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The distribution of wealth in Canada and the United States

Raj K. Chawla

Few countries are as closely linked as Canada and the United States, not only geographically but also economically and culturally. But how do we compare in terms of wealth holdings? Do we choose different asset portfolios? How is wealth concentrated in the two countries? This article tries to answer these questions by comparing the wealth of U.S. and Canadian family units by various characteristics. [(1)]

Mean wealth of Canadian and American households

In 1984 there were 9 million family units (hereafter referred to as households, see *Technical Notes*) in Canada compared with 87 million in the U.S. - close to a one-to-ten ratio. The households in the two countries were quite similar: the median age of the head was 43 years in Canada, 46 years in the U.S.; the average family sizes were 3.3 and 3.2 persons, respectively; and unattached individuals constituted 29% of all households in Canada, 27% in the U.S.

In terms of U.S. dollars, [(2)] total household wealth amounted to $614 billion in Canada compared with $6,834 billion in the U.S. - a one-to-eleven ratio. In terms of averages, an American household held wealth of $78,700 compared with $66,400 for a Canadian household. On the other hand, the median wealth of U.S. households was $32,700 compared with $31,800 for Canadians, a gap of only $900 (Table 1).

VIEW ▶ Table 1 **Percentage distribution of households by wealth and monthly income, Canada and U.S., 1984***

Sources: *Canada: Survey of Consumer Finances, 1984; U.S.: Survey of Income and Program Participation, 1984.*

*** *All financial data in U.S. dollars.***

Why such a disparity in the difference between mean and median wealth holdings? First, estimates of mean holdings are very much affected by the presence of extremely low or high amounts. Second, the distribution of wealth is skewed because large amounts of wealth are held by a relatively small number of households. One way to measure this skewness is by the ratio of the median wealth to the mean wealth. The closer this ratio is to one, the more symmetric the wealth distribution. Although the distribution of wealth is skewed in both countries, the degree of skewness varies (Table 2). The median-to-mean ratio in the U.S. was 0.42 compared with 0.48 for Canada.

VIEW ▶ Table 2 **Wealth of households by selected characteristics, Canada and U.S., 1984***

Sources: *Canada: Survey of Consumer Finances, 1984; U.S.: Survey of Income and Program Participation, 1984.*

*** *All financial data in U.S. dollars.***

VIEW ▶ Chart A **Proportion of households by wealth holdings in two income groups, 1984**

Sources: *Canada: Survey of Consumer Finances; U.S.: Survey of Income and Program Participation.*

The proportion of households with wealth between $50,000 and $99,999 was almost identical in the U.S. and Canada. However, the proportion of Americans with wealth of $100,000 or more was 21% compared with 18% for Canadians. At the other extreme, 11% of all American households had negative or zero wealth (that is, their liabilities exceeded or equalled their asset holdings) compared with 9% of Canadian households. These are likely young families who have higher mortgages on owner-occupied homes and other consumer debt incurred on household furnishings and equipment. The younger American households may owe larger amounts of debt (mortgage as well as consumer debt), as interest paid on such debts prior to 1986 was deductible from their income tax - a tax provision not available to Canadians. (Under the U.S. tax reforms introduced in 1986, the interest on consumer debt will no longer be tax deductible beginning in 1991.)

Factors affecting wealth

The wealth holdings of a household are determined primarily by income level, life-cycle stage (measured in terms of the age of the head of a household) and home-ownership status. Other factors include the propensity to save, knowledge of investment markets, risk-taking in the choice of asset portfolios, inheritances and bequests, and economic conditions prevailing in the country.

As the size of monthly income increases from under $900 to $4,000 or over, the proportion of households holding wealth of $250,000 and over also increases, from 1% to 24%. Households with monthly incomes of $4,000 and over owned 38% of the total wealth in the U.S. compared with 24% in Canada.

The percentage distributions of households by amount of wealth were more similar at the top end of the income scale (that is, a monthly income of $4,000 and over) than they were at the bottom end (a monthly income of under $900). The lack of similarity between percentage distributions at the bottom end of the income scale was due to the difference in the age mix and composition of households. The bottom income group consists in large measure of the very young starting out in their lives and the very old living mostly on government transfer payments. The younger group of households would have small amounts of wealth, whereas the older group may have wealth holdings of varying sizes (depending on how they accumulated wealth over their life cycle). This demographic mix is also the reason why the distributions of wealth among households with monthly incomes under $900 show such large relative differences between mean and median wealth (Table 2).

In both countries, the maximum wealth holdings were for households where the head was in the 55-64 age group. With the exception of Canadian households with heads under 35 years (who had 27% more wealth than their American counterparts), American households in all other age groups were wealthier. For instance, compared to the mean wealth of their Canadian counterparts, American households with heads in the 35-44 group had only 2% more wealth whereas those with heads 65 and over had 48% more wealth.

