Office for National Statistics

Compendium

Wealth in Great Britain Wave 4: 2012 to 2014

Main results from the fourth wave of the Wealth and Assets Survey covering the period July 2012 to June 2014.

Contact:
Elaine Chamberlain
elaine.chamberlain@ons.gsi.gov.uk

Release date:
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Chapters in this compendium

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1 . Main points

In July 2012 to June 2014:

- aggregate total wealth of all private households in Great Britain was £11.1 trillion
- the wealthiest 10% of households owned 45% of total aggregate household wealth
- the least wealthy half of households owned 9% of total aggregate household wealth
- median household total wealth was £225,100

Changes in wealth between July 2010 to June 2012 and July 2012 to June 2014:

- aggregate total wealth increased by 18% (aggregate total wealth excluding pension wealth increased by 13%)
- for the wealthiest 10% of households, aggregate total wealth increased by 21%
- for the least wealthy 50% of households, aggregate total wealth increased by 7%
- median total wealth increased by 4% from £216,500 to £225,100

2 . Introduction

Wealth is an important component of the economic well-being of households, as a household's resources and economic behaviour can be influenced by its stock of wealth. However, data on wealth is sparse and consequently measures of household income are often used as the sole gauge of economic well-being. To understand the economic well-being of households it is increasingly necessary to look further than a simple measure of household income.

The Wealth and Assets Survey (WAS) is a longitudinal household survey, which aims to address gaps identified in data about the economic well-being of households by gathering information on, among other things, level of savings and debt, saving for retirement, how wealth is distributed across households and factors that affect financial planning.

Wealth in Great Britain: 2012 to 2014 is the main report covering the fourth wave of the Wealth and Assets Survey, the fieldwork period for which was July 2012 to June 2014. The results highlighted in this article are just a small selection of the main conclusions drawn to date – and are supported by the more comprehensive statistical bulletin accompanying this article.

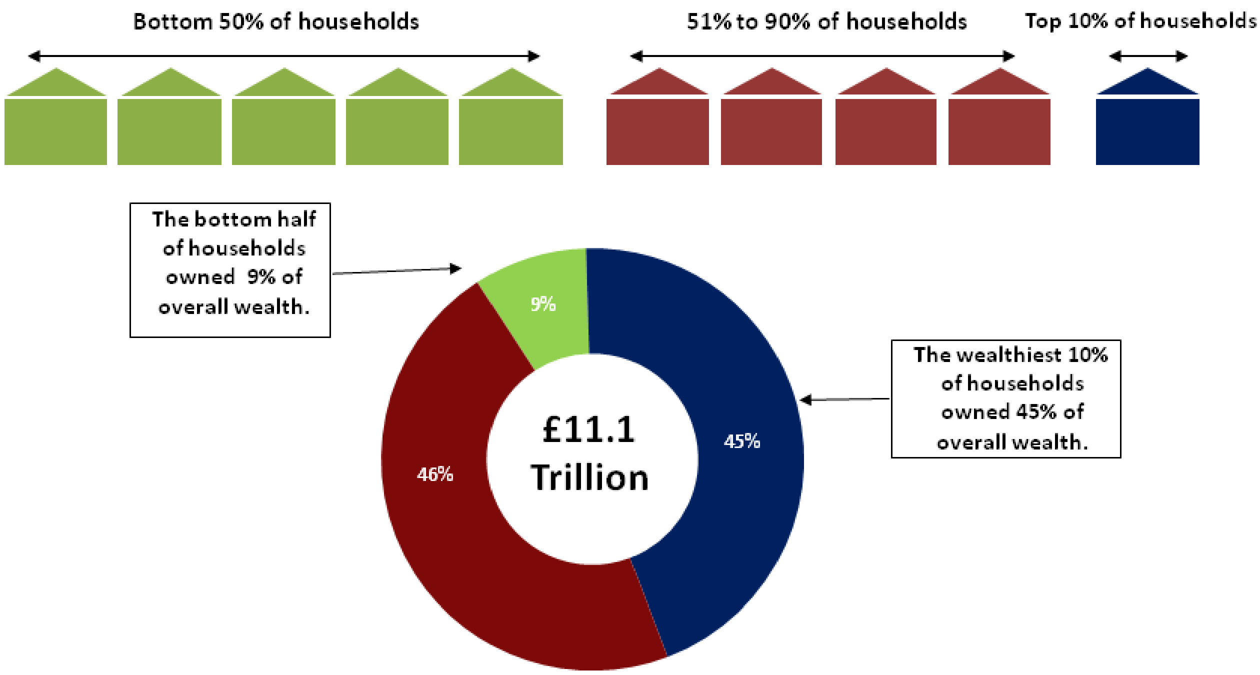
3 . Household total wealth

In July 2012 to June 2014 aggregate total household wealth (including private pension wealth) of all private households in Great Britain was £11.1 trillion.

The distribution of wealth is highly skewed towards the top - the wealth held by the richest 10% of households combined was just under £5 trillion and represented a 45% share of aggregate total wealth. Conversely the combined wealth of the bottom half of households in the distribution was less than £1.0 trillion; a value which accounted for just 9% of aggregate total wealth (Figure 1). The wealth of the least wealthy 10% of households accounted for less than half of 1% of aggregate total wealth.

Figure 1: Distribution of total household wealth

Great Britain, July 2012 to June 2014

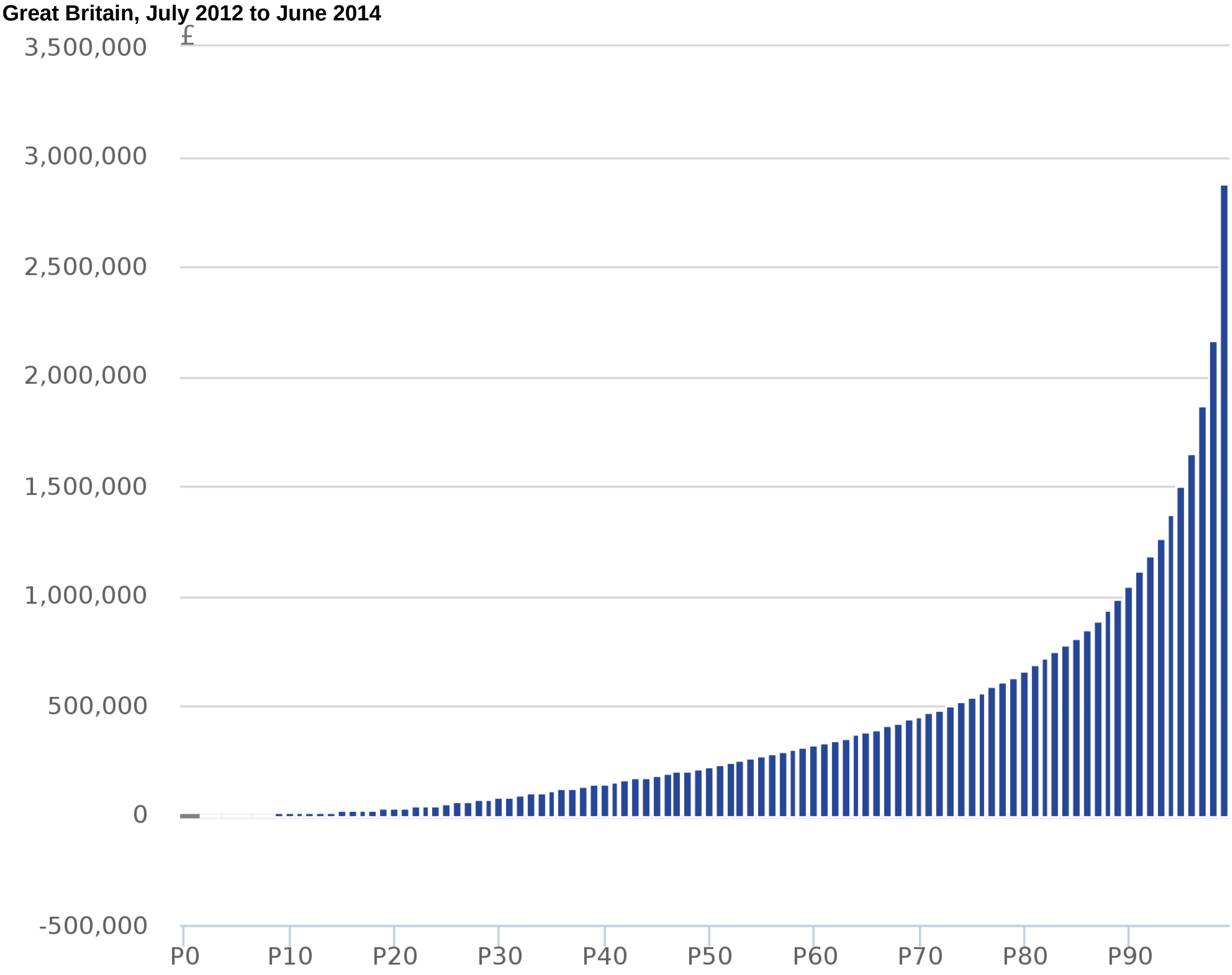


The wealth held by the top 10% of households was around 5 times greater than the wealth of the bottom half of all households combined and, over 875 times greater than that of the least wealthy 10% of households.

Figure 2 shows the percentile points for total household wealth (these are the boundary values for total household wealth if the population is split into 100 groups). The median value for household total wealth was £225,100 i.e. half of all households had total wealth less than this and half of all households had total wealth more than this. Belonging to the wealthiest 10% of households required total wealth greater than £1,048,500. To be in the bottom 10% of the distribution, a household's value of total wealth needed to be less than £12,600.

Figure 2: Distribution of total household wealth, percentile points

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. Bottom 10% of households have total wealth of £12,600 or less.

2. Median total household wealth is £225,100.

3. Top 10% of households have total wealth of £1,048,500 or more.

4. Top 1% of households have total wealth of £2,872,600 or more.

There are many ways to consider wealth inequality, comparisons made here are just examples – further measures – Gini coefficients, Lorenz Curves, 80/20 ratios, comparison of all wealth deciles are all explored in the statistical bulletin accompanying this article.

Change in total wealth

In July 2012 to June 2014 aggregate total household wealth (including private pension wealth) of all private households in Great Britain was £11.1 trillion – an 18% increase from the previous period of July 2010 to June 2012. Much of this increase is due to the increase seen in private pension wealth [1]. Aggregate total household wealth (excluding private pension wealth) increased by 13%.

Table 1: Household total wealth: Summary statistics

Great Britain, July 2010 to June 2014

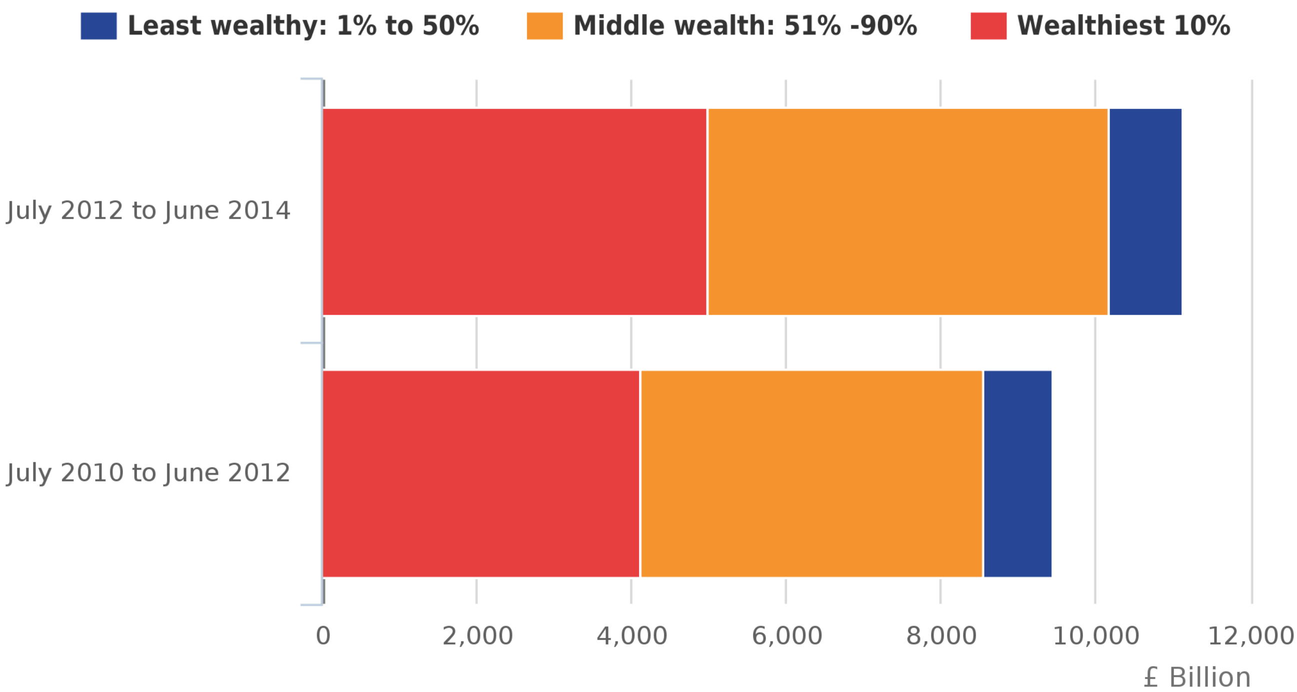
	July 2012 to June 2014	July 2010 to June 2012
		£ billion
Least wealthy: 1% to 50%	969	904
Middle wealth: 51% -90%	5,177	4,425
Wealthiest 10%	4,990	4,115
All Households	11,134	9,444
		£
Median total wealth	225,090	216,542

Source: Wealth and Assets Survey, Office for National Statistics

Whilst total wealth was seen to increase for each of the wealth bands shown, the disparity in the change was large. For the wealthiest 10% of households, aggregate total wealth increased by 21%; for households in the middle wealth band (51% to 90%) aggregate total wealth increased by 17%; whilst for the least wealthy 50% of households, aggregate total wealth increased by 7%. (Figure 3). Put another way the increase seen in the least wealthy 10% of households accounted for less than 1% of the 18% overall increase; the increase in the middle wealth band accounted for 8% of the 18% increase; and the increase seen in the top 10% of households accounted for over half of the 18% increase.

Figure 3: Household total wealth: Summary statistics

Great Britain: July 2010 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

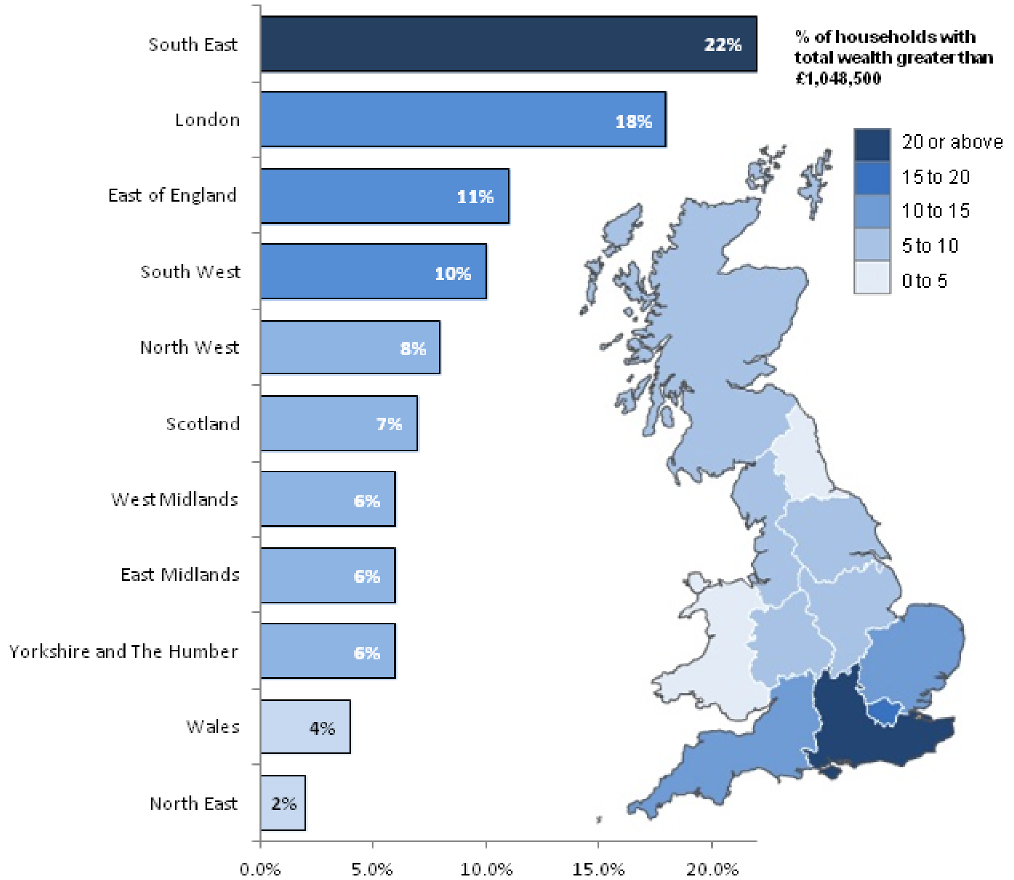
Aggregate wealth by region

Considering the 9 regions of England and the countries of Wales and Scotland, the South East had the highest percentage of ‘wealthy’ households. Of all the households in this particular region, 22% had a value of total wealth greater than £1,048,500; enough to belong to the wealthiest 10% of households in Great Britain. In comparison, only 2% of households in the North East and 4% of households in Wales held sufficient wealth to fall into the top wealth decile.

The regional distribution of wealth (in particular by wealth component and how it has changed over time) is considered in further detail in the statistical bulletin accompanying this article.

Figure 4: Percentage of wealthy households by region

Great Britain, July 2012 to June 2014



The components of total wealth

In July 2012 to June 2014 private pension wealth and net property wealth together account for over three quarters of aggregate total wealth of all private households in Great Britain (40% and 35% respectively) with financial wealth accounting for just 14% and physical wealth just 10%. These proportions have changed over time with private pension wealth accounting for a higher proportion of aggregate total wealth (34%) in July 2006 to June 2008 (the earliest period for which data are available) and property wealth a smaller proportion (42%) in July 2006 to June 2008. Physical and financial wealth have shown much less change.

