Sept						
Oct						
Nov						
Dec						
YTD '05	56.1	15.8	7.2	-85.8	-6.8	66.7
YTD '06	119.7	1.7	23.4	-34.4	110.3	144.7
% Change	113.5%	-89.4%	225.4%	NM	NM	116.8%

* New sales (excluding reinvested dividends) minus redemptions, combined with net exchanges
Source: Investment Company Institute

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