In 1984, 28% of the total household wealth in the U.S. was owned by the elderly compared with 19% in Canada. Relatively speaking, therefore, a greater share of overall wealth was held by the American elderly than by their Canadian counterparts.

Homeownership is another key indicator of wealth holdings, as homeowners in both countries held more than 90% of the total household wealth. The major component of wealth for most of them was the equity in their home. Half of all Canadian homeowners had wealth of $65,000 or more, while in the U.S. the median was $63,300. In both countries, the mean wealth of homeowners was over $100,000 compared with a mean wealth of around $15,000 for non-homeowners.

Rates of ownership of different assets

In Canada, 58% of all households owned a home compared with 64% of all Americans (Table 3). Besides any difference in the demographic mix of populations and the question of affordability of a home in the two countries, one factor may explain at least some of this difference in the rate of home-ownership. Under U.S. income tax provisions, homeowners can claim tax deductions for mortgage interest paid on their occupied homes. This provision may encourage young households to purchase their own home, and higher income households to purchase more expensive homes.

VIEW Table 3 **Proportion of households owning selected assets, Canada and U.S., 1984**

Sources: *Canada: Survey of Consumer Finances, 1984; U.S.: Survey of Income and Program Participation, 1984.*

Relative to Canadians, more Americans invested in stocks, shares, mutual funds, rental property and other real estate. This may again be attributed to some extent to U.S. income tax provisions in respect to the availability of Employee Stock Ownership Plans (ESOPs), the treatment of dividend income on stocks and shares, [3] capital gains/losses and depreciation rules governing rental and commercial properties. In contrast, the proportions of Canadians owning savings bonds such as Canada Savings Bonds or savings in Registered Retirement Savings Plans were much higher than the corresponding proportions found for American households.

In other words, the asset portfolios selected by the majority of Canadians involved little investment risk and offered guaranteed access to accumulated funds, whereas the portfolios selected by Americans carried higher risk and a likelihood of capital gains or losses (Table 3 and Table 4). Canadians are reputedly more conservative investors, looking more for safety and fixed returns on their savings, and the data seem to bear this out. Americans invest more in risky assets and so may end up making more capital gains - or incurring losses.

VIEW

Table 4 **Percentage composition of wealth of households by selected characteristics, Canada and U.S., 1984**

Sources: *Canada: Survey of Consumer Finances, 1984; U.S.: Survey of Income and Program Participation, 1984.*

Among the wealthiest American households (wealth of $500,000 and over), 95% owned one or more motor vehicles, 90% had real estate other than their home 66% had stock holdings, and 52% were engaged in business, farm or professional interests. The corresponding rates among their Canadian counterparts were 88% for vehicles, 38% for other real estate, 42% for stock holdings, and 86% for business, farm and professional interests.

Among Canadian households with monthly incomes of $4,000 and over, 51% had Canada Savings Bonds, 69% had registered savings (mostly in the form of savings held in Registered Retirement Savings Plans) and 89% were living in their own homes. Among American households with similar incomes, only 27% held U.S. Savings Bonds, 53% had savings in the Individual Retirement Accounts (IRAs) or Keogh Plans (retirement plans for self-employed individuals) and 88% owned a home. More than 40% of all Americans with such incomes owned real estate other than a home compared with 30% of their Canadian counterparts.

More elderly households in the U.S. owned a home (73% compared with 61%). The American elderly also owned more additional real estate such as rental property, land and other property. They were also more likely to have stock holdings and motor vehicles. Among the Canadian elderly households, the proportion owning savings bonds and registered savings exceeded their American counterparts.

Composition of wealth

In both countries, equity in owner-occupied homes was the largest and most important component of wealth holdings.

Since equity in a home depends on the market value of the home and the size of the mortgage outstanding on it, a higher market value accompanied by a smaller mortgage debt results in a higher equity. In the U.S. in 1984, the median market value of a home was $59,700 and the median mortgage outstanding (for debtors only) was $21,200; the corresponding estimates for Canada in 1984 were $49,200 and $27,100. (4)

Financial assets (bank deposits, treasury bills, savings bonds, registered savings, stock holdings, loans to other persons and businesses, and other miscellaneous financial assets) accounted for 25% of the total wealth of Canadians compared with 29% for Americans. The higher representation of financial assets in the total wealth of Americans was largely due to their comparatively larger holdings in stocks and mutual fund shares - 24% of total financial assets compared with only 10% for Canadians.

Savings held in savings bonds and registered plans constituted 7% of the total wealth of Canadians compared with only 2% for Americans. Equity in real estate other than owner-occupied homes, on the other hand, accounted for 13% of the total wealth of the U.S. households compared with only 6% for Canadians.