It should be noted however, the methods used for valuing some forms of private pension wealth (defined benefit (DB) type pensions) use external market factors applicable at the time of interview (annuity rates and discount factors), which themselves vary over time. This alone causes some of the large movements in the value of private pensions – and is discussed in detail in Chapter 6: Private pension wealth of the statistical bulletin accompanying this article.

Table 2: Breakdown of aggregate total wealth, by components

Great Britain, July 2006 to June 2014

%

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[1]
Property Wealth (net)	35	37	38	42
Financial Wealth (net)	14	14	12	12
Physical Wealth[1]	10	11	11	11
Private Pension Wealth	40	37	39	34
Total Wealth (including Private Pension Wealth)[1]	100	100	100	100
Property Wealth (net)	59	60	62	64
Financial Wealth (net)	24	22	20	19
Physical Wealth[1]	17	18	19	17
Total Wealth (excluding Private Pension Wealth)[1]	100	100	100	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. July 2006 to June 2008 estimates for physical and total wealth are based on half sample.

Distribution of wealth by wealth components

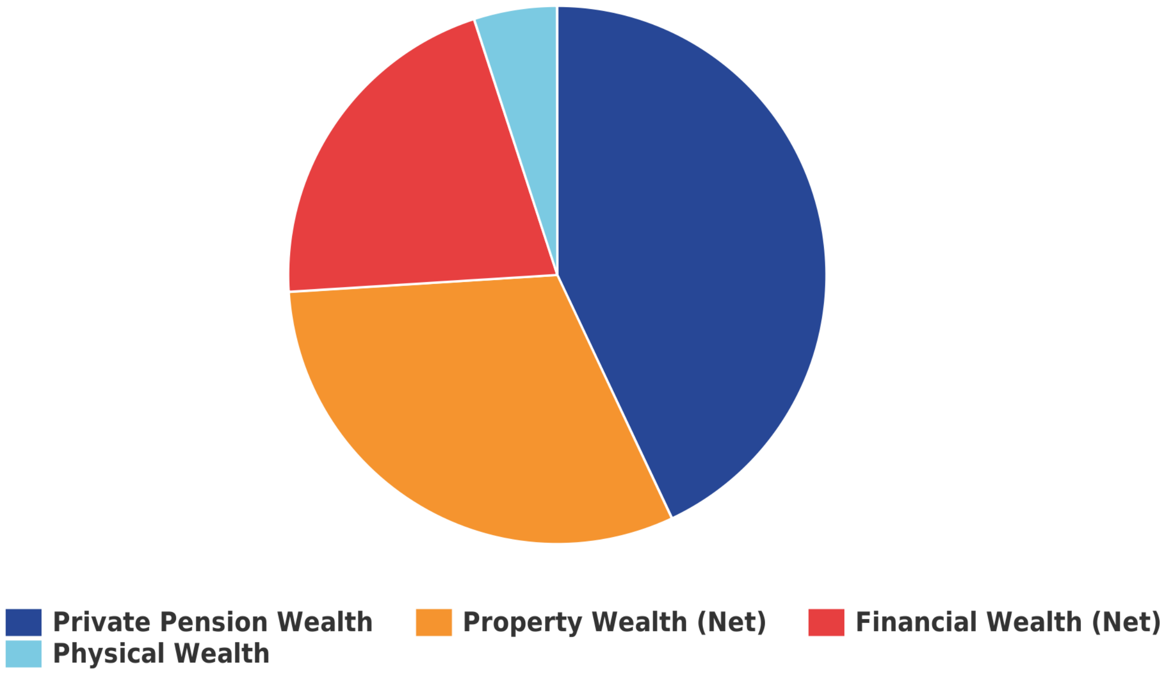
Of the total wealth held by those households in the top decile, over half (43%) comprised private pension wealth. Nearly all households in this top wealth decile had private pension wealth (98%) and the median value of private pension wealth for these households was £749,000. Private pension wealth contributed only 29% to the wealth held by the least wealthy half of households. More than 2 out of 5 households (43%) in the least wealthy half of the distribution had no private pension wealth at all and the median value of private pension wealth held by this group was £2,800.

The contribution of property wealth (net) to the combined total wealth of the top 10% of households was 31% with a median value of £420,000. Property wealth made the largest contribution to total wealth for the least wealthy half of households (34%) even though only 40% of households in this group owned any property.

Net financial wealth contributed 21% of overall wealth held by the wealthiest tenth of households; the median value of this wealth was £153,900. For the least wealthy half of households, net financial wealth accounted for 4% of the overall wealth held by this group with a median value of £400. Physical wealth (the value of a household's possessions, valuables etc.) made a far greater contribution to the combined wealth holdings of the least wealthy half of households (33%) than to the most wealthy tenth of households (5%). Nevertheless, the median value of physical wealth was lower for those households in the bottom half of the distribution (£18,150) than those in the top tenth (£74,300).

Figure 5a: Breakdown of household total wealth by components

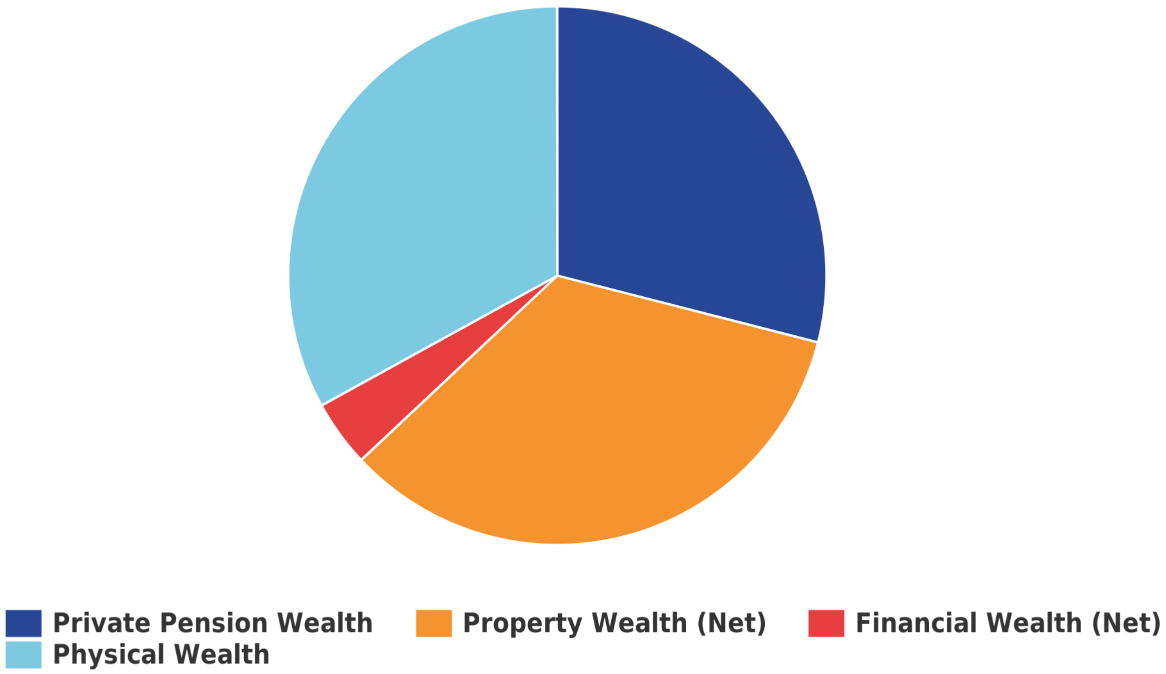
Wealthiest 10% - Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Figure 5b: Breakdown of household total wealth by components

Least Wealthy 10% - Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Table 3 shows how the relative distributions have changed over time. The changes in private pension wealth [1] mask some of the other changes, but net property wealth has accounted for a smaller proportion of aggregate total wealth for the least wealthy 50% of households each two year survey period from 41% in July 2006 to June 2008 to 34% in July 2012 to June 2014.

Table 3: Comparison of the wealthiest 10% of households with the least wealthy 50% of households: aggregate total wealth by component, Great Britain,

July 2006 to June 2014

%

	July 2012 to June 2014		July 2010 to June 2012		July 2008 to June 2010		July 2006 to June 2008	
	Top 10%	Bottom 50%	Top 10%	Bottom 50%	Top 10%	Bottom 50%	Top 10%	Bottom 50%
Private Pension Wealth	43	29	42	30	47	25	42	21
Net Property Wealth	31	34	32	37	31	38	36	41
Net Financial Wealth	21	4	20	4	15	4	16	4
Physical Wealth	5	33	6	29	6	33	6	34
Total Wealth	100	100	100	100	100	100	100	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. July 2006 to June 2008 estimates are based on half sample.

Some further comparisons of the wealthiest 10% of households and the least wealthy 50% of households

In July 2012 to June 2014 (see Table 7.6 (3.31 Mb Excel sheet) in Chapter 7):

- median household private pension wealth was £749,000 for households in wealthiest 10% compared to £2,800 for households in the least wealthy 50%
- median net property wealth was £420,000 for households in wealthiest 10% compared to £0 for households in the least wealthy 50%
- median net financial wealth was £154,000 for households in wealthiest 10% compared to £400 for households in the least wealthy 50%
- 96% of households in the wealthiest 10% owned at least one car compared to 58% for households in the least wealthy 50%

Notes for household total wealth

1. The methodology used for calculating current and retained DB pension wealth and pensions in payment uses some external the financial assumptions which can have a large effect on the values obtained. See “About the data in this report” at the end of this article.

4 . Private pension wealth

- The percentage of adults aged 16 and over who contributed to a private pension was 35% (little change from the 34% seen in the previous survey period of July 2010 to June 2012). (Table 6.1 In the bulletin)

- A much higher proportion of employees in the public sector (84% with median pension wealth of £61,600) belonged to a current occupational pension scheme than their counterparts in the private sector (42% with median pension wealth of £24,000). (Table 6.6 In the bulletin)

Table 4 shows the proportion of households with one or more people with each type of pension [1] and the median value of each type of pension (for households with those pensions).

Table 4: Proportion of households with wealth in private pensions and amount of wealth (£) held in such pensions, by type

Great Britain

£

	July 2012 to June 2014		July 2010 to June 2012	
	% with	Median	% with	Median
Current occupational DB pensions[1]	28	85,500	30	58,200
Current occupational DC pensions[1]	16	11,000	14	12,100
Personal pensions[1]	15	21,000	15	18,000
AVCs[1]	1	8,900	2	11,000
Retained rights in DB pensions[1]	14	46,700	18	26,300
Retained rights in DC pensions[1]	15	10,300	16	12,100
Rights retained in pensions for drawdown[1]	0	120,000	0	50,000
Pensions expected from former spouse/partner[1]	2	14,200	1	36,700
Pensions in receipt[1]	30	146,900	30	118,100
Total pension wealth[1]	N/A	97,300	N/A	80,500
Total pension wealth (whole population)[2]	76	47,100	76	39,700

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Calculations for wealth estimates exclude those with zero pension wealth (i.e. only cover those with pensions).

2. The rows highlighted in bold and labelled ‘Total pension wealth (whole population)’ include those with zero pension wealth.

3. Although the methodology for calculating DB pension wealth has remained the same in all three waves, there have been changes in the financial assumptions.

4. Households can have wealth in more than one type of pension.

5. Figures in italics are based on 30 or more unweighted cases but less than 50 - such data should be treated with some caution.

6. N/A - Not Applicable.

About a quarter of households in Great Britain had no private pension wealth in July 2012 to June 2014 and in the earlier two periods, highlighting an unequal distribution of private pension wealth.

In July 2012 to June 2014, 28% of households in Great Britain had wealth in current occupational DB pensions (median wealth £85,500) with a similar proportion (30%) having pensions in payment (median wealth £146,900).

Aggregate household private pension wealth

Table 5 presents a breakdown of aggregate private pension wealth of households in Great Britain by the overall pension wealth components.

Table 5: Breakdown of aggregate household private pension wealth, by components

Great Britain, July 2006 to June 2014

£ Billion

	Current pension wealth	Retained pension wealth	Pension in payment wealth	Aggregate private pension wealth[1]
July 2012 to June 2014	1,727	555	2,177	4,459
July 2010 to June 2012	1,414	460	1,655	3,530
July 2008 to June 2010	1,296	491	1,672	3,459
July 2006 to June 2008	:	:	:	2,886

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Current pension wealth comprises current occupational DB and DC pensions, and current personal pensions (including group personal/stakeholder pensions).

2. Retained pension wealth comprises retained occupational DB pensions, retained DC (both occupational and personal) pensions and retained pensions for drawdown.

3. Pension in payment wealth comprises private pensions from which individuals were receiving an income (including spouse pensions).

4. Although the methodology for calculating current and retained DB pension wealth and pensions in payment has remained the same between the two waves, there have been changes in the financial assumptions. These are detailed in the pension wealth methodology annex.

5. July 2006 to June 2008 data excluded as aggregate private pension wealth during this period does not equal the sum of current, retained and pension in payment wealth due to the presence of imputed values in the Wave 1 dataset for aggregate private pension wealth only.

6. : data is not available.

Table 5 shows that aggregate private pension wealth in Great Britain increased from £2.9 trillion in July 2006 to June 2008 to £4.5 trillion in July 2012 to June 2014. The increase is mainly explained by the increases in Pension in payment wealth and current pension wealth. In July 2012 to June 2014, 12% of the aggregate private pension wealth related to retained pension wealth with 49% due to pension in payment wealth and 39% due to current pension wealth.

Notes for private pension wealth

1. The methodology used for calculating current and retained DB pension wealth and pensions in payment uses some external the financial assumptions which can have a large effect on the values obtained. See “About the data in this report” at the end of this article.

5 . Property wealth

Gross property wealth is made up of the self reported value of a households’ main residence if owned by any individuals in the household, plus the value of any other land or property any individuals in the household own either in the UK or overseas. Mortgage debt comprises any mortgages or loans secured on any properties owned by any individuals in a household. Net property wealth is gross property wealth minus mortgage debt.

Table 6: Household property wealth: Summary statistics, Great Britain

July 2006 to June 2014

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
				£ Billion
Aggregate household gross property wealth	4,984	4,541	4,359	4,492
Aggregate mortgage debt	1,057	1,012	980	960
Aggregate household net property wealth	3,927	3,528	3,379	3,532
				£
Median household net property wealth (property owners)	153,000	150,000	148,000	150,000
Median net property wealth all households	85,000	90,000	90,000	95,000

Source: Wealth and Assets Survey, Office for National Statistics

Aggregate net property wealth in Great Britain increased by 11% between July 2010 to June 2012 and July 2012 to June 2014. This was made up of:

- aggregate gross property wealth of all private households was £4,984 billion (an increase of 10% compared with July 2010 to June 2012)
- aggregate mortgage debt was £1,057 billion (an increase of 4% compared with July 2010 to June 2012)

Half of all households who owned property had net property wealth of £153,000 or more (compared to £150,000 in July 2010 to June 2012). Including households who rent their main residence (and did not own any other land or property – 32% of all households), reduces the median value to £85,000.

6 . Financial wealth

Aggregate net financial wealth for all private households in Great Britain was £1.6 trillion - a 22% increase over the same figure for July 2010 to June 2012. This was driven mainly by an increase in the value of financial assets as opposed to a decrease in financial liabilities.

Table 7: Total household financial wealth, summary statistics

Great Britain, July 2006 to June 2014

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
				£ Billion
Aggregate household gross financial wealth	1,698	1,409	1,186	1,131
Aggregate household financial liabilities	101	105	95	88
Aggregate household net financial wealth	1,596	1,305	1,091	1,043
				£
Median household net financial wealth	5,900	5,800	6,400	5,700

Source: Wealth and Assets Survey, Office for National Statistics

Any one of these statistics, taken on its own, could not be said to show an improvement in household debt. However, when combined they do provide some support for this conclusion. Figure 6 below also indicates an improvement. Whilst there was no change in the percentage of individuals reporting their debt a heavy burden between July 2010 to June 2012 and July 2012 to June 2014, there was a slight decrease in the percentage reporting their debt somewhat of a burden and a slight increase in the percentage reporting their debt as not a problem at all (Table 7.6 (3.31 Mb Excel sheet) in Chapter 7).

Debt burden

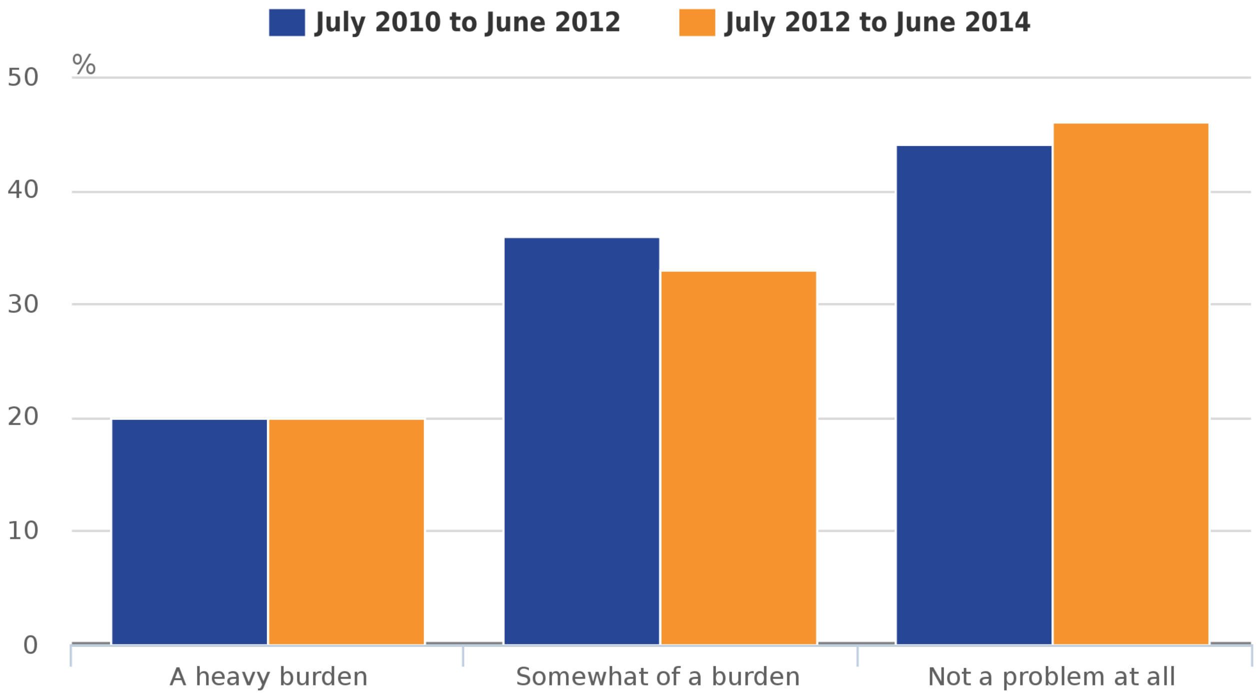
A number of indicators suggest that household non-mortgage debt had improved a little between July 2010 to June 2012 and July 2012 to June 2014:

- aggregate household financial liabilities for all private households in Great Britain was estimated to be £101 billion – slightly lower than the £105 billion figure of July 2010 to June 2012. (Table 7)
- the percentage of households with financial liabilities fell from 51% in July 2010 to June 2012 to 48% in July 2012 to June 2014 (Table 5.13)
- the percentage of individuals with financial liabilities fell from 31% in July 2010 to June 2012 to 29% in July 2012 to June 2014
- the median value of household financial liabilities fell from £3,500 in July 2010 to June 2012 to £3,400 in July 2012 to June 2014 (Table 5.13)

Whilst no one of these statistics could be said to show an improvement in household debt, Figure 6 below also indicates an improvement. Whilst there was no change in the percentage of individuals reporting their debt a heavy burden between July 2010 to June 2012 and July 2012 to June 2014, there was a slight decrease in the percentage reporting their debt somewhat of a burden and a slight increase in the percentage reporting their debt as not a problem at all.