VIEW Chart B **Composition of wealth of households, 1984**

Sources: *Canada: Survey of Consumer Finances; U.S.: Survey of Income and Program Participation.*

Overall, the percentage composition of wealth of households in Canada and the U.S. did not show much variation. The composition of wealth varied by a household's total wealth, monthly income group, age of head and homeownership status (Table 4). The composition was most similar for Canadian and American households with wealth between $25,000 and $49,999 and most dissimilar for households holding wealth of $500,000 and over. The main factors responsible for dissimilarity in the latter group were the predominance of equity in businesses (including farms and professional practices) among Canadians compared to the predominance of real estate (excluding owner-occupied homes) and financial assets such as stock holdings among Americans.

Among the elderly, equity in an owner-occupied home accounted for 38% of total wealth in both countries. Financial assets, on the other hand, accounted for 37% of total wealth in Canada compared with 43% in the U.S. The make-up of financial assets also varied; for instance, savings held in banks and other financial institutions accounted for 59% of the total financial assets in Canada compared with 70% in the U.S. The elderly in Canada held 24% of their financial assets in Canada Savings Bonds and Registered Retirement Savings Plans; their counterparts in the U.S., however, held only 4% in U.S. Savings Bonds, Individual Retirement Accounts and Keogh accounts. Some of these differences are attributable, first, to the inter-country differences in income tax provisions, [5] second, to the difference in the treatment of accrued interest on such savings and bonds (for instance, such interest is included in the Canadian data but excluded in the American data), and third, to the differences in periods of inception of these plans. For example, the Registered Retirement Savings Plans in Canada were introduced in 1957, whereas the Individual Retirement Accounts in the U.S. started in 1974 and the Keogh plans in 1962.

The gap in mean wealth

What accounts for the gap in the overall mean wealth of Canadian and American households? Part of the difference (less than 20%) arises from the differing rates of ownership of specified assets, but almost half the difference is due to the varying holdings of such assets. The remaining difference comes from the combined effect of these two factors. [6]

Since income and wealth are strongly associated, a difference in income levels of households in the two countries would also account for some difference in their respective holdings of wealth. Almost all of the difference in mean wealth holdings in the two countries can be attributed to households with monthly incomes of $4,000 and over. For example, one of every eight American households had a monthly income of $4,000 or more compared with only one of every fifteen Canadian households. The differences in the numbers and wealth holdings of households with monthly incomes of under $900 accounted for less than 5% of the difference in mean wealth holdings.

As well, the difference in age structures of households may contribute to the difference in mean wealth holdings; for instance, the proportion of households with heads 65 years and over was higher in the U.S. than in Canada. The analysis showed that 76% of the overall difference in mean holdings of wealth was attributable to differences in the number and amounts held by this group alone. On the other hand, for households with heads under 35 years of age, the gap in mean wealth was in favour of Canadians. The differences in numbers and wealth holdings of households with heads in the 55-64 age group accounted for 31% of the total gap in mean wealth of American and Canadian households.

Inequality in the distribution of wealth

The "Lorenz Curve" depicts a link between the distributive shares of a variable such as total income or wealth held by segments of a population. For the distribution of wealth, the curve is drawn by plotting the cumulative proportion of households (based on the order of their size of wealth) on the horizontal axis against the cumulative proportion of aggregate wealth held by these units on the vertical axis. If all households had exactly the same relative wealth, a perfect equality would prevail, resulting in a diagonal usually referred to as the "line of equality". However, as the actual curve falls below this line of equality, the greater the area between this line and the curve, the greater the inequality in the distribution of wealth.

Wealth is more unequally distributed in the U.S. than it is in Canada. The index of wealth concentration (or Gini coefficient), lies between 0 (a value indicating perfect equality) and 1 (a value indicating extreme inequality). The Gini coefficients derived from these Lorenz Curves were 0.69 for the U.S. compared with 0.65 for Canada. [(7)] Whether calculated on the basis of total wealth, total wealth less equity in home, or total wealth less equity in business interests, all Gini coefficients for Canada were lower than for U.S. households (Table 5).

VIEW ▶ Table 5 **Selected Gini coefficients for Canada and the U.S., 1984**

For both Canadian and American households, the ownership of a home and its resulting equity lessened inequality in the distribution of wealth - by 8.2% for Canadians and by 11.2% for Americans. Equity in a business, on the other hand, increased inequality in the distribution of wealth - much more so for Canadians than for Americans. Although there was not much difference in the overall proportion of family units reporting business, farm or professional interests, the equity in such interests accounted for 24% of the total household wealth in Canada compared with only 10% for the U.S. Most of this difference in the relative shares of business equity may be attributable to differences in the collection and compilation of data on business assets, debts, or overall equity in the two surveys.

VIEW Chart C **Lorenz curves showing distribution of wealth among households, 1984**

Sources: *Canada: Survey of Consumer Finances; U.S.: Survey of Income and Program Participation.*

A greater inequality in the distribution of wealth implies that wealth is more concentrated in the hands of a smaller number of households. For instance, only 1% of all Canadian households held wealth of $500,000 and over and they controlled 19% of the total household wealth. In the U.S. these households formed 2% of the total, and they held 26% of the wealth. At the other end of the wealth distribution, 34% of all Canadian households with wealth under $10,000 held about 2% of the total wealth compared with 33% of their American counterparts holding less than 1% of the total.

Elderly households in the U.S., 21% of the total households, held 28% of the total wealth compared with 18% of their Canadian counterparts holding 19% of the total wealth (Table 2). This implies that the wealth situation of elderly households was relatively better in the U.S. However, the economic picture was reversed for households with heads under 35 years of age; they held 14% of the total wealth in Canada compared with 8% in the U.S., although they represented about 30% of all households in both countries. The question as to why the younger households in Canada and the elderly in the U.S. are relatively better off than their respective counterparts cannot be adequately answered from the type of wealth data currently available. However, one explanation may be that since incomes of Americans, on average, are higher than those of Canadians, their wealth accumulated over time would also be higher.

Conclusion

The mean wealth of households in Canada was $66,400 compared with $78,700 in the U.S. Although the demographic mix of households in both countries was quite similar, the proportion of households with monthly incomes of $4,000 and over, or with heads 65 and over, was higher in the U.S. than in Canada. The differences in numbers and amounts of wealth held by these groups accounted for most of the gap in mean wealth between Canadian and American households.

For households in both countries, home equity was the largest component of their wealth. Americans had more stock holdings and real estate in addition to their home, whereas Canadians held more Canada Savings Bonds and registered retirement savings plans. Compared to Americans, Canadians seemed to be more conservative investors.

Wealth was more unequally distributed in the U.S. than in Canada. For both countries, the ownership of a home and its equity lessened inequality, whereas the ownership of a business and its equity increased inequality in the distribution of wealth.

In addition to the factors discussed in this article, many other factors have an impact on the levels and distributions of wealth in the two countries - for example, differences in social security systems, income tax provisions and coverage under employer-sponsored or work-related pension plans. One could also attribute some of the gap in mean wealth to differences in the national and institutional characteristics that define two separate countries. As well, differences in the operation of financial institutions, interest rates or personal attitudinal factors may also contribute to the gap.

Technical notes

Concept of wealth

Wealth, as defined by the two surveys, is the value of total assets less total debt. Assets include the ownership of bonds, stocks and shares; deposits in financial institutions; owner-occupied homes, other real estate, cars and certain other recreational vehicles; amounts in registered savings plans; and farms and professional practices. Debts refer to money owed on different charge accounts, loans from banks and other financial institutions, and mortgage indebtedness on an owned home or other real estate. The concept of wealth used excludes cash surrender value of life insurance policies, accrued claims against employer-sponsored or work-related pension plans and other social security programs. Also excluded is the value of all consumer durables (except automobiles and some recreational vehicles), household furnishings and equipment, art and coin collections and jewellery.

Unit of analysis and sources of data

The Canadian data are based on family units (a term used to designate, collectively, unattached individuals and families with two or more persons related by blood, marriage, or adoption). The U.S. data, on the other hand, are in terms of households (a term used to define a group of persons, related or unrelated, occupying a housing unit). A small proportion of households consist of more than one family unit (for example, in Canada in May 1984, 5% of all households contained more than one family unit) but this should not significantly distort the overall comparisons of wealth holdings. The composition of a family unit or a household is as of the time of the survey.

Canadian data on incomes and wealth of households were compiled from the asset/debt supplement to the Survey of Consumer Finances (SCF) conducted in the spring of 1984. For details about this survey, see ***Income Distributions by Size in Canada, 1983***.

Data on assets and debts of American family units were compiled from the U.S. Survey of Income and Program Participation (SIPP) conducted between September and December 1984. For details about this survey, see ***Household Wealth and Asset Ownership: 1984***. Both the Canadian SCF and the U.S. SIPP samples were drawn on the basis of area sample frames. Both surveys were conceptually comparable and had large enough sample sizes to yield statistically reliable estimates. However, estimates of wealth derived from these surveys will be subject to sampling and non-sampling errors.

Differences in selected income tax provisions

Income tax provisions not only provide governments with a tool to redistribute incomes but also provide tax filers with an incentive to save for the future by deferring taxes or by claiming certain exemptions. The two income tax systems are quite comparable, with some exceptions. For example, under U.S. income tax provisions, Americans have been allowed to deduct interest expenses incurred on the mortgage on an owner-occupied home as well as on other consumer loans taken out for such purchases as cars or household furnishings (although interest on these loans will no longer be tax deductible in 1991).

Canadians, on the other hand, have no such tax provisions on interest expenses on the two key assets which make up most of the wealth of young households.

There is no net wealth tax in Canada or the U.S. One-half of all capital gains are taxed in Canada compared with four-tenths in the U.S. Canadians do not pay any tax on gains from the sale of a principal private residence whereas Americans pay tax on the amount in excess of the purchase price of a new residence.