Figure 6: Self reported burden of financial debt

Great Britain, July 2010 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Figure 7 below demonstrates the disparity between those individuals living in households in the highest wealth decile and the lower wealth deciles when asked whether they have any financial liabilities and, if so, when asked if their financial debts were a burden.

In July 2012 to June 2014, 65% of individuals living in households in the lowest total wealth decile had no financial liabilities. This generally increased as the wealth deciles increased – with 83% of individuals living in households in the top wealth decile reporting no financial liabilities. For those with financial debts, those in the higher wealth deciles were a lot less likely to report debt a burden compared to those in the lower wealth deciles: for individuals living in the bottom wealth decile 14% reported they were in financial debt and that they felt the debt “a heavy burden” - this compares to just 1% of individuals living in top wealth decile households. This is explored further in Chapter 7: Extended Analyses of the statistical bulletin accompanying this report.

Figure 7: Financial debt burden by household total wealth decile

Great Britain, July 2012 to June 2014

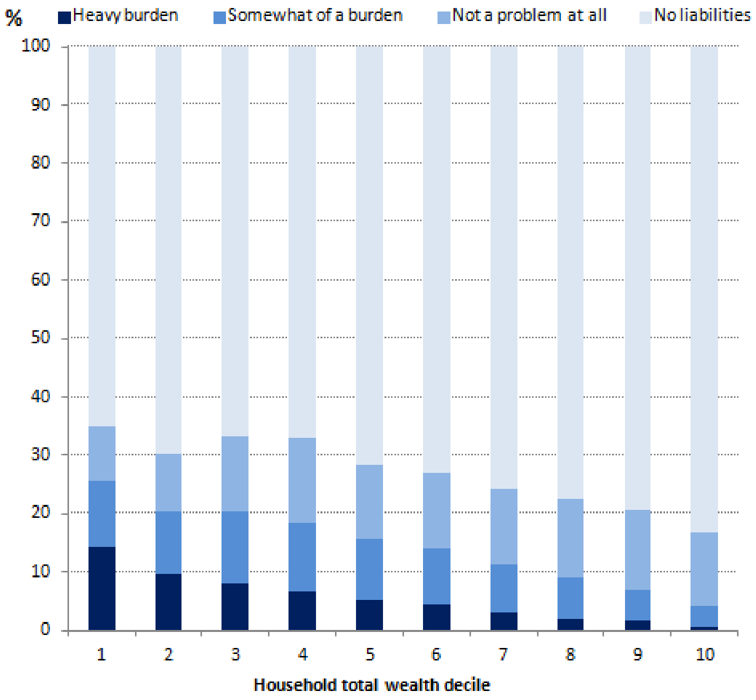


Table 8: Individuals by age, by household net financial wealth

Great Britain, July 2014

%

	Less than £0	£0 but < £500	£500 but < £5,000	£5,000 but < £12,500	£12,500 but < £25,000	£25,000 but < £50,000	£50,000 but < £100,000	£100,000 or more	All Households
Under 16	34	8	21	10	8	7	5	7	100
16-24	34	9	15	9	8	9	7	9	100
25-34	37	6	19	11	8	7	5	6	100
35-44	31	7	17	12	9	9	7	8	100
45-54	26	7	14	10	9	11	10	13	100
55-64	17	6	11	9	10	12	13	22	100
65+	6	6	15	12	11	13	14	23	100
All Persons	26	7	16	11	9	9	8	13	100

Source: Wealth and Assets Survey, Office for National Statistics

Table 8 shows the distribution of individuals by the net financial wealth of the household in which they live. Over a quarter (26%) of individuals live in households with negative net financial wealth (i.e. their financial debts – e.g. credit cards, overdrafts, loans etc. - are greater than their financial assets – e.g. money in the bank, savings, investments.)

Younger people are more likely to live in households with negative net financial wealth, with over a third of children under the age of 16, and young people aged between 16 of 34 living in such households. Like other forms of wealth, financial assets appear to be accumulated as people get older (with the largest percentage of those aged 65 and over living in households with net financial wealth of £100,000 or more). For young people, in particular children, it is the wealth of their parents that is being reported here rather than their personal financial wealth. For young adults this will be a mixture of those still living with their parents and those starting out in life with few financial assets.

7 . Physical wealth

Table 9: Total household physical wealth, summary statistics

Great Britain

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[1]
				£ Billion
Aggregate household physical wealth	1,150	1,080	1,016	961
				£
Mean household physical wealth	45,000	44,600	41,100	39,100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. July 2006 to June 2008 estimates are based on a half sample and multiplied by a factor of 1.76845.

2. Only mean values are given. This is due to the way in which the data is collected.

- aggregate physical wealth for all households in Great Britain rose by £70 billion to £1,150 billion in current prices between July 2010 to June 2012 and July 2012 to June 2014, an increase of 7%

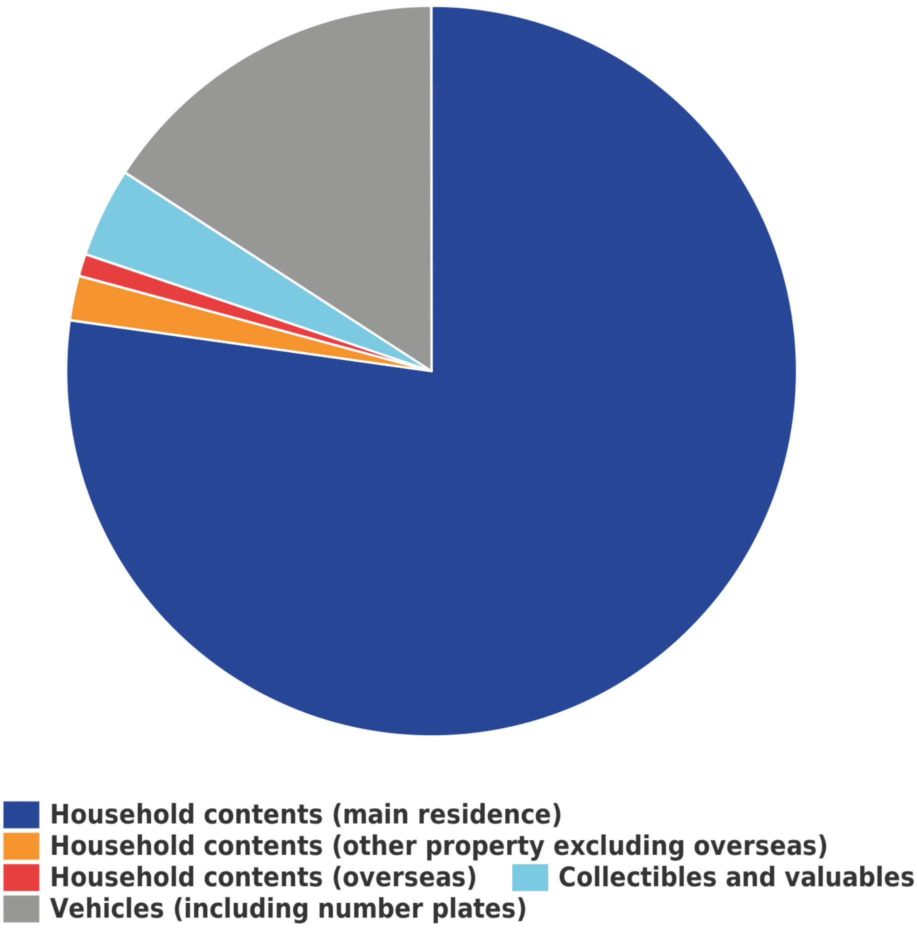
- mean household physical wealth stood at £45,000, similar to the level in July 2010 to June 2012 (£44,600)

- more than three-quarters of aggregate physical wealth (78%) comprised household goods and contents in a household’s main residences

- personalised number plates were owned by 7% of households and had a total value of £2 billion. (Table 4.9 in the bulletin reference tables)

Figure 8: Breakdown of aggregate household physical wealth

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

8 . About the data in this report

The definition of wealth used in this survey is an economic one: total wealth (gross) is the value of accumulated assets, and total wealth (net) is the value of accumulated assets minus the value of accumulated liabilities.

Total net wealth is defined as the sum of four components [1]: property wealth (net), physical wealth, financial wealth (net) and private pension wealth. It does not include business assets owned by household members, for instance if they run a business; nor does it include rights to state pensions, which people accrue during their working lives and draw on in retirement.

Net wealth is a 'stock' concept rather than a 'flow' concept. In other words, it refers to the balance at a point in time. In contrast, income refers to the flow of resources over time. Income allows the wealth to be accumulated, but equally, wealth is capable of producing flows of income either in the present or – as in the case of pension wealth – in the future.

The data presented in this article are cross-sectional estimates. The majority of wealth components are calculated directly from the information given by respondents to the survey, however, private pension wealth is not – some elements of this are modelled (for example the value of the pension pot required for a specific income to be paid in the future – defined benefit type pension scheme). This modelling was developed by the Institute for Fiscal Studies[2] and uses external market factors – discount rates and annuity factors – which vary over time and can have large impacts on the estimates of the size of the pension pots required. This is explored further in Chapter 6: Private pension wealth and Chapter 8: Technical details (335.5 Kb Pdf) of the accompanying statistical bulletin.

All estimates are presented as current values (i.e. the value at time of interview) and have not been adjusted for inflation. The reasoning behind this is discussed in Chapter 1: Introduction and Demographics of the accompanying statistical bulletin. Due to the complexity of the data, for example, the use of imputed values and complex weighting, only a very limited amount of high level significance testing has been undertaken, which is presented in the Chapter 8: Technical details (335.5 Kb Pdf) of this report. None of the estimates commented on in this article have been tested for significance.

The survey sampled private individuals and households in Great Britain. This means that people in residential institutions, such as retirement homes, nursing homes, prisons, barracks or university halls of residence, and also homeless people, are excluded from the scope of the analysis presented in this chapter.

As wealth is highly skewed towards the top – the survey was designed to pick up the very wealthy. However, this does mean that the sample now contains some very wealthy outliers. All such cases are thoroughly checked – but they are included in the survey results. Given the skewed nature of wealth data, and the impact that outliers can have on parametric estimates, Wealth in Great Britain 2012 to 2014 does not generally report mean values, instead using the median values to report central tendency (with the exception of physical wealth estimates for which the median valued is meaningless). This is explained further in Chapter 1: Introduction and Demographics of the statistical bulletin accompanying this article.

A small number of figures quoted in the text are not in the tables in this report but are available in the statistical bulletin accompanying this article – and are cross referenced as such.

Notes for about the data in this report

1. How do we measure wealth?

2. As highlighted in the ONS Wealth in Britain Wave 2 report.

9. Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

   These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.

Compendium

Chapter 1: Introduction and demographics, July 2012 to June 2014

Contact:
Elaine Chamberlain
elaine.chamberlain@ons.gsi.gov.uk

Release date:
18 December 2015

Next release:
To be announced

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1 . Introduction

Wealth is an important component of the economic well-being of households, as a household's resources can be influenced by its stock of wealth. However, data on wealth is sparse and consequently measures of household income are often used as the sole gauge of economic well-being. The increase in home ownership, the move from traditional roles and working patterns, a higher proportion of the population now owning shares and contributing to investment schemes as well as the accumulation of wealth over the life cycle, particularly through pension participation, have all contributed to the changing composition of wealth. To understand the economic well-being of households it is increasingly necessary to look further than a simple measure of household income.

The Wealth and Assets Survey (WAS) is a longitudinal household survey, which aims to address gaps identified in data about the economic well-being of households by gathering information on, amongst other things, level of savings and debt, saving for retirement, how wealth is distributed across households and factors that affect financial planning.

2 . This report

This is the main report covering the fourth wave of the survey, the fieldwork period for which was July 2012 to June 2014. Over the 2-year period the WAS achieved a sample size of 20,247 private households.

The measure of household wealth is split into 4 components for this report: property, physical, financial, and private pension wealth. Chapter 2 brings together all 4 of these components of wealth while Chapters 3 to 6 look at the individual components.

Chapter 2: Total wealth – This chapter looks at the sum of net property wealth, net financial wealth, physical wealth and private pension wealth.

Chapter 3: Property wealth – This chapter looks at the value of any property privately owned in the UK or abroad (gross, and net of any liabilities on the properties).

Chapter 4: Physical wealth – This chapter looks at the value of contents of the main residence and any other property of a household including collectables and valuables (such as antiques or artworks), vehicles and personalised number plates.

Chapter 5: Financial wealth – This chapter starts by looking at the value of formal and informal financial assets held by adults, and of children’s assets. The chapter then looks at total gross financial wealth, financial liabilities and net financial wealth. Net financial wealth is calculated by subtracting from financial asset values the value of any financial liabilities.

Chapter 6: Private pension wealth – This chapter looks at the value of all pensions that are not state basic retirement or state earnings related. In addition, it considers the value of private pension schemes in which individuals had retained rights (in other words, from which they would receive an income in the future) or from which they were receiving an income (including pension income, based on a former spouse’s pension membership).

Chapter 7: Extended analyses – This chapter looks in a little more details at a few specific areas previously analysed on separate occasions for earlier periods of the survey: Wealth and Income; Wealth of the wealthiest; Debt Burden including personal well-being.

Chapter 8: Technical chapter – The remaining chapter provides a summary of technical information to assist users in interpreting and using the survey estimates. This includes; descriptions of the survey design and methodology; procedures used in the collection of data; derivation and quality of the estimates; and definitions and main concepts.

External quality assurance of WAS estimates

To assist with the interpretation of results derived from the WAS, where possible, attempts have been made to compare estimates with other sources. These 'quality assurance' reports have been included as annexes and accompany each of the component wealth chapters. Estimates have been compared against a variety of sources including other social surveys (for example, the Family Resources Survey), the census, HM Revenue and Customs data on Iindividual savings account (ISA) holdings and house purchase data from the Land Registry.

Measures of central tendency

As wealth is highly skewed towards the top – the survey was designed to pick up the very wealthy as well as the less wealthy. However, this does mean that the sample now contains some very wealthy outliers. All such cases are thoroughly checked – but they are included in the survey results. Given the skewed nature of wealth data, and the impact that outliers can have on parametric estimates, Wealth in Great Britain 2012 to 2014 does not generally report mean values, instead using the median values to report central tendency (with the exception of physical wealth estimates for which the median valued is meaningless).

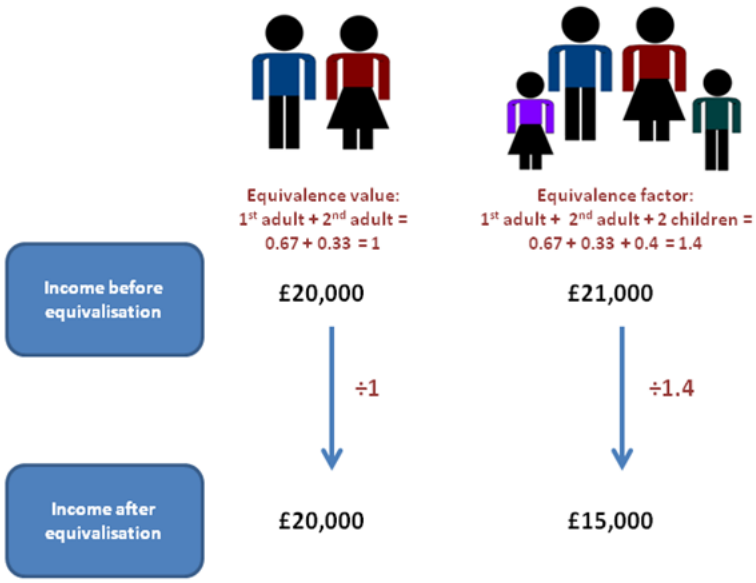
The largest component of physical wealth is the value of households' goods and contents in their main residence. The way respondents are asked to value these differs from other valuation methods used in WAS. Respondents find this hard to estimate precisely, so are asked to give 'the approximate replacement value of household contents, which 'is the approximate cost of replacing the items now, and may be similar to the insured value'. Respondents are asked to select one of 10 bands for the value of household goods starting with 'less than £5,000' and ending at '£200,000 or more'. In order to estimate a precise value for household goods and contents for each household, which can then be used to produce estimates of total physical wealth and total household wealth, the mid-point of each band is taken to be the actual value (for example, all households in the band £5,000 but less than £10,000 would be assigned a precise value of £7,500) with the open ended upper band '£200,000 or more' band being valued at £300,000. Since this is the case, the preferred method is to present the mean for goods and contents instead of the median.

Equivalisation

Equivalisation is a standard methodology that adjusts measures to account for different demands on resources, by considering the household size and composition. For the first time net equivalised income is presented alongside wealth. However, measures of wealth have not been equivalised.

To calculate equivalised income each member of the household is given an equivalence value. The first adult is given a value of 0.67 while a 2nd adult gets a value of 0.33 to account for the use of joint amenities. For larger households, each additional person over 14 is given a smaller value of 0.33. Children under the age of 14 are given a value of 0.2 to take account of their lower living costs.