In short, certain tax provisions available in one country and not the other may influence the gap in incomes and wealth holdings of households. However, no suitable data are available to demonstrate a quantitative link between differences in wealth holdings and income tax provisions. For details of income tax provisions available to Canadians and Americans, see their respective ***Master Tax Guide, CCH Inc.***

Notes

Note 1

Traditionally, a family unit's level of income measures its economic well-being as it affects the purchase of current goods and services. Wealth, on the other hand, can be used in a broader context of total resources available not only to purchase current goods and services but also to meet unexpected future expenditures and provide future economic security.

Note 2

All the U.S. data on wealth were taken from the report Household Wealth and Asset Ownership: 1984. Comparable data in American dollars for Canadian households were retrieved from the 1984 microdata file on assets and debts of Canadians. The main findings on the rates of ownership of assets and the percentage composition of total wealth would be unaffected by the currency used.

All the Canadian data on 1983 incomes were converted to U.S. dollars using the 1983 average conversion factor of C$1.00 = U.S.$0.8114, whereas data on assets, liabilities, and wealth were converted using the exchange rate that prevailed at the time of the survey in May 1984 (C$1.00 = U.S.$0.7723).

Since wealth estimates are compiled from household surveys, they are susceptible to both sampling and non-sampling errors. Sampling errors occur because inferences about the entire population are made on the basis of information obtained from a sample of the population. Non-sampling errors include complete refusals, partial responses, inability to recall accurate amounts, as well as editing and processing errors. The survey data on household wealth are somewhat under-reported, especially at the upper end of the income distribution. Therefore, some caution should be exercised in interpreting inter-country wealth comparisons (see for example, Avery et al.).

Note 3

In respect to the dividend and interest income, for instance, the Canadian tax provisions allowed a deduction of up to $1,000 in 1984 whereas the U.S. had no such exemptions. A taxpayer in the U.S. was entitled to exclude from gross income up to $100 (or $200 on a joint return) of dividend income received from domestic corporations.

Note 4

Estimates for Canada were compiled from the 1984 SCF whereas estimates for the U.S. were taken from the following sources: (a) for estimates of market value of home, Table A-2, Annual Housing Survey, 1983: Financial Characteristics of the Housing Inventory and (b) for estimates of mortgage outstanding (debtors only), Survey of Consumer Finances, 1983, A Second Report.

Note 5

For instance, under the Registered Retirement Savings Plan in Canada, a worker could deduct a maximum amount of $3,500 in 1984 if covered by some other work-related pension plan; otherwise maximum contributions of $5,500 were tax exempt. In the U.S., a worker holding an Individual Retirement Account could deduct a maximum of $2,000 (or $2,250 for a non-employed spousal IRA).

Note 6
A relative share technique, based on the addition and subtraction of expected values, was used to study the gap in mean wealth of Canadian and American households by their socio-demographic characteristics. Details of this method are available from the author on request.

Note 7
The Gini coefficients for income distributions were 0.389 for the U.S. compared with 0.369 for Canada. In both countries, then, wealth was more unequally distributed than income.

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Author

Raj Chawla is with the Labour and Household Surveys Analysis Division of Statistics Canada.

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Table 1

Percentage distribution of households by wealth and monthly income, Canada and U.S., 1984*

Wealth	Monthly income†									
	Under$900		$900-$1,999		$2,000-$3,999		$4,000 and over		Total	
	Canada	U.S.	Canada	U.S.	Canada	U.S.	Canada	U.S.	Canada	U.S.
	%									
Negative or zero	17.4	24.5	8.3	9.7	3.1	4.6	0.6	2.2	8.7	11.0
$1- $4,999	38.4	25.3	18.0	18.9	5.3	8.8	1.1	1.8	18.6	15.3
$5,000 - $9,999	5.0	6.9	9.6	8.1	4.5	6.2	1.4	1.5	6.2	6.4
$10,000 - $24,999	9.7	11.5	14.8	13.5	14.4	14.6	2.7	5.9	12.5	12.4
$25,000 - $49,999	13.6	12.5	17.3	14.5	21.1	17.7	9.4	10.3	16.9	14.5
$50,000 - $99,999	11.2	11.8	18.4	19.1	27.2	23.9	23.8	23.5	19.5	19.3
$100,000 - $249,999	3.7	6.2	11.0	13.6	19.1	18.3	36.8	31.0	13.2	15.3
$250,000 - $499,999	0.8	1.0	2.0	2.1	3.9	4.6	15.2	13.4	3.1	4.0
$500,000 and over	0.2	0.3	0.6	0.5	1.4	1.3	9.1	0.4	1.3	1.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Sources: Canada: Suruey of Consumer Finances, 1984; U.S.: Survey of Income and Program Participation, 1984.

** All financial data in U.S. dollars.*

† For Canada, monthly income groups are derived from the annual data supplied by respondents, i.e. dividing the total annual family income by 12.