Figure 1.1



Equivalising wealth estimates is not as straight forward. For some purposes international guidelines recommend that total household wealth could be equivalised in the same way as income. But this is not recommended for the components of wealth. Therefore this report presents all figures on the same basis with no wealth equivalisation. More details can be found in the Chapter 8 – Technical chapter (335.5 Kb Pdf).

Accounting for inflation

All estimates within the Wealth in Great Britain 2012 to 2014 report are presented as current values (that is, the value at time of interview) and have not been adjusted for inflation. Like equivalisation, deflating wealth estimates is not as straight- forward as for other economic estimates. More details can be found in the Chapter 8 – Technical chapter (335.5 Kb Pdf).

Significance testing

Due to the complexity of the data, for example, the use of imputed values and complex weighting, only a very limited amount of high level significance testing has been undertaken, which is presented in the Technical chapter of this report (335.5 Kb Pdf). None of the estimates commented on in the following chapters have been tested for significance.

Definitions and conventions

Rounding and accuracy – Figures and percentages presented in the analytical text and tables of this report have been rounded and discrepancies may occur between sums of the component items and totals. This will also occur where variables allow more than one response to be reported. Published percentages were calculated prior to rounding and therefore discrepancies may also exist between these percentages and those that could be calculated from the rounded figures.

Billion – This represents one thousand million.

Trillion – This represents one million million.

Wave 1 half sample

A methodological decision at wave one (July 2006 to June 2008) of the WAS to reduce respondent burden resulted in a selection of questions, including components of physical wealth, to be asked only of a subset of households. This decision had implications for the estimation of aggregate total wealth. This subsequent 'half sample' was sufficiently large to produce robust results and does not affect the reliability of the wealth distributions at a household level. Estimates of total household wealth are therefore based upon data from this half-sample of 17,316 households. To estimate aggregate total wealth, the full sample has been used for property wealth, financial wealth and private pension wealth (to correspond with the estimates presented in the separate chapters). However, estimates of aggregate physical wealth are based on responses for the half sample (17,316 households) which have been adjusted using a 'rating up factor' in addition to our standard weighting procedures. For subsequent periods of the survey, each household were asked the full suite of questions on the components of net wealth. Consequentially later estimates of total household and aggregate total wealth are both based upon the full responding sample.

3 . Characteristics of the sample (demographics)

This section illustrates some summary characteristics of the households and household members responding during the period July 2012 to June 2014 of the Wealth and Assets Survey (WAS).

In total, 20,247 households across Great Britain were interviewed, encompassing 38,301 individuals aged 16 or over.

Households have been categorised by their equivalised income, region and household type. Individuals have been categorised by their region, age, sex and marital status, as well as employment status, education level and socio-economic classification.

Regional distribution of households and individuals

Table 1.2 shows the distribution of the WAS sample of individuals and households by region of residence, that is, the region of a households' main residence. The achieved sample varied in terms of the percentage of respondents in the different regions, for example, 14% of the achieved sample lived in the South East compared with only 5% in the North East. The differences between regions will in part be a reflection of regional variations in response.

Table 1.2: The WAS sample, by region of residence

Great Britain

	Individuals			Households		
	Sample Frequency	Sample Percentage (%)	Weighted Percentage (%)	Frequency	Percentage (%)	Weighted Percentage (%)
North East	2072	4	4	923	5	4
North West	5505	12	11	2383	12	11
Yorkshire & Humber	4438	9	9	1921	9	9
East Midlands	4119	9	7	1754	9	7
West Midlands	4068	9	9	1778	9	9
East of England	4793	10	9	2082	10	10
London	4318	9	13	1776	9	12
South East	6655	14	14	2866	14	14
South West	3987	9	9	1801	9	9
England	39955	86	86	17284	85	86
Wales	2443	5	5	1073	5	5
Scotland	4057	9	9	1890	9	9
Great Britain	46455	100	100	20247	100	100

Source: Office for National Statistics

Notes:

1. The region in which respondents main residence lies.

Household type

Table 1.3 shows the distribution of households by household type. Households were categorised into 1 of 10 household types according to the number of people living in the household, family type and ages of the respondents. The largest group were those households with married or cohabiting couples with dependent children (19%) and the smallest were those households with a lone parent and non-dependent children (3%). The percentage of households consisting of married or cohabiting couples with dependent children was more than 3 times greater than the proportion of households consisting of lone parent households with dependent children.

Table 1.3: The WAS sample, by household type

Great Britain

Households

	Sample Frequency	Sample Percentage (%)	Weighted Frequency	Weighted Percentage (%)
Single person over SPA	3,618	18	3,970,300	15
Single person below SPA	2,229	11	3,211,100	13
Couple over SPA	3,411	17	2,840,500	11
Couple below SPA	2,184	11	2,865,700	11
Couple, one over one below SPA	964	5	827,300	3
Couple and dependent children	3,833	19	5,771,700	23
Couple and non-dependent children only	1,286	6	2,102,900	8
Lone parent and dependent children	1,116	6	1,506,800	6
Lone parent and non-dependent children only	674	3	1,136,600	4
More than 1 family, other household types	932	5	1,382,200	5
All Households	20,247	100	25,615,200	100

Source: Office for National Statistics

Notes:

1. 60/65 refers to women up to the age of 60 and men up to the age of 65.

Sex and marital status

Table 1.4 demonstrates the marital status and sex of individuals living in Great Britain based on the WAS sample. In the period July 2012 to June 2014, 45% of the sample were married. Over a tenth of the sample were widowed or divorced (11%).

Table 1.4: Individuals by gender and marital status

Great Britain

	Sample Frequency			Sample Percentage (%)			Weighted Percentage (%)		
	Men	Women	All persons	Men	Women	All persons	Men	Women	All persons
Married[1]	10489	10511	21000	23	23	45	20	21	41
Cohabiting[2]	1802	1776	3578	4	4	8	4	4	8
Single	8393	7750	16143	18	17	35	21	18	39
Widowed	813	1848	2661	2	4	6	1	4	5
Divorced	871	1564	2435	2	3	5	2	3	5
Separated[3]	260	378	638	1	1	1	1	1	1
All Persons	22628	23827	46455	49	51	100	49	51	100

Source: Office for National Statistics

Notes:

1. Includes civil partnerships.

2. Includes same sex couples.

3. Includes persons of any age.

Age

Table 1.5 represents the distribution of the sample by age. The largest group were individuals aged 65 and above (24%). Half of the sample were aged 45 years or older.

Table 1.5: Individuals by age

Great Britain

	Sample Frequency	Sample Percentage (%)	Weighted Percentage (%)
Under 16	8,154	18	19
16-24	4,334	9	12
25-34	4,147	9	14
35-44	5,355	12	13
45-54	6,688	14	14
55-64	6,646	14	11
65+	11,131	24	17
All Persons	46,455	100	100

Source: Wealth and Assets Survey, Office for National Statistics

By age and marital status

Table 1.6 represents the distribution of the sample by age and marital status.

Table 1.6: Individuals by age and marital status

Great Britain

Individuals

Sample Frequency	0 to 15	16 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 to 84	85 and over	Total
Married[1]	0	68	1,551	3,309	4,344	4,586	4,614	2,064	333	20,869
Cohabiting[2]	0	268	1,027	809	792	463	247	55	6	3,667
Single	8,154	3,989	1,458	823	688	477	330	169	54	16,142
Widowed	0	1	1	23	84	266	681	1,090	515	2,661
Divorced	0	5	57	231	608	717	565	216	36	2,435
Separated	0	5	51	162	174	133	97	51	8	681
Total	8,154	4,336	4,145	5,357	6,690	6,642	6,534	3,645	952	46,455
Sample Percentage (%)	**0 to 15**	**16 to 24**	**25 to 34**	**35 to 44**	**45 to 54**	**55 to 64**	**65 to 74**	**75 to 84**	**85 and over**	**Total**
Married[1]	0	0	7	16	21	22	22	10	2	100
Cohabiting[2]	0	7	28	22	21	12	7	2	0	100
Single	51	25	9	5	4	3	2	1	0	100
Widowed	0	0	0	1	3	10	26	41	19	100
Divorced	0	0	2	9	25	29	23	9	1	100
Separated	0	1	8	24	25	20	14	8	1	100
Total	18	9	9	12	14	14	14	8	2	100
Weighted Percentage (%)	**0 to 15**	**16 to 24**	**25 to 34**	**35 to 44**	**45 to 54**	**55 to 64**	**65 to 74**	**75 to 84**	**85 and over**	**Total**
Married[1]	0	0	13	20	22	19	16	8	1	100
Cohabiting[2]	0	8	37	23	19	9	4	1	0	100
Single	47	27	12	5	4	2	1	1	0	100
Widowed	0	0	0	1	3	10	22	40	24	100
Divorced	0	0	3	11	27	28	20	9	1	100
Separated	0	1	10	27	27	16	11	6	1	100
Total	19	12	14	13	14	11	9	6	2	100

Source: Office for National Statistics

Notes:

1. Includes civil partnerships.

2. Includes same sex couples.

Education level

The majority of eligible adults had qualifications that were below degree level (54%). More than a quarter (26%) of the sample had achieved degree level or above qualifications and 18% did not have any qualifications.

Table 1.7: Individuals by education level

Great Britain, July 2012 to June 2014

Individuals

	Sample Frequency	Sample Percentage (%)	Weighted Percentage (%)
Degree level or above	9,458	26	25
Other qualifications	19,927	55	57
No qualifications	6,630	18	18
All Persons	36,015	100	100

Source: Office for National Statistics

Notes:

1. Includes only eligible adults who gave their education level.

Economic status

Economic activity can be significant in determining individual and household wealth. Table 1.8 details the samples economic activity and demonstrates that more than half of all eligible adults are employed. Of these, 8% were self employed. Economic inactivity represents 43% of the sample and includes those respondents that are looking after the family or home, sick, disabled or retired. The majority of respondents that were economically inactive were retired (31%).

Table 1.8: Individuals by economic activity

Great Britain

	Sample Frequency	Sample Percentage (%)	Weighted Percentage (%)
Economically Active			
Employee	17,028	46	52
Self Employed	2,830	8	7
Unemployed	1199	3	4
Economically Inactive			
Student	708	2	2
Looking after family /home	1,433	4	4
Sick/Disabled[2]	1,487	4	5
Retired	11617	31	23
Other Inactive	751	2	2
All Persons	37,054	100	100

Source: Office for National Statistics

Notes:

1. Includes only eligible adults who gave their economic activity.

2. Data for temporarily sick or disabled has been combined with long term sick or disabled.

Socio-economic group

For those individuals that were in work, the highest percentages were in the higher professionals’ classification (21%).

Table 1.9: Individuals by socio-economic classification

Great Britain, July 2012 to June 2014

			Individuals
	Sample Frequency	Sample Percentage (%)	Weighted Percentage (%)
Large employers and higher managerial	4,125	11	11
Higher professional	7,438	21	20
Lower managerial and professional	4,201	12	12
Intermediate occupations	2,710	8	7
Small employers and own account workers	1,940	5	6
Lower supervisory and technical	4,314	12	13
Semi-routine occupations	3,400	9	11
Routine occupations	1048	3	4
Never worked/long term unemployed	6,858	19	16
All Persons	36,034	100	100

Source: Office for National Statistics

Notes:

1. Includes only eligible adults who gave sufficient information to determine socio-economic group.

2. Table 1.9 of the introduction and demographic chapter was loaded with the wrong data. This was amended at 12.00 18/12/2015.

4. Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

   These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.

Compendium

Chapter 2: Total wealth, Wealth in Great Britain, 2012 to 2014

Contact:
Elaine Chamberlain
elaine.chamberlain@ons.gsi.gov.uk

Release date:
18 December 2015

Next release:
To be announced

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1 . Main points

In July 2012 to June 2014:

- Aggregate total wealth of all private households in Great Britain was £11.1 trillion
- The wealthiest 10% of households owned 45% of total aggregate household wealth
- The least wealthy half of households owned 9% of total aggregate household wealth
- Private pension wealth was the largest component of aggregate total wealth
- Half of all households had total wealth of £225,100 or more
- Households in the South East had the highest median wealth (£342,400)

2 . Introduction

This chapter looks at total net wealth of private households in Great Britain. The definition of wealth used in this survey is an economic one: total wealth (gross) is the value of accumulated assets, and total wealth (net) is the value of accumulated assets minus the value of accumulated liabilities.

Total net wealth is defined as the sum of 4 components [1]: property wealth (net), physical wealth, financial wealth (net) and private pension wealth. It does not include business assets owned by household members, for instance if they run a business; nor does it include rights to state pensions, which people accrue during their working lives and draw on in retirement.

Net wealth is a 'stock' concept rather than a 'flow' concept. In other words, it refers to the balance at a point in time. In contrast, income refers to the flow of resources over time. Income allows the wealth to be accumulated, but equally, wealth is capable of producing flows of income either in the present or – as in the case of pension wealth – in the future.

All estimates are presented as current values (that is, the value at time of interview) and have not been adjusted for inflation.

Due to the complexity of the data, for example, the use of imputed values and complex weighting, only a very limited amount of high level significance testing has been undertaken, which is presented in the Technical chapter of this report (335.5 Kb Pdf). None of the estimates commented on in this chapter have been tested for significance.

Notes for Introduction:

1. How do we measure wealth?

3 . Aggregate total wealth

Aggregate total wealth (including private pension wealth) of all private households in Great Britain was £11.1 trillion in the period July 2012 to June 2014, an 18% increase from the previous period of July 2010 to June 2012 (Table 2.1).

Table 2.1: Breakdown of aggregate total wealth, by components

Great Britain, July 2006 to June 2014

£ Billion

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[1]
Property Wealth (net)	3,927	3,528	3,379	3,537
Financial Wealth (net)	1,596	1,305	1,091	1,043
Physical Wealth[1]	1,152	1,081	1,016	961
Private Pension Wealth	4,459	3,530	3,470	2,886
Total Wealth (including Private Pension Wealth)[1]	11,134	9,444	8,955	8,426
Total Wealth (excluding Private Pension Wealth)[1]	6,676	5,914	5,485	5,540

Source: Office for National Statistics

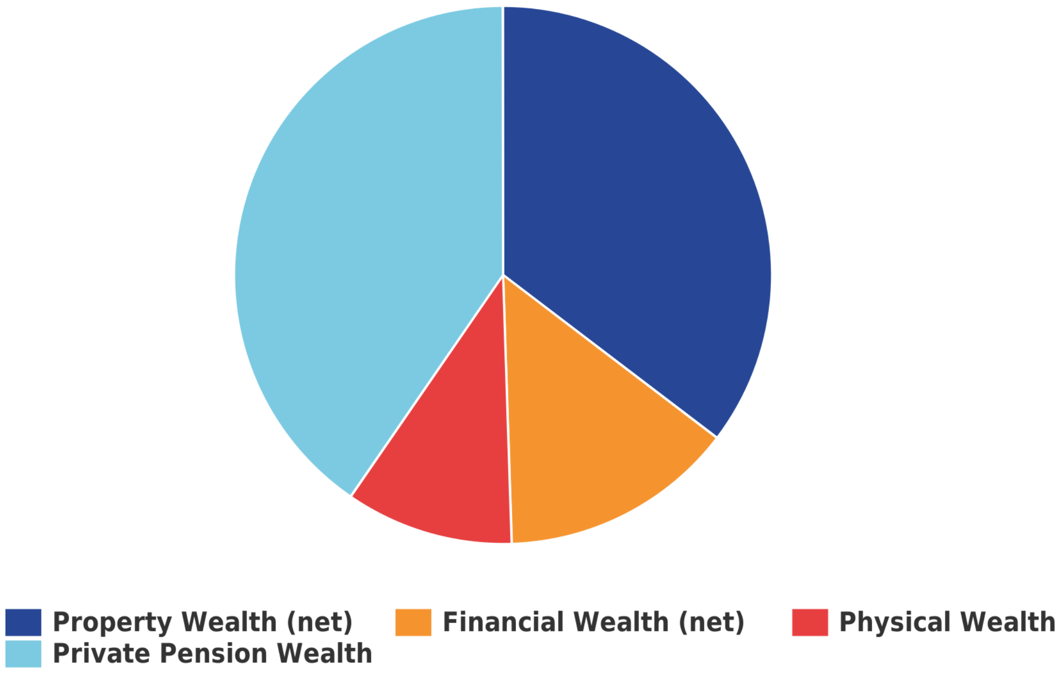
Notes:

1. July 2006 to June 2008 estimates for physical and total wealth are based on half sample.

Figure 2.2 shows the relative contribution of each of the 4 wealth components to aggregate total wealth. The 2 components making the largest contribution to aggregate total wealth were private pension wealth and net property wealth (accounting for 40% and 35% respectively in the period July 2012 to June 2014). Financial wealth made up 14% of the total wealth in this period and physical wealth made the smallest contribution of the 4 components (10%).

Figure 2.2: Breakdown of aggregate total wealth, by components

Great Britain, July 2010 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

The impact of private pension wealth

Chapter 6 of this publication considers the value of private pension wealth. The methodology used to calculate the value of private pensions is complicated and represents a person's future pension retirement expressed as an equivalent 'pot of money'. There are a number of different types of pensions and a slightly different valuation method applied to each. The value of some types of pensions (defined benefit (DB) type pensions) is calculated using financial assumptions (discount rates and annuity factors) which change over time. These external factors can 'cause' changes, for example, an individual may be paying exactly the same amount of money into a pension at 2 points in time but the value of the pension pot they have accumulated will have changed due to the annuity rates and discount factors prevailing at the time.

If the relative contribution to total wealth is considered excluding private pension wealth, the pattern of change for the remaining types of wealth is a little clearer. Property wealth accounted for 59% of total wealth (excluding private pension wealth) in July 2012 to June 2014. This has been consistently falling over the 4 survey periods to date, from a high of 64% in July 2006 to June 2008. Financial wealth accounted for 24% of total wealth (excluding private pension wealth) in July 2012 to June 2014. This has been consistently rising over the 4 survey periods to date, from a low of 19% in July 2006 to June 2008. Physical wealth accounted for 17% of total wealth (excluding private pension wealth) in July 2012 to June 2014. The contribution of physical wealth fluctuates more over time but only by 1% or 2%.

4 . Distribution of aggregate total wealth

This section explores a number of different ways of considering the distribution or inequality of wealth.

Figure 2.3 shows aggregate total wealth (including private pension wealth) by deciles and the breakdown of each decile into its components. Deciles divide the data, sorted in ascending order, into ten equal parts so that each part contains 10% (or one-tenth) of the wealth distribution – from the least wealthy households in the first decile to the wealthiest in the 10th decile.

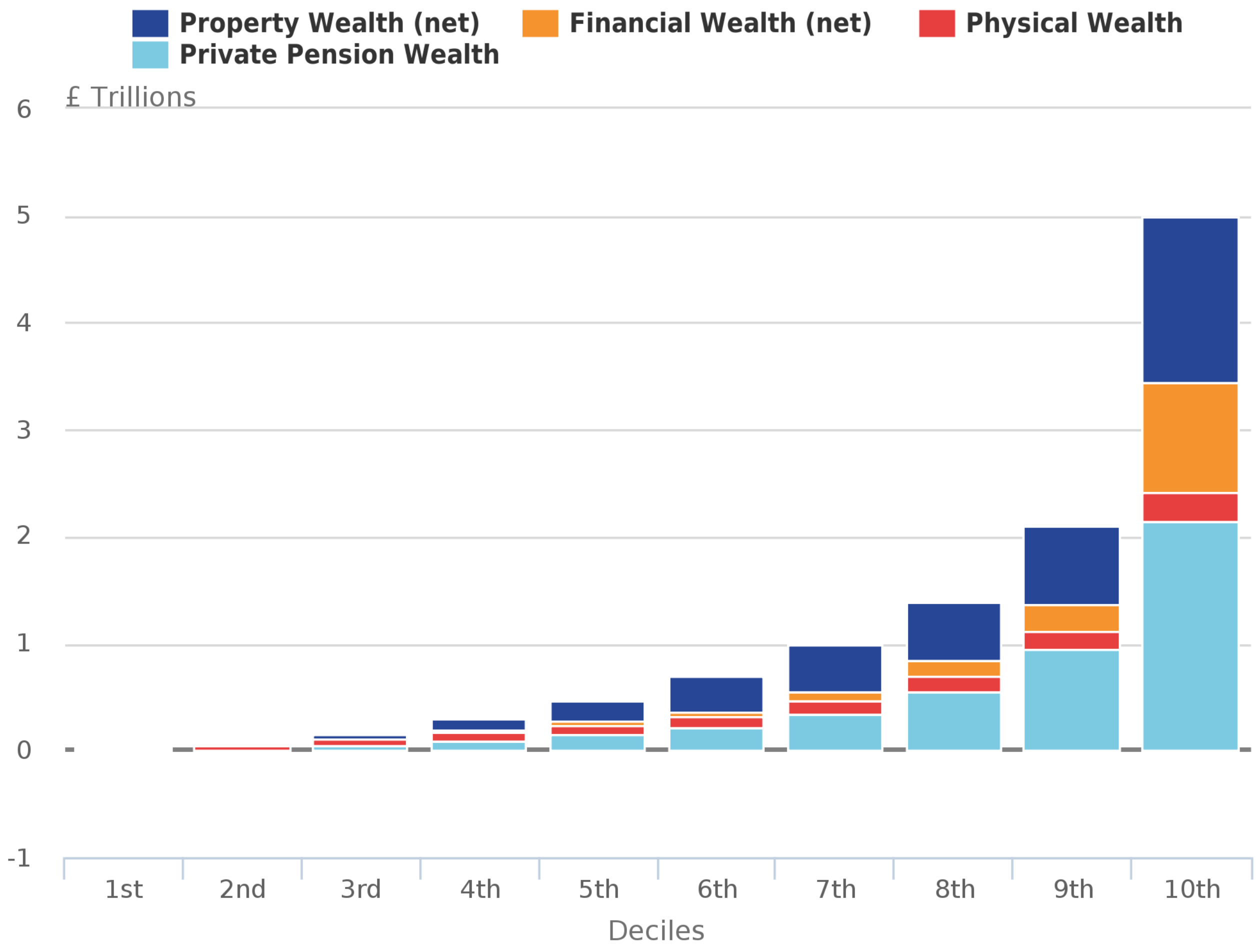
The wealthiest 10% of households owned 45% of aggregate total wealth in July 2012 to June 2014. The wealthiest 10% of households were 2.4 times wealthier than the second wealthiest 10% – this has been consistent across all 4 survey periods. In July 2012 to June 2014, the wealthiest 10% of households were 5.2 times wealthier than the bottom 50% of households (the bottom 5 deciles combined). The bottom 50% of households owned 9% of aggregate total wealth. (See Chapter 7 – Extended Analyses)

By combining the top 2 deciles and the bottom 2 deciles, a comparison can be made between the value of aggregate total wealth for the wealthiest 20% of private households within Great Britain and the least wealthy 20%. In July 2012 to June 2014, the wealthiest 20% of households had 117 times more aggregate total wealth than the least wealthy 20% of households. In comparison, the wealthiest 20% of households had 97 times more aggregate total wealth than the least wealthy 20% of households in July 2010 to June 2012.

The wealthiest 20% of households owned 64% of total aggregate household wealth in July 2012 to June 2014; a share which has increased slightly from 62% in the 3 previous survey periods.

Figure 2.3: Breakdown of aggregate total wealth, by deciles and components

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

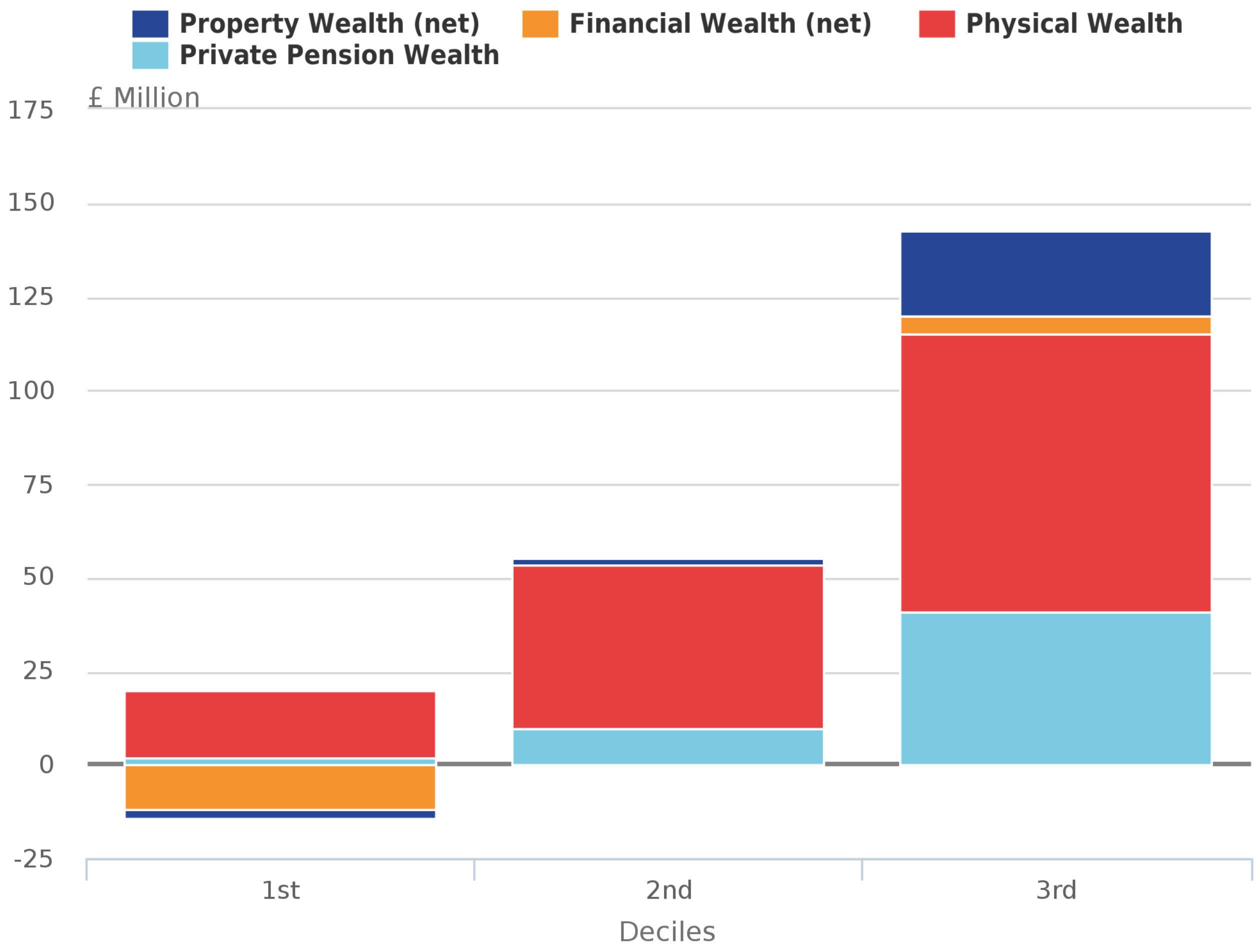
In the period July 2012 to June 2014, physical wealth made the largest contribution to aggregate total wealth for households in the lowest 3 deciles. Net property wealth made the largest contribution towards aggregate total wealth for households in the fourth through to the eighth deciles. Private pension wealth made the largest contribution to aggregate total wealth for households in the top 2 wealth deciles.

Figure 2.4 illustrates the breakdown of aggregate total wealth for the lowest 3 deciles in more detail. The first thing to note is that the bar for the lowest decile straddles the x-axis. This highlights the fact that the sums of certain wealth components are negative for this group.

Considering the bottom 10% of households, physical wealth made the largest positive contribution to the aggregate wealth value, with a smaller positive contribution being made by private pension wealth. Both the aggregate values of net financial wealth and net property wealth were negative. This does not imply that all households in this least wealthy group would necessarily have no property wealth (for example, rent their home), have negative property wealth (that is, the debt on their property outweighs its value) or have negative financial wealth; this would depend on their overall total wealth. For example, a household with heavy debts could still fall into this group even if they were property owners. However, it is likely that many in this lowest 10% would be those with no property wealth, negative property wealth or notable financial liabilities. Amongst the second and third wealth deciles, all components of wealth were positive, with physical wealth again making the largest contribution.

Figure 2.4: Breakdown of aggregate total wealth, by lowest 3 deciles and components

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

The distributions of the different components of aggregate total wealth can be compared by calculating Gini coefficients. The Gini coefficient takes a value between 0 and 1, with 0 representing a perfectly equal distribution and 1 representing maximal inequality.

Table 2.5: Gini Coefficients for aggregate total wealth, by components

Great Britain, July 2006 to June 2014

Gini Coefficient

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[1]
Property Wealth (net)	0.66	0.64	0.63	0.63
Financial Wealth (net)	0.91	0.92	0.89	0.89
Physical Wealth[1]	0.45	0.44	0.45	0.46
Private Pension Wealth	0.73	0.73	0.76	0.77
Total Wealth[1]	0.63	0.61	0.61	0.61

Source: Wealth and Assets Survey, Office for National Statistics

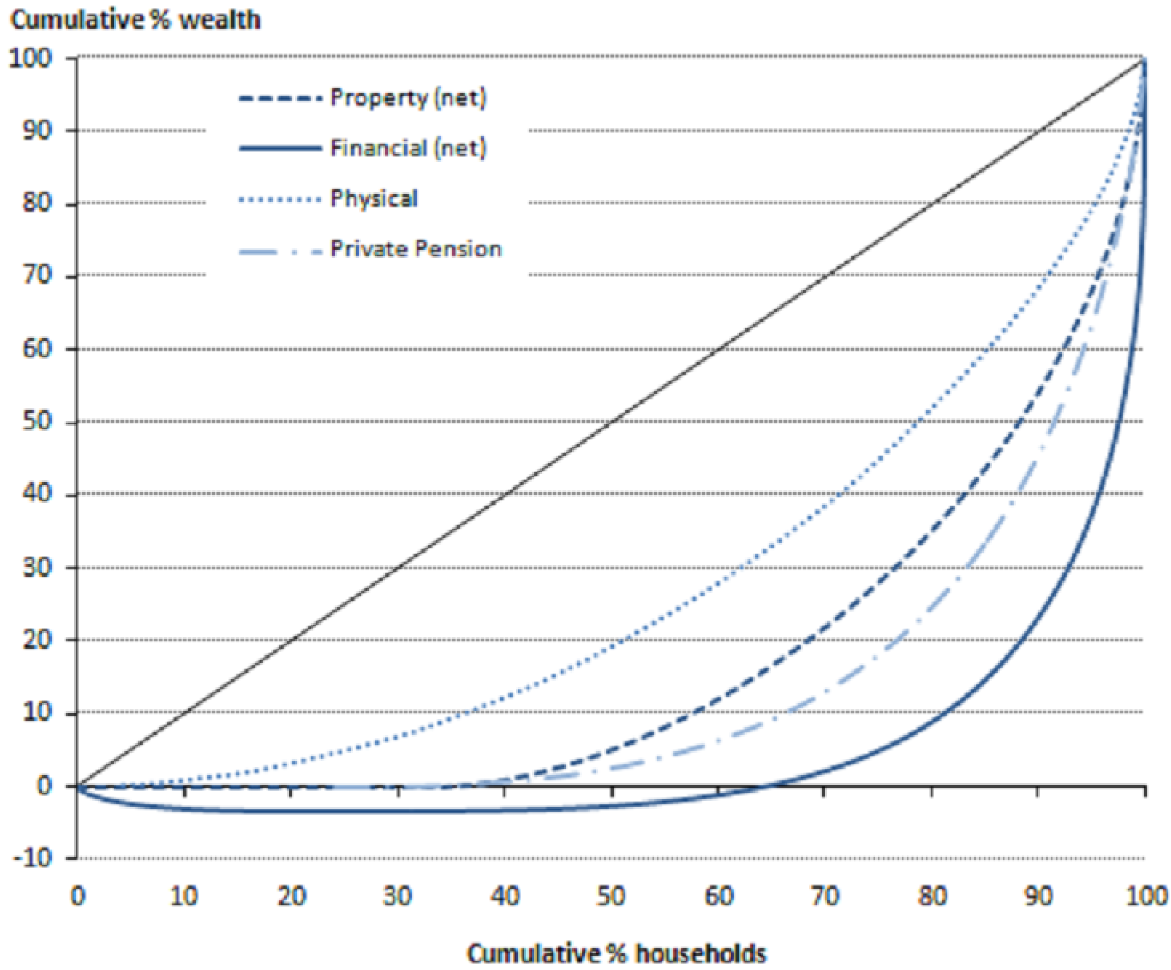
Notes:

1. July 2006 to June 2008 estimates for physical and total wealth are based on half sample.

Of the 4 wealth components, inequality remains lowest for physical wealth, with a Gini coefficient 0.45 in the period July 2012 to June 2014. Unlike the other wealth components, every household has some physical assets (that is, a positive wealth value). Inequality remains highest for the net financial wealth component, with a Gini coefficient 0.91 in the period July 2012 to June 2014. However, although the order in which the 4 components display inequality remains the same, inequality has consistently worsened for property wealth (that is, the Gini coefficients have increased slightly over time) over the 4 survey periods.

Figure 2.6: Lorenz curves for the components of wealth

Great Britain, July 2012 to June 2014

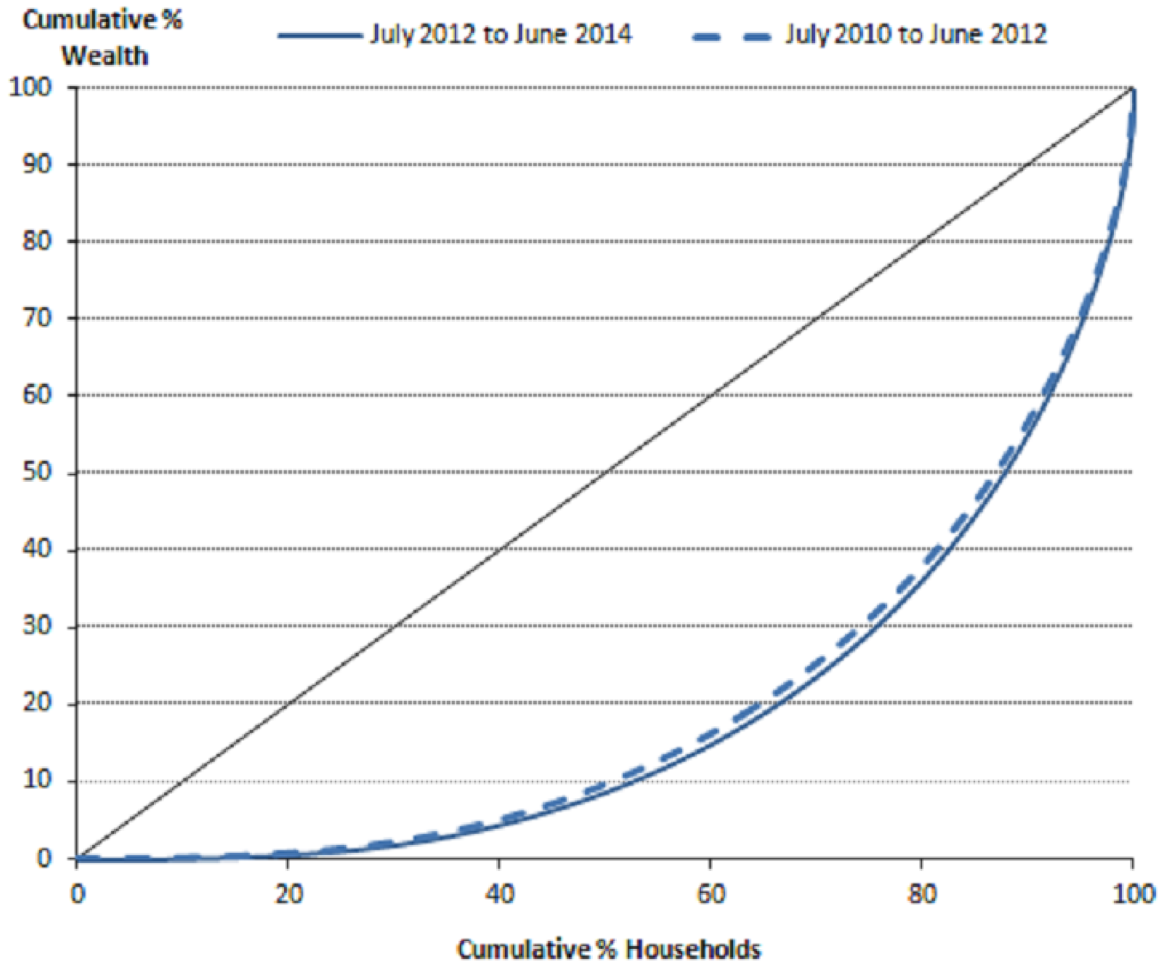


The difference in inequality between each of the 4 wealth components is illustrated in Figure 2.6, which shows the Lorenz curves[1] for the wealth components in the period July 2012 to June 2014. Lorenz curves are a graphical representation of the inequality of distribution; where the diagonal 45 degree line illustrates a scenario where wealth is equally shared. The closer the Lorenz curve is to the diagonal line, the more equal the distribution becomes. The most inequality is in net financial wealth, whilst physical wealth shows the most equality. The curves for net financial wealth and net property wealth hold negative values of cumulative wealth. This is because some households have negative net wealth for these particular components.