Table 2

Wealth of households by selected characteristics, Canada and U.S., 1984*

Characteristics	Canada				U.S.			
	Distribution of family units	Distribution of aggregate wealth	Mean wealth	Median wealth	Distribution of family units	Distribution of aggregate wealth	Mean wealth	Median wealth
	%		$		%		$	
Total	100	100	66,400	31,800	100	100	78,700	32,700
Monthly income groups†								
Under $900	28	11	25,100	3,600	26	10	29,700	5,100
$900 - $1,999	34	26	51,200	25,100	31	20	52,700	24,600
$2,000 - $3,999	31	39	83,400	52,900	31	32	80,100	46,700
$4,000 and over	7	24	236,600	127,300	12	38	242,100	123,500
Age of head								
Under 35 years	31	14	28,900	8,400	30	8	22,700	5,800
35-44 years	20	20	67,900	37,500	20	18	69,500	35,600
45-54 years	16	23	98,600	58,900	14	21	15,300	56,800
55-64 years	15	24	104,100	62,700	15	25	130,500	73,700
65 years and over	18	19	70,800	42,100	21	28	104,900	60,300
Tenure								
Homeowners	58	91	3,200	65,000	64	93	114,200	63,300
Others	42	9	14,700	3,500	36	7	14,800	1,900

Sources: Canada: Survey of Consumer Finances, 1984; U.S.: Survey of Income and Program Participation, 1984.

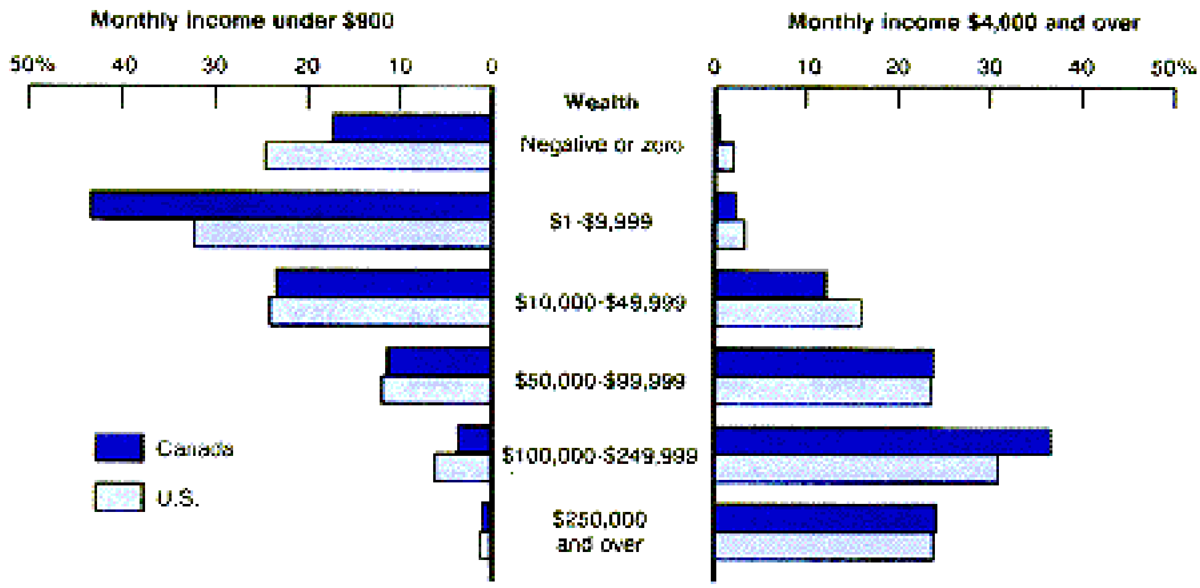
** All financial data in U.S. dollars.*

† For both Canada and the U.S., total income consists of wages and salaries, net income from self-employment, investment income, transfer payments from government, pension income and other miscellaneous income.

All income in kind and capital gains or losses, etc. are excluded.

Proportion of households by wealth holdings in two income groups, 1984

Among high income households, the proportion with wealth exceeding $100,000 is higher in Canada (61%) than in the U.S. (55%).



Source: *Canada: Survey of Consumer Finances*
U.S.: Survey of Income and Program Participation