Figure 2.7 plots the Lorenz curve for total aggregate wealth in the period July 2012 to June 2014 and the previous period of July 2010 to June 2012. Since there was so little difference in the distribution of aggregate total wealth between the waves, the curves for the first 2 waves have not been included. This indicates that inequality has worsened slightly overall between the last 2 survey periods (also seen in the increase in the Gini coefficient for total wealth in Table 2.5).

Figure 2.7: Lorenz curves for aggregate total wealth including private pension wealth

Great Britain, July 2010 to June



Notes for distribution of aggregate total wealth

1. A Lorenz curve is created by ranking households from poorest to richest and graphing the cumulative share of household income and households as a proportion of total income and households respectively.

2. The breaks are fairly arbitrary, but have been chosen to give a reasonably balanced distribution across all households. Note that the lowest band of household total wealth (<£20,000) will include some households with negative total wealth.

5 . Household total wealth

In the next section, total household wealth is considered. This is a net wealth measure for each household created by adding together the different components of household wealth: property wealth (net), financial wealth (net), physical wealth and private pension wealth.

Table 2.8: Median household total wealth

Great Britain, July 2006 to June 2014

£

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[1]
Median household wealth including pension wealth	225,100	216,500	204,300	196,700
Median household wealth excluding pension wealth	141,400	145,600	144,500	146,600

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. July 2006 to June 2008 estimates are based on half sample.

Including private pension wealth, half of all households had total wealth of £225,100 or more in the period July 2012 to June 2014. If private pension wealth is excluded, half of all households had total net wealth of £141,400 or more in the period July 2012 to June 2014. Table 2.9 presents the distribution of households by total wealth bands along with the median values of total wealth within each band. The bands have been created to illustrate the distribution of household total wealth[2].

The median total wealth value for households within each wealth band helps us to understand the relative distribution. This is particularly important for the bands at the extreme ends of the distribution, that is, ‘less than £20,000 and ‘£1 million or more’ as they have no lower and upper limit respectively. The median value of total wealth in the lowest wealth band of less than £20,000 was £7,800 in the period July 2012 to June 2014. The median value of total wealth in the highest wealth band of £1 million or more was £1.4 million.

Table 2.9: Household total wealth (banded), summary statistics

Household total wealth (banded)[1], summary statistics: Great Britain, July 2006 to June 2014

Great Britain

Percentage of households (%)	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[2]
Less than £20,000	15	14	15	16
£20,000 but < £85,000	16	16	16	16
£85,000 but < £200,000	17	17	18	18
£200,000 but < £300,000	11	12	13	13
£300,000 but < £500,000	15	16	16	16
£500,000 but < £1 million	16	16	15	14
£1 million or more	11	8	7	6
All Households	100	100	100	100
Median (£)	**July 2012 to June 2014**	**July 2010 to June 2012**	**July 2008 to June 2010**	**July 2006 to June 2008[2]**
Less than £20,000	7,800	7,700	7,500	7,500
£20,000 but < £85,000	44,400	44,400	44,200	43,600
£85,000 but < £200,000	138,500	138,300	140,100	140,100
£200,000 but < £300,000	245,800	247,000	247,200	246,300
£300,000 but < £500,000	386,300	388,400	382,000	381,200
£500,000 but < £1 million	686,000	674,200	668,100	666,700
£1 million or more	1,445,400	1,401,100	1,390,300	1,382,800
All Households	225,100	216,500	204,300	196,700

Source: Office for National Statistics

Notes:

1. Excludes assets held in Trusts (except Child Trust Funds) and any business assets held by households.

2. July 2006 to June 2008 estimates are based on half sample.

6 . Household total wealth by main household characteristics

This section considers differences in total household wealth by total household net equivalised income, region of residence and household type.

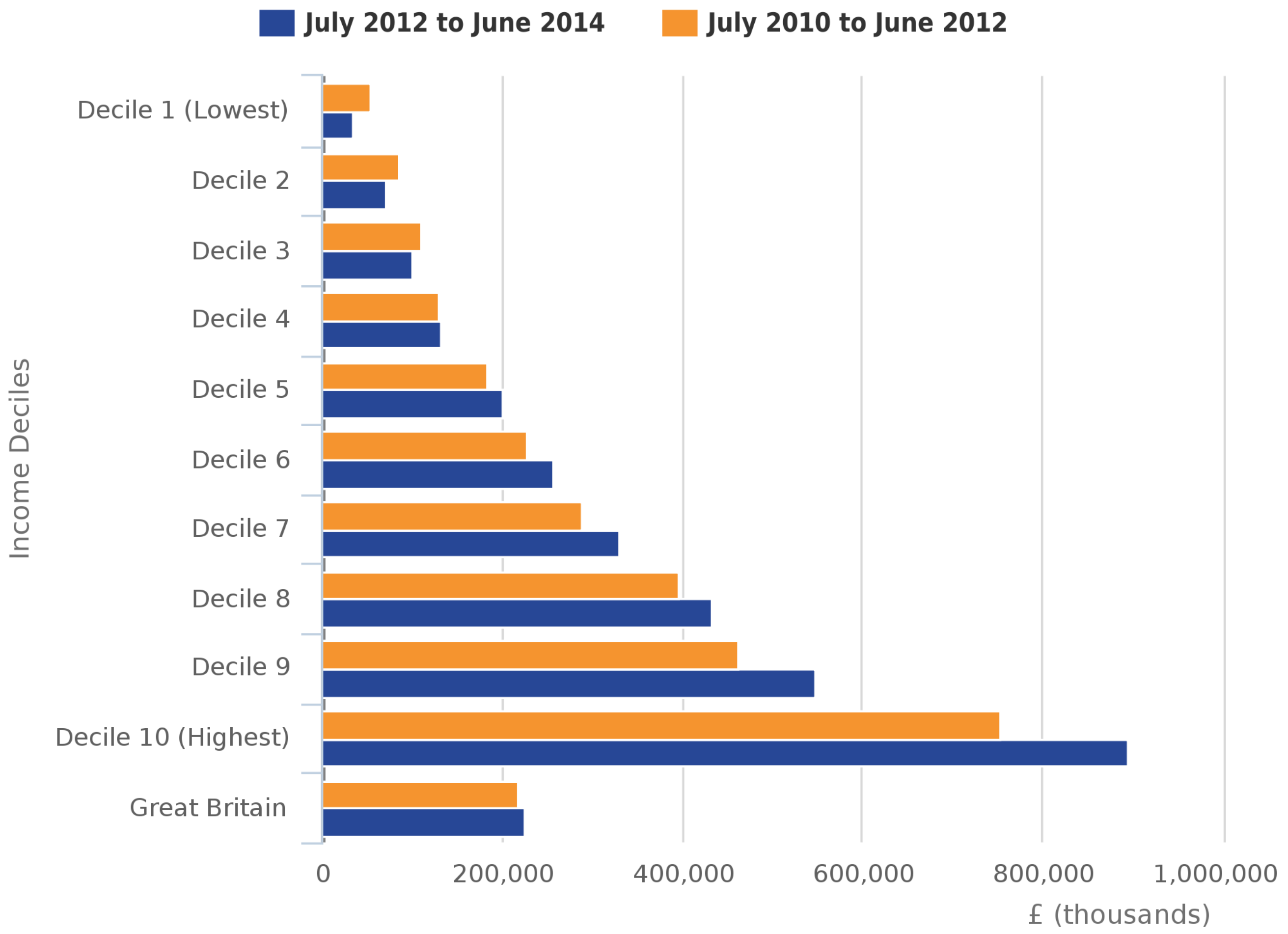
Distribution of household total wealth by income

To have a true reflection of a household’s income a process of equivalisation has been performed. Households’ equivalised income is being used as this process adjusts income to compensate for both the size and composition of a given household. Performing this adjustment means that incomes of all households will be on a comparable basis.

Figure 2.10 shows the median household total wealth by the levels of household net equivalised income. Households in the lowest band of income had the lowest median household total wealth, while those households in the highest income band had the highest. During July 2012 to June 2014, households in the lowest income band had a median household total wealth of £34,000 while for the highest income group that was over 26 times as big, £225,100. Between the 2 survey periods shown, the median value for those in the lowest 3 income bands fell, whilst the median value of household total wealth increased across all other income bands. The median value of household total wealth fell the most in the lowest income decile, with a 38% fall seen between July 2010 to June 2012 and July 2012 to June 2014, and the largest increase was seen in the top 2 income deciles, with a 19% increase in the median value seen over the same period.

Figure 2.10: Median household net total wealth, by total household net equivalised income deciles

Great Britain, July 2010 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

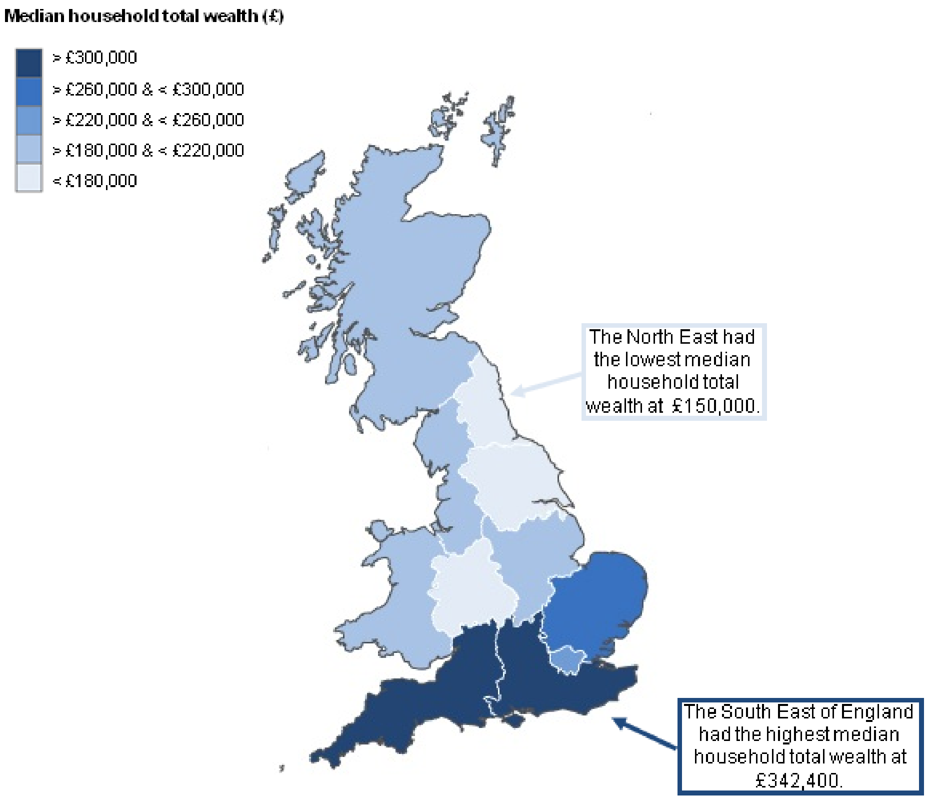
Distribution of household total wealth by region

Figure 2.11 shows median household total wealth (including private pension wealth) according to the location of the main residence of the household. It shows Scotland, Wales and the 9 English regions (with London shown separately; the figures for the South East exclude London). The South East remains the wealthiest; median household total wealth stood at £342,400 in the period July 2012 to June 2014. The South East was followed by the South West and the East of England in the period July 2012 to June 2014, with median household total wealth of £308,100 and £267,200 respectively.

The North East had the lowest median household total wealth in the period July 2012 to June 2014 with a value of £150,000.

Figure 2.11: Median household total wealth, by region

Great Britain, July 2010 to June 2014



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The median household total wealth for England rose by 3% to £228,200 between July 2010 to June 2012 and July 2012 to June 2014. In comparison, the median household total wealth for Scotland increased by 13% to £186,600 and the median household total wealth for Wales increased by 5% to £214,200. Looking at how the separate components of wealth have contributed to these changes (see separate chapters), Scotland saw an increase in all 4 wealth components, but most significantly in private pension wealth where the median increased by 60% (for those with such assets), compared with 24% for Wales and 19% for England. Conversely, Wales saw a fall in physical and financial wealth, but these were offset by the increases in property wealth and private pension wealth. In July 2012 to June 2014, the median household total wealth for Scotland is 13% lower than the corresponding value for Wales and 18% lower than the value for England.

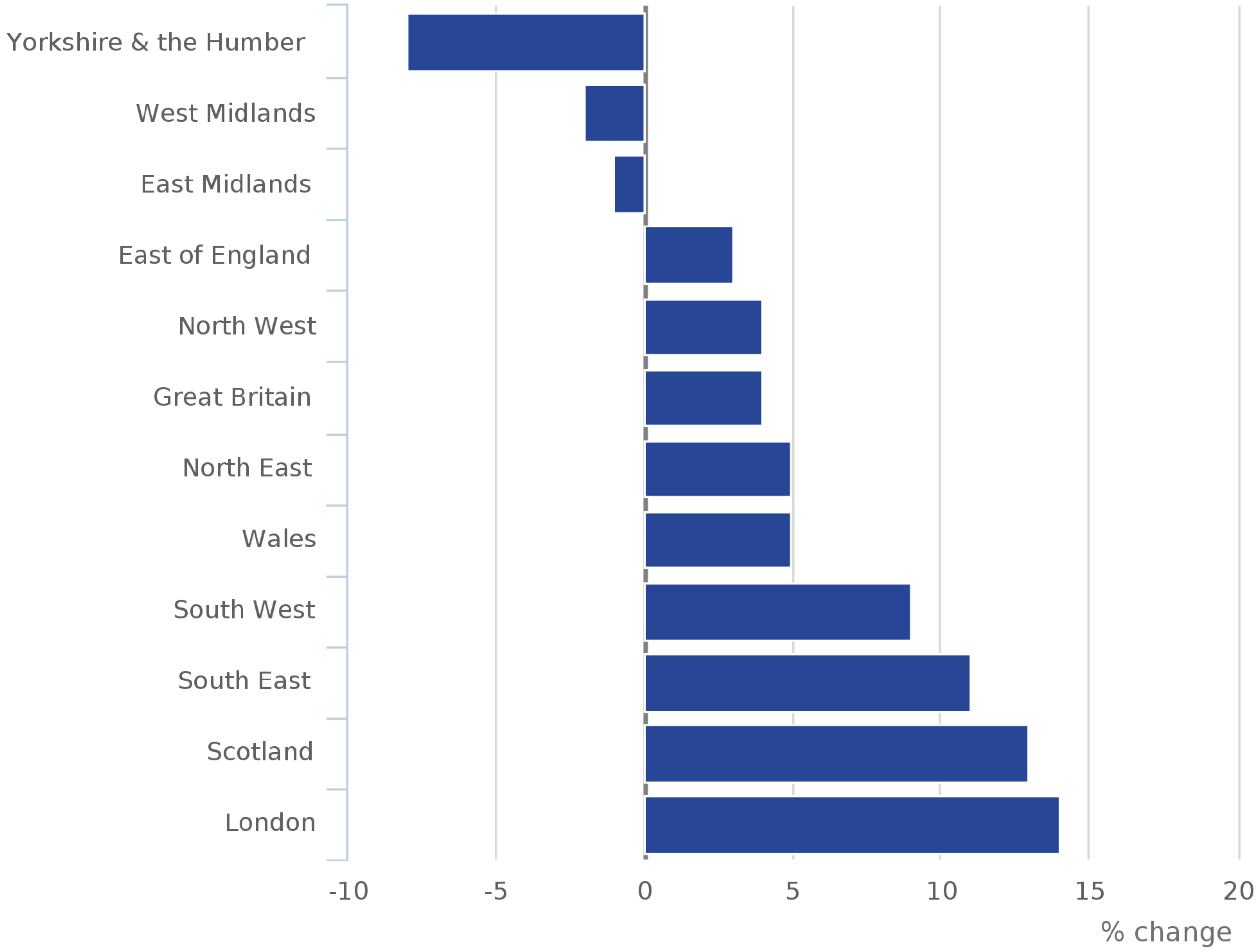
Figure 2.12 presents the change in median household total wealth between July 2010 to June 2012 and July 2012 to June 2014 for all households by English region, Scotland and Wales. Six of the 9 regions of England saw an increase in median household total wealth, with households in London demonstrating the largest proportional rise – an increase of 14% in median household total wealth between July 2010 to June 2012 and July 2012 to June 2014. In terms of the wealth components, median household wealth in London increased for all components between July 2010 to June 2012 and July 2012 to June 2014 but was most considerable for private pension wealth and net property wealth (with rises of 16% and 9% respectively – for those with such assets).

In contrast, Yorkshire and The Humber saw a fall in median household total wealth of 8% between July 2010 to June 2012 and July 2012 to June 2014. Smaller falls were also seen in the West Midlands (2%) and East Midlands (1%). In terms of the wealth components, Yorkshire and The Humber saw a rise of 18% in median private pension wealth (for those with such assets) which was more than offset by falls in the median value of all other wealth components: median net financial wealth of households in Yorkshire and The Humber fell by 31%, median net property wealth fell by 8% and physical wealth by 5% between July 2010 to June 2012 and July 2012 to June 2014.

Great Britain, as a whole, saw a 4% increase in median household total wealth between July 2010 to June 2012 and July 2012 to June 2014.