Table 3

Proportion of households owning selected assets, Canada and U.S., 1984

Characteristics	Stock holdings		Savings bonds		Registered savings		Equity in: Owner-occupied home		Equity in: Other real estate*		Equity in: Motor vehicles		Equity in: Business	
	Canada	U.S.	Canada	U.S.	Canada	U.S.	Canada	U.S.	Canada	U.S.	Canada	U.S.	Canada	U.S.
	%													
Total	**13**	**20**	**28**	**15**	**28**	**20**	**58**	**64**	**13**	**20**	**76**	**86**	**14**	**13**
Wealth groups														
Negative or zero	3	3	6	6	3	3	4	8	1	1	41	46	3	4
$1 - $4,999	3	4	11	7	5	3	3	12	1	2	51	84	2	4
$5,000 - $9,999	8	10	25	12	15	10	24	39	6	5	79	90	6	8
$10,000 - $24,999	9	12	24	13	22	11	60	68	9	10	82	91	7	9
$25,000 - $49,999	10	17	28	16	26	15	83	87	14	14	84	90	10	11
$50,000 - $99,999	18	25	40	20	42	26	92	93	18	23	89	93	15	14
$100,000 - $249,999	30	42	50	24	59	43	95	95	30	45	92	94	34	22
$250,000 - $499,999	37	55	47	19	59	49	94	94	34	68	86	97	66	38
$500,000 and over	42	66	43	20	57	55	94	94	38	90	88	95	86	52
Monthly income groups														
Under $900	5	6	13	5	5	4	33	42	5	10	44	62	7	8
$900 - $1,999	9	14	27	13	22	12	55	60	12	16	82	90	14	10
$2,000 - $3,999	20	26	39	21	46	26	78	76	17	23	93	97	17	14
$4,000 and over	42	49	51	27	69	53	89	89	30	43	94	97	33	26
Age of head														

Under 35 years	9	13	21	13	18	10	36	40	8	9	73	88	11	10
35 - 44 years	14	23	27	18	33	22	68	69	16	20	85	92	19	18
45 - 54 years	18	23	33	18	42	31	73	78	19	30	85	92	20	20
55 - 64 years	18	26	36	18	43	39	74	80	18	31	81	89	16	15
65 years and over	13	21	32	11	15	8	61	73	9	19	58	71	7	5

Sources: Canada: Survey of Consumer Finances, 1984; U.S.: Survey of Income and Program Participation, 1984.

** For the U.S. data, the proportion of households owning equity in other real estate represents the sum of individually published proportions relating to ownership of rental property and other real estate (including vacation homes or cottages).*

As a consequence, the proportion of Americans holding other real estate may have been slightly over-estimated due to double-counting.

Table 4

Percentage composition of wealth of households by selected characteristics, Canada and U.S., 1984

Characteristics	Components of Wealth											
	Canada - Equity in						U.S. - Equity in					
	Total financial assets*	Owner occupied home	Other real estate	Motor vehicles	Business	Total wealth	Total financial assets*	Owner occupied home	Other real estate	Motor vehicles	Business	Total wealth
	%											
Total	**25**	**39**	**7**	**5**	**24**	**100**	**29**	**41**	**14**	**6**	**10**	**100**
Wealth groups												
Negative or zero	24	12	2	42	20	100	24	34	0	41	1	100
$1 - $4,999	41	7	2	48	2	100	24	11	0	63	2	100
$5,000 - $9,999	41	20	3	34	2	100	25	26	3	44	2	100
$10,000 - $24,999	31	46	4	17	2	100	21	49	5	23	2	100
$25,000 - $49,999	22	59	5	10	4	100	18	64	5	11	2	100
$50,000 - $99,999	24	59	6	6	5	100	20	63	6	8	3	100
$100,000 - $249,999	30	42	8	4	16	100	29	48	12	5	6	100
$250,000 - $499,999	26	27	9	2	36	100	35	32	17	3	13	100
$500,000 and over	17	14	6	1	62	100	41	16	20	1	22	100
Monthly income groups												
Under $900	23	48	5	4	20	100	20	53	11	6	10	100
$900 - $1,999	25	41	7	6	21	100	26	48	11	7	8	100
$2,000 - $3,999	24	42	7	6	21	100	27	45	13	7	8	100
$4,000 and over	28	28	7	3	34	100	37	30	16	4	13	100
Age of head												
Under 35 years	19	37	6	11	27	100	19	41	9	15	16	100
35-44 years	18	42	6	6	28	100	19	47	13	7	14	100
45-54 years	22	39	7	5	27	100	25	39	15	6	15	100

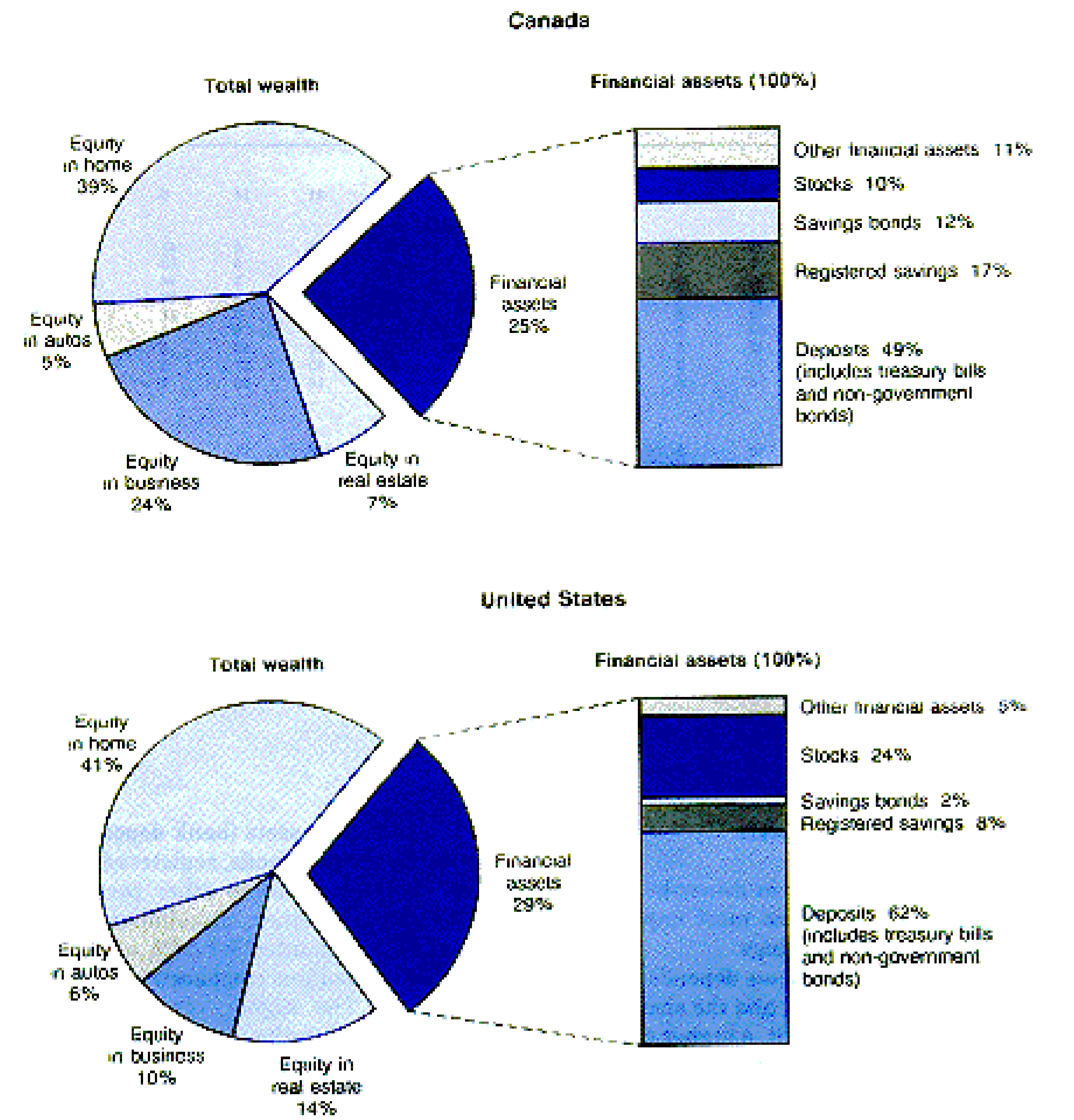
55-64 years	29	38	8	4	21	100	31	40	16	5	8	100
65 years and over	37	38	5	3	17	100	43	38	12	3	4	100

Sources: Canada: Survey of Consumer Finances, 1984; U.S.: Survey of Income and Program Participation, 1984.

** Total financial assets include deposits in financial institutions, non-government bonds, treasury bills, stock holdings, savings bonds, registered savings, mortgages held, loans to other pensions and businesses and other financial assets such as trust funds.*

Composition of wealth of households, 1984

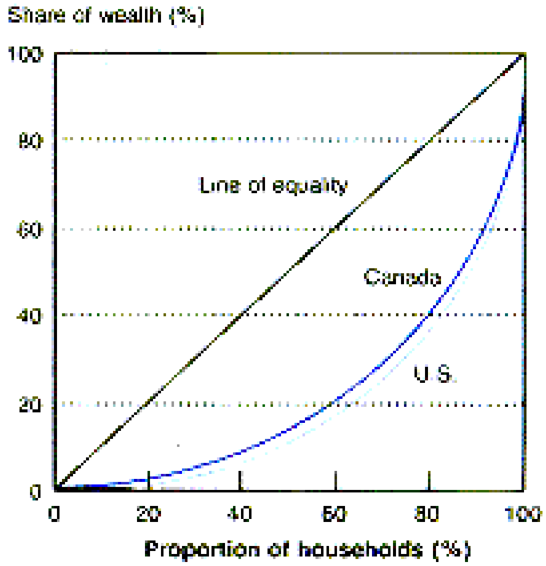
Stock holdings account for nearly one-quarter of the total financial assets of Americans compared with one-tenth for Canadians.



Source: *Canada: Survey of Consumer Finances*
U.S.: Survey of Income and Program Participation

Lorenz curves showing distribution of wealth among households, 1984

Wealth is more unequally distributed in the U.S. than in Canada.



Source: *Canada: Survey of Consumer Finances*
U.S.: Survey of Income and Program Participation

Table 5

Selected Gini coefficients for Canada and the U.S., 1984

Item	Canada	U.S.	U.S./Canada ratio
Total wealth	0.65	0.69	1.06
Total wealth less equity in home	0.71	0.78	1.10
Total wealth less equity in business/farm/professional interests	0.57	0.67	1.18