Figure 2.12: Percentage change in household median total wealth, by region

Great Britain, July 2010 to June 2012 and July 2012 to June 2014



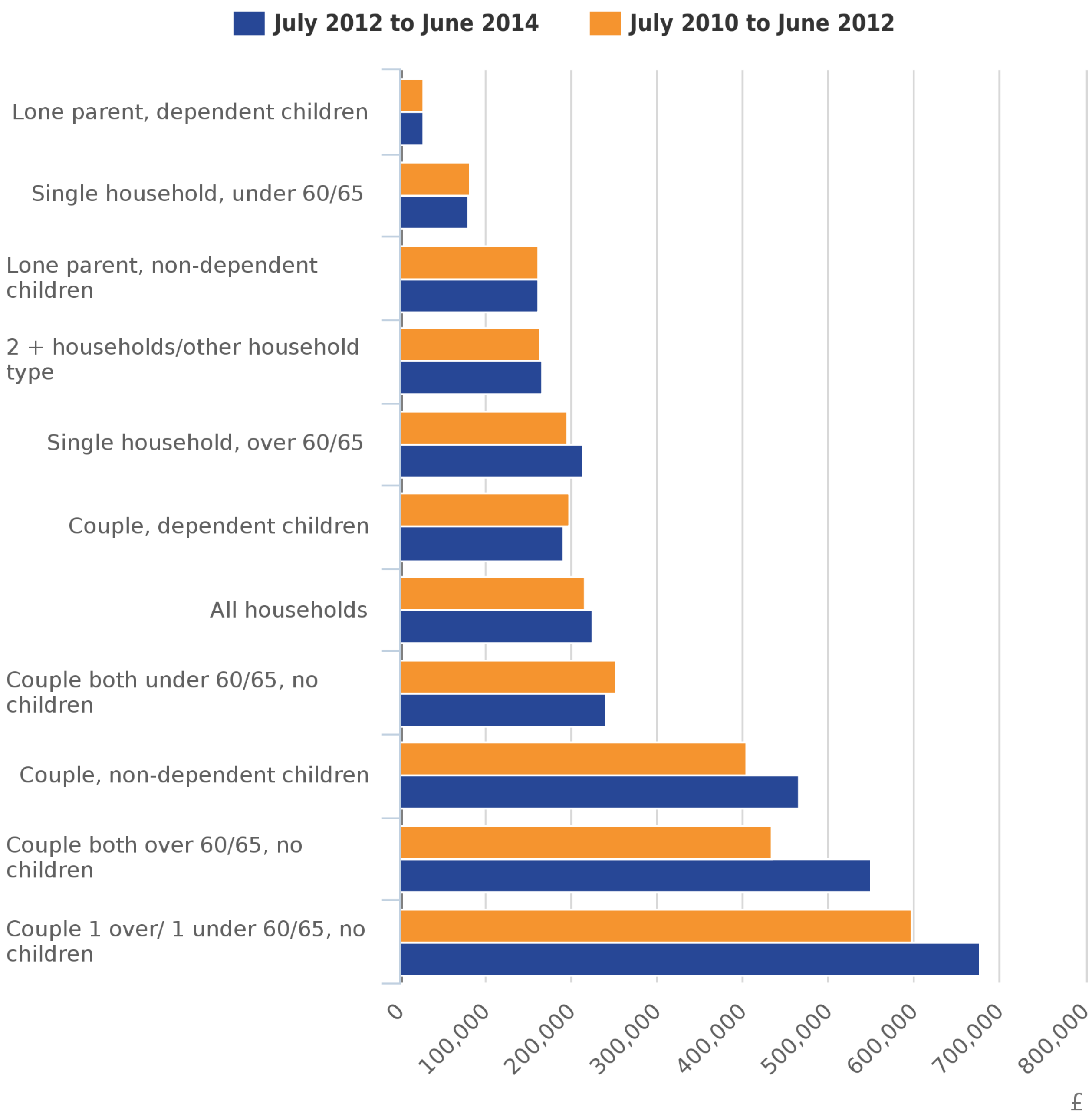
Source: Wealth and Assets Survey - Office for National Statistics

Distribution of household total wealth by household type

Figure 2.13 shows the distribution of total household wealth (including private pension wealth) by the composition of the household. It shows the 10 different categories for household type. It should be noted that some household types will have more adults than others. We would expect households with more than 1 adult to have higher levels of wealth than single person households because, in general, each additional adult makes a positive contribution to wealth accumulation.

Figure 2.13: Median household total wealth, by household type

Great Britain, July 2010 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

In July 2012 to June 2014, the median value of household total wealth was the highest for couple households without children, where 1 person is over and the other under 60/65 [1], at £678,000. The median value was next highest for couple households without children both over state pension age at 549,700. This median value of household total wealth for households in this latter group increased by some 26% between July 2010 to June 2012 and July 2012 to June 2014, compared with an increase of 14% for couple households without children, where 1 person is over and the other under 60/65.

The other household type with considerable median total household wealth in July 2012 to June 2014 was couple households with non-dependent children (£466,100), which had also seen a rise of some 15% between July 2010 to June 2012 and July 2012 to June 2014.

The type of household with the lowest median household total wealth across all 3 waves was ‘lone parent with dependent children’ with a median value of £26,800 in July 2012 to June 2014 (compared with £28,300 in July 2010 to June 2012).

The most common household type comprised couple households with dependent children, accounting for 19% of all households in the survey sample (23% of all individuals live in such households). These households had median total wealth of £190,600 in July 2012 to June 2014, a fall of 4% from July 2010 to June 2012.

Notes for household total wealth by main household characteristics

1. 60/65 refers to women up to the age of 60 and men up to the age of 65.

7 . Household total wealth by individual characteristics

This section looks at some main characteristics of individuals living in households with the various total wealth bands (including private pension wealth), where the lowest band of household total wealth includes negative total wealth. It is important to remember that analysis presents individual characteristics by the total wealth of the household that the individual lives within. In certain instances it is possible that this wealth is more likely attributed to other individuals living within that household.

Sex and marital status

Table 2.14 shows the distribution of individuals by sex and marital status, across the bands of household total wealth for the household in which they live. There is very little difference in the overall distribution of total wealth for men and women.

Married men and women are more likely to live in households of higher wealth, with 40% of married individuals living in households with a total wealth of £500,000 or more. Compared with single and cohabitating individuals, married individuals are on average older[1]. Knowing also that the earnings of older workers are higher than those of younger workers[2] and that those older individuals will have had longer to accumulate wealth might go some way towards explaining these differences. Also, and compared with single individuals, those who were married might have accumulated more wealth if they were both working and in receipt of a higher joint income.

One might expect cohabiting individuals to be similar to married individuals, but over 60% of such individuals live in households with total wealth less than £200,000 (compared with less than a third of married individuals). This is most likely due to the fact that cohabiting individuals are generally much younger than married individuals [1].

Widowed men and women are the next most likely to live in wealthier households – unsurprising as although such individuals often live in single adult households, they are also likely to be older and have inherited the wealth of their former spouse.

Single individuals do tend to live in households with less wealth, but the distribution is less skewed than for other marital status groups as some such individuals are young, but live with parents, whilst some are older and have accumulated more personal wealth.

Table 2.14: Individuals by sex and marital status, by household total wealth

Great Britain, July 2012 to June 2014

%

	Less than £20,000	£20,000 but < £85,000	£85,000 but < £200,000	£200,000 but < £300,000	£300,000 but < £500,000	£500,000 but < £1 million	£1 million or more	All Households
Men								
Married	5	11	15	11	17	23	17	100
Cohabiting	19	22	21	10	12	10	6	100
Single	19	19	17	10	13	14	8	100
Widowed	10	15	14	16	19	18	8	100
Divorced	21	16	17	12	13	14	6	100
Separated	23	20	23	..	12	10	..	100
All men	13	16	17	11	15	17	12	100
Women								
Married	5	11	15	11	17	23	17	100
Cohabiting	20	22	21	9	12	9	6	100
Single	22	19	18	9	12	12	8	100
Widowed	12	16	17	15	20	15	6	100
Divorced	22	19	19	11	15	10	3	100
Separated	29	25	18	8	10	7	..	100
All women	15	16	17	11	15	16	11	100
All Persons	14	16	17	11	15	17	11	100

Source: Office for National Statistics

Notes:

1. Figures in italics are based on 30 or more unweighted cases but less than 50 - such data should be treated with some caution.

2. ".." - estimates that have been suppressed due to fewer than 30 unweighted cases.

Age

Table 2.15 shows the distribution of individuals living in households with varying degrees of total wealth according to their age.

This table clearly shows the effect of wealth accumulation over the period of a lifetime. Individuals in the lowest age groups, that is, under the age of 35, were most likely to live in households with the lowest amounts of total wealth. In July 2012 to June 2014, 21% of 0 to 15 year olds, 16 to 24 year olds and 25 to 34 year olds were living in households with a total wealth of less than £20,000. Conversely, 6% of individuals who were aged 55 to 64 years and 7% of individuals aged 65 or older lived in households in the lowest total wealth band.

Now considering the highest total wealth band, 25% of all 55 to 64 year olds were living in households with total wealth of £1 million or more in July 2012 to June 2014. Individuals in this age group still find themselves in the wealth accumulation phase, and income, such as earnings from employment, enable opportunities to increase total wealth. Individuals aged 25 to 34 years old were the least likely to live in households in the top total wealth band (4%).

Table 2.15: Individuals by age, by household total wealth

Great Britain, July 2012 to June 2014

%

	Less than £20,000	£20,000 but < £85,000	£85,000 but < £200,000	£200,000 but < £300,000	£300,000 but < £500,000	£500,000 but < £1 million	£1 million or more	All Households
Under 16	21	21	20	10	13	10	6	100
16-24	21	17	13	9	13	16	12	100
25-34	21	27	23	9	9	8	4	100
35-44	13	17	23	13	17	12	5	100
45-54	9	11	13	11	19	22	14	100
55-64	6	7	10	10	15	27	25	100
65+	7	10	13	12	20	24	16	100
All persons	14	16	17	11	15	17	11	100

Source: Office for National Statistics

Education level

Table 2.16 shows the percentage of individuals living in households with varying degrees of household total wealth according to their education level.

Individuals who were educated to 'degree level or above' were the least likely to live in households in the bottom total wealth band of less than £20,000 (6%) and the most likely to live in households with total wealth of £1 million or more (23%), of all the education level groups in July 2012 to June 2014. The highest percentage of individuals living in households in the lowest band was amongst those with no formal educational qualifications (23%).

Table 2.16: Individuals by education level, by household total wealth

Great Britain, July 2012 to June 2014

%

	Less than £20,000	£20,000 but < £85,000	£85,000 but < £200,000	£200,000 but < £300,000	£300,000 but < £500,000	£500,000 but < £1 million	£1 million or more	All Households
Degree level or above	6	10	15	9	14	22	23	100
Other qualifications	12	16	16	11	17	18	10	100
No qualifications	23	18	18	12	15	11	4	100
All persons[1]	12	15	16	11	16	18	13	100

Source: Office for National Statistics

Notes:

1. Includes only eligible adults that gave their education level.

Economic activity

Table 2.17 considers the economic activity of individuals living in households across the different household total wealth bands.

In July 2012 to June 2014, of individuals who were economically inactive, 36% who gave their reasons for inactivity as ‘sick or disabled’ were from households in the lowest total wealth band of less than £20,000. Similarly, 36% of unemployed individuals were living in households within the lowest total wealth band. Retired or self-employed individuals were the least likely of all the economic activity groups to live in households within the lowest band of total wealth (7%).

As the values of the total wealth bands increase, the percentage of individuals in the different economic activity groups varies. In July 2012 to June 2014, the percentage of all individuals in the top total wealth category of ‘£1 million or more’ was 13%. Individuals who were retired were the most likely to live in households in the top wealth band of £1 million or more (18%). In comparison, 3% of economically inactive sick/disabled individuals were living in households in this top total wealth band.

Table 2.17: Individuals by economic activity, by household total wealth

Great Britain, July 2012 to June 2014

%

	Less than £20,000	£20,000 but < £85,000	£85,000 but < £200,000	£200,000 but < £300,000	£300,000 but < £500,000	£500,000 but < £1 million	£1 million or more	All Households
Economically Active								
In Employment	9	15	18	12	16	18	12	100
Employee	9	15	18	12	16	18	11	100
Self Employed	7	15	15	11	15	21	16	100
Unemployed	36	20	15	6	9	7	6	100
Economically Inactive								
Student	24	18	10	7	10	14	16	100
Looking after family/home	32	18	17	8	9	9	7	100
Sick/Disabled 1	36	24	16	7	8	6	3	100
Retired	7	9	12	11	19	23	18	100
Other Inactive	20	13	12	7	12	20	16	100
All Persons	12	15	16	11	16	18	13	100

Source: Office for National Statistics

Notes:

1. Combined figure for temporarily sick / injured and long term sick and disabled.

Economic activity

Table 2.17 considers the economic activity of individuals living in households across the different household total wealth bands.

In July 2012 to June 2014, of individuals who were economically inactive, 36% who gave their reasons for inactivity as ‘sick or disabled’ were from households in the lowest total wealth band of less than £20,000. Similarly, 36% of unemployed individuals were living in households within the lowest total wealth band. Retired or self-employed individuals were the least likely of all the economic activity groups to live in households within the lowest band of total wealth (7%).

As the values of the total wealth bands increase, the percentage of individuals in the different economic activity groups varies. In July 2012 to June 2014, the percentage of all individuals in the top total wealth category of ‘£1 million or more’ was 13%. Individuals who were retired were the most likely to live in households in the top wealth band of £1 million or more (18%). In comparison, 3% of economically inactive sick/disabled individuals were living in households in this top total wealth band.

Table 2.18: Individuals by socio-economic classification, by household total wealth

Great Britain, July 2012 to June 2014

%

	Less than £20,000	£20,000 but < £85,000	£85,000 but < £200,000	£200,000 but < £300,000	£300,000 but < £500,000	£500,000 but < £1 million	£1 million or more	All Households
Large employers and higher managerial	2	7	14	10	17	25	26	100
Higher professional	4	11	16	10	18	23	18	100
Lower managerial and professional	8	13	17	12	18	21	11	100
Intermediate occupations	9	15	15	11	17	20	12	100
Small employers and own account workers	11	18	20	13	15	17	5	100
Lower supervisory and technical	18	20	18	12	14	13	5	100
Semi-routine occupations	23	22	19	12	12	9	3	100
Routine occupations	40	20	12	7	9	6	6	100
Never worked/long term unemployed	17	14	14	9	15	17	14	100
All persons[1]	12	15	16	11	16	18	13	100

Source: Office for National Statistics

Notes:

1. Includes only adults who are 16 years old and above, not in full time education and gave sufficient information to determine socio-economic group.

2. Figures in italics are based on 30 or more unweighted cases but less than 50 - such data should be treated with some caution.

3. ".." - estimates that have been supressed due to fewer than 30 unweighted cases.

Notes for household total wealth by individual characteristics

1. See demographics in the Introductory Chapter.

2. Annual Survey of Hours and Earnings - Earnings by Age Group .

8. Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

   These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.

Compendium

Chapter 3: Property wealth, Wealth in Great Britain, 2012 to 2014

Contact:
Elaine Chamberlain
elaine.chamberlain@ons.gsi.gov.uk

Release date:
18 December 2015

Next release:
To be announced

Table of contents

1 . Main points

- Aggregate net property wealth for all private households in Great Britain increased by £399 billion (11%) to £3,927 billion in current prices between July 2010 to June 2012 and July 2012 to June 2014

- During the period of July 2012 to June 2014, half of all households who owned property had net property wealth of £152,500 or more

- The highest median value of net property wealth was seen amongst households in London, where half of all households who owned property had net property wealth of £260,000 or more during July 2012 to June 2014

- Half of all households with a mortgage on their main residence owed £83,000 or more during July 2012 to June 2014

2 . Introduction

This chapter looks at estimates of household property wealth obtained from the Wealth and Assets Survey (WAS). Gross property wealth comprises the value of the main residence for a household and the value of any additional property or properties owned by any adults within the household. Estimates of a household's property wealth do not include business assets owned by household members. The gross value of household property and the value of mortgages (liabilities) are presented at the beginning of this chapter and then combined to report on net property wealth (gross assets minus liabilities). This is followed by an analysis of net property wealth according to both household (for example, region of residence) and individual level (for example, age) characteristics.

All estimates are presented as current values (that is, the value at time of interview) and have not been adjusted for inflation.

Due to the complexity of the data, for example, the use of imputed values and complex weighting, only a very limited amount of high level significance testing has been undertaken, which is presented in the [Technical chapter of this report (335.5 Kb Pdf)](). None of the estimates commented on in this chapter have been tested for significance.

3 . Property ownership

Home ownership

Table 3.1 presents estimates of ownership of main residence in each 2-year period covered by the separate period of the survey. Around two-thirds of households interviewed in each period owned their main residence (either outright or buying it with a mortgage); a percentage which has seen little change since 2006. However, the proportion of households who owned their home outright increased slightly across the survey periods (rising from 30% during July 2006 to June 2008 to 33% in the period July 2012 to June 2014). This increase is offset by the changes seen for households who own with a mortgage, as this has dropped from 38% to 34% over the survey periods. For the period July 2012 to June 2014, just over one-third (34%) of households did not own their main residence, a proportion that is fairly consistent across all periods of the survey.

Table 3.1: Ownership of main residence

Great Britain, July 2006 to June 2014

%

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Owned	66	68	67	68
of which owned outright	33	32	31	30
of which owned with mortgage	34	36	37	38
Not owned (rent or rent free)[1]	34	32	31	32
All Households[2]	100	100	100	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Includes squatting.

2. Includes a small number of households (<1%) who part own part rent their residence.

Ownership of other property

Some households own property other than their main residence[1]. Just over 1 in 10 households (11%) owned other property during the period July 2012 to June 2014. Most of these were buy-to-let properties (4%) and second homes (3%).

Table 3.2: Ownership of other property

Great Britain, July 2006 to June 2014

%

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Other houses/flats in UK [1]	N/A	N/A	N/A	6
Second Homes	3	3	3	N/A
Buy-to-lets	4	4	4	N/A
Other buildings	1	1	1	1
Land in the UK	1	1	1	1
Land or property overseas	2	3	3	3
All Property [2]	11	11	10	10

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. During the period July 2006 to June 2008, respondents were only offered the category ‘Other houses/flats in the UK’, second homes and buy-to-lets were not separately identified.

2. Households may own more than one type of other property, resulting in the columns not adding up. This estimate also includes households who owned other property but did not specify the type of other property owned.

3. N/A - Not available.

Notes for property ownership

1. Property other than the main residence can include:

    1. Second homes in the UK, including time-share and holiday homes

    1. Buy-to-let property in the UK (residential property which is let for profit)

    1. Other buildings, such as a shop, warehouse or garage in the UK

    1. Land in the UK

    1. Land or property overseas (including time-share)

    1. Other real estate

4 . Household gross property wealth

For the period July 2012 to June 2014, half of all households who owned their main residence valued their home at £195,000 or more[1](Table 3.3). Although this value is £15,000 higher when compared with the period July 2008 to June 2010, it is on a par with the median gross property wealth estimated during the other periods of the survey. (See the quality assurance annex at the end of this chapter)

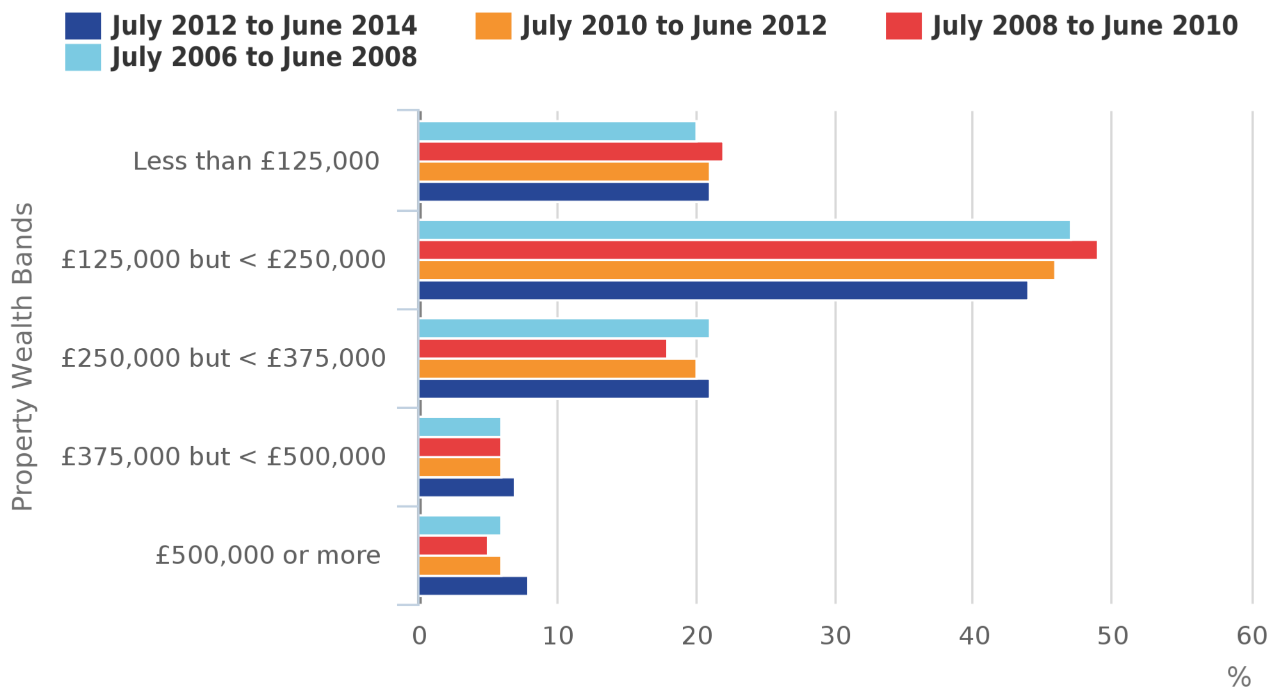
Half of all households who owned other property[2] valued this at £148,000 for the period July 2012 to June 2014. This value of other properties has increased each survey period since July 2006 to June 2008, when the valuation of other properties was £125,000. If the values of all property owned, including both main residence and any other property are considered, half of all households owning property had a gross property wealth of £200,000 for the period July 2008 to June 2010.

Figure 3.4 presents the distribution of gross values of main residences across 5 property value bands. In all of the periods of the survey, the most common valuation band was “£125,000 but less than £250,000”. For the period July 2012 to June 2014, 44% of households owning their main residence valued their property within this band. Around 2 in every 3 main residences in the period July 2012 to June 2014 fell into the bottom 2 bands, that is, less than £250,000 (65%).

Comparing the data over time provides evidence of a fall and subsequent rise in the value of main residences across the periods of the survey. The percentage of property owners, who valued their main residence in the lowest 2 bands, that is, less than £250,000, was 67% in the period July 2006 to June 2008. This percentage increased by 4 percentage points to 71% during the July 2008 to June 2010 period of the survey, which indicates that home owners perceived a fall in the value of their main residence over this period. However since this period, the proportion of main residences with a value of less that £250,000 has decreased by 6 percentage points which could indicate that home owners are now showing a perceived increase in their property value.

Figure 3.4: Gross value of main residence, by property value bands

Great Britain, July 2006 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

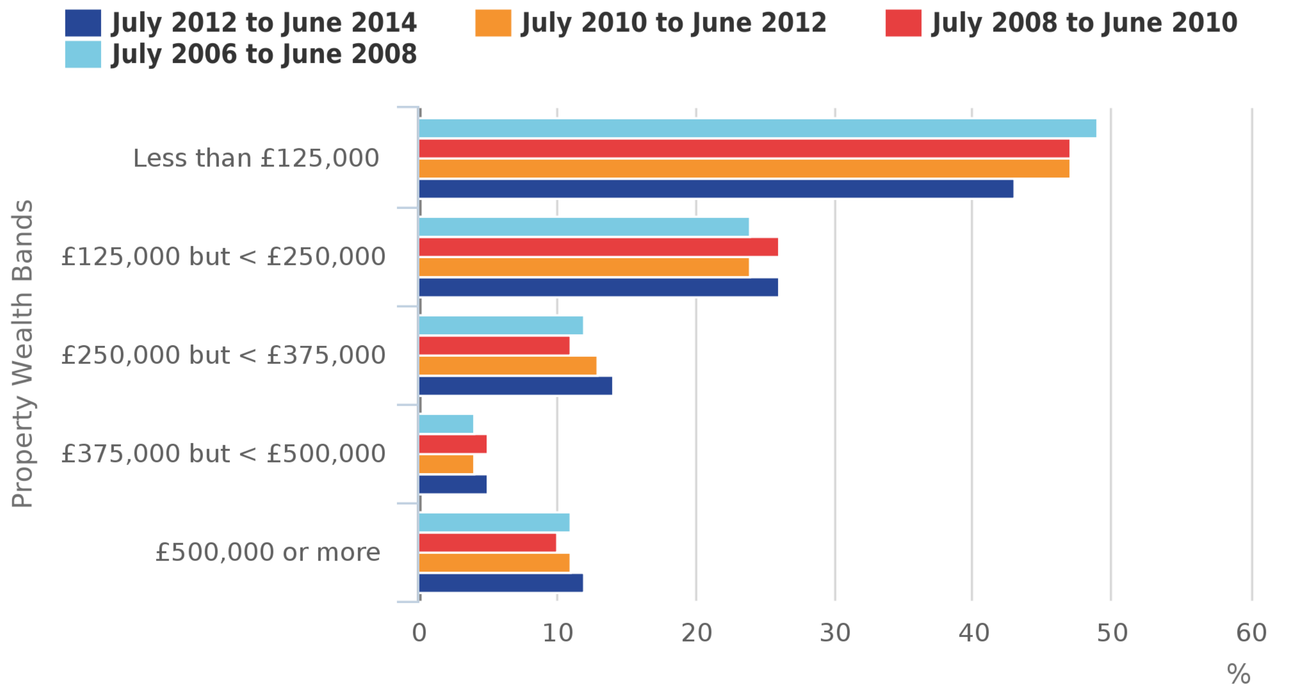
Figure 3.5 presents the distribution of gross values of other properties by wave and across 5 property value bands. It is important to reiterate that ‘other property’ includes property types with a wide range of values. The propensity to buy and sell other property – notably lower valued property - may be higher and this should be borne in mind when interpreting valuation changes over time.

The most common valuation band for households with other property was less than £125,000. For the period July 2012 to June 2014, 43% of other properties were valued in the lowest band; lower than the corresponding percentage in previous period (47%).

The percentage of other properties valued in the lowest 2 bands, that is, less than £250,000, was 73% in the period July 2006 to June 2008. The percentage was the same in July 2008 to June 2010, but has decreased by 4 percentage points to stand at 69% during July 2012 to June 2014 . The changes in household's property valuation follows the same increasing pattern as shown with the value of the main residences.

Figure 3.5: Gross value of other property, by property value bands

Great Britain, July 2006 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Notes for household gross property wealth

1. **How is property wealth calculated?**

   Property wealth estimates are derived from respondents' own valuations of their property. If a household's main residence is either owned outright, with a mortgage or part owned/part rented, the person responding to the household questionnaire is asked to estimate the value of their property. For other property, each adult in the household is asked about any property owned other than the main residence and the value of their share in such property. If precise estimates of property value cannot be given, respondents are offered a choice of banded values. The precise values of these banded responses are later imputed, based on the distribution of the precise values obtained from other respondents. Respondents are also asked about any mortgages (including equity release) secured on their properties.

   These data have been quality assured and compared against other sources. The quality assurance report is given in Annex 1 to this chapter.

2. **Other property**

   It should be noted that 'other property' includes property types with a wide range of values compared to the values of main residence for example, timeshares, land plots, garages etc. The propensity to buy and sell this lower valued property may be higher than that for the higher valued property types, irrespective of the market at the time. Therefore values might be more subject to change between waves.

5 . Mortgage debt

The survey asked households about mortgages (including all-in-one accounts [1]). The results show that:

- the percentage of households who had a mortgage on their main residence was 38% in the period July 2006 to June 2008, falling to 34% during July 2012 to June 2014 – this fall is consistent with Table 3.1, which presented a drop in the percentage of households owning their main residence with help from a mortgage
- the percentage of households who had a mortgage on another property or properties was 5% across for the latest period

In WAS, mortgage debt is recorded as the total outstanding on mortgages on a residence. The median value of mortgage debt on household's main residence increased by 19% between July 2006 to June 2008 and July 2012 to June 2014. In the period July 2012 to June 2014, half of households owning their main residence with help from a mortgage owed at least £83,000 (Table 3.6).

The median value of mortgages on other property also continues to increase and for the period July 2012 to June 2014 was £90,000, which was £5,000 higher than the July 2010 to June 2012 value.

Table 3.6: Median value of mortgages

Great Britain, July 2006 to June 2014

£

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Households with mortgage on main property	83,000	80,000	75,000	70,000
Households with mortgage on other property	90,000	85,000	84,000	80,000

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Households may have one or more mortgages.

2. Results exclude households without a mortgage.

Equity release schemes

The survey also asked about equity release schemes. Equity release is a way of getting cash from the value of a home without having to move out. It is usually restricted to people aged 55 and above. There are 2 main types of equity release scheme – lifetime mortgages and home reversion plans. A lifetime mortgage is a loan secured on the home (which is not repayable until the person dies or moves into long-term care). A home reversion plan involves a firm either buying the customer's home or a part of it at a discount to the market price, or arranges for someone else to do so. In return the customer gets a cash lump sum or an income. The home, or the part of it they sell, now belongs to someone else, but the customer is allowed to carry on living in it until they die or move out.

Although the values from the survey for equity release are taken into account for households who have reported it when calculating net property wealth, no separate figures are presented here as the number of households reporting equity release is very small (less than 1%), (some may be reporting these as re-mortgages etc.) with the resulting figures for equity release values thought unreliable.

Table 3.8: Aggregate estimates of property wealth

Great Britain, July 2006 to June 2014

£ Billion

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Aggregate household gross property wealth	4,984	4,541	4,359	4,492
Aggregate mortgage debt	1,057	1,012	980	960
Aggregate household net property wealth	3,927	3,528	3,379	3,532

Source: Wealth and Assets Survey, Office for National Statistics

Notes for mortgage debt

1. There are 2 types of all-in-one accounts; the 'current account' mortgage and the 'offset' mortgage. Current account mortgages are where all finances are kept together in 1 pot so the mortgage, current account, any savings, credit card and loans are all combined, resulting in 1 overall account with 1 outstanding balance. Offset mortgages are where the different financial elements are held with a single provider, but as separate accounts with individual balances. The different elements are 'linked' so the mortgage amount is reduced ("offset") by the funds in the savings and/or current accounts. Interest is only paid on the net amount owing.

6 . Household net property wealth

This section presents summary estimates for total household net property wealth in Great Britain. This is calculated as the sum of the values recorded for each household for the main residence plus any other property, minus the value of mortgage liabilities and equity release.

Table 3.7 shows the median values for total net property wealth for property owners. In the period July 2012 to June 2014, half of all property owning households had net property wealth of £ 152,500 or more.

Table 3.7: Median household net property wealth

Great Britain, July 2006 to June 2014

£

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Median household net property wealth	153,000	150,000	148,000	150,000

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Results are for property owners only.

Table 3.8: Aggregate estimates of property wealth

Great Britain, July 2006 to June 2014

£ billion

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Aggregate household gross property wealth	4,984	4,541	4,359	4,492
Aggregate mortgage debt	1,057	1,012	980	960
Aggregate household net property wealth	3,927	3,528	3,379	3,532

Source: Wealth and Assets Survey, Office for National Statistics

7 . Household net property wealth by household characteristics

In this section, only the latest and sometimes 1 previous survey period of data are presented. Data for earlier years is presented in the reference tables available with this release.

This section considers household property wealth by region of residence and household type. In Tables 3.1 and 3.2, ownership rates were presented separately for a household’s main residence and any other property owned. Property ownership rates from now on combine these into a single property ownership rate. The rate is slightly higher than the ownership rate for a household’s main residence, highlighting the fact that persons living in a household might own other property, despite the household itself not owning the main residence.

Distribution of household net property wealth, by total household income

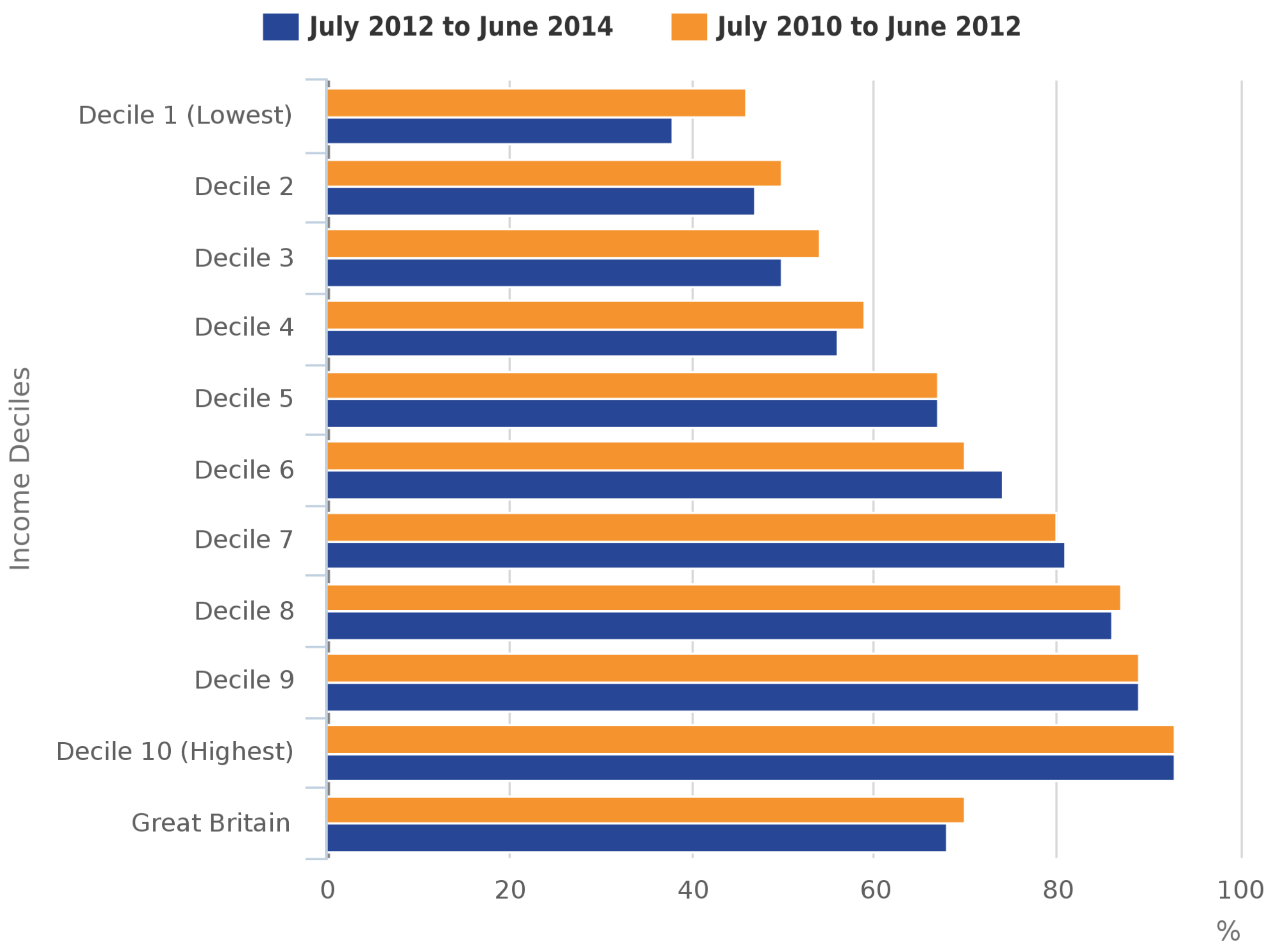
To have a true reflection of a household’s income a process of equivalisation has been performed. Household’s equivalised income is being used as this process adjusts income to compensate for both the size and composition of a given household. Performing this adjustment means that incomes of all households will be on a comparable basis.

Those households with the lowest equivalised income during July 2012 to June 2014 also have the lowest property ownership rates; conversely those households in the highest equivalised income band have the highest. Just under 4 out of 10 (38%) households own property in the lowest income band. This ownership rate rises to over 9 out of 10 (93%) for those households in the highest income bands.

Figure 3.9 shows that property ownerships rates rise as household equivalised income increases.

Figure 3.9: Household ownership rates, by total household net equivalised income decile

Great Britain, July 2010 to June 2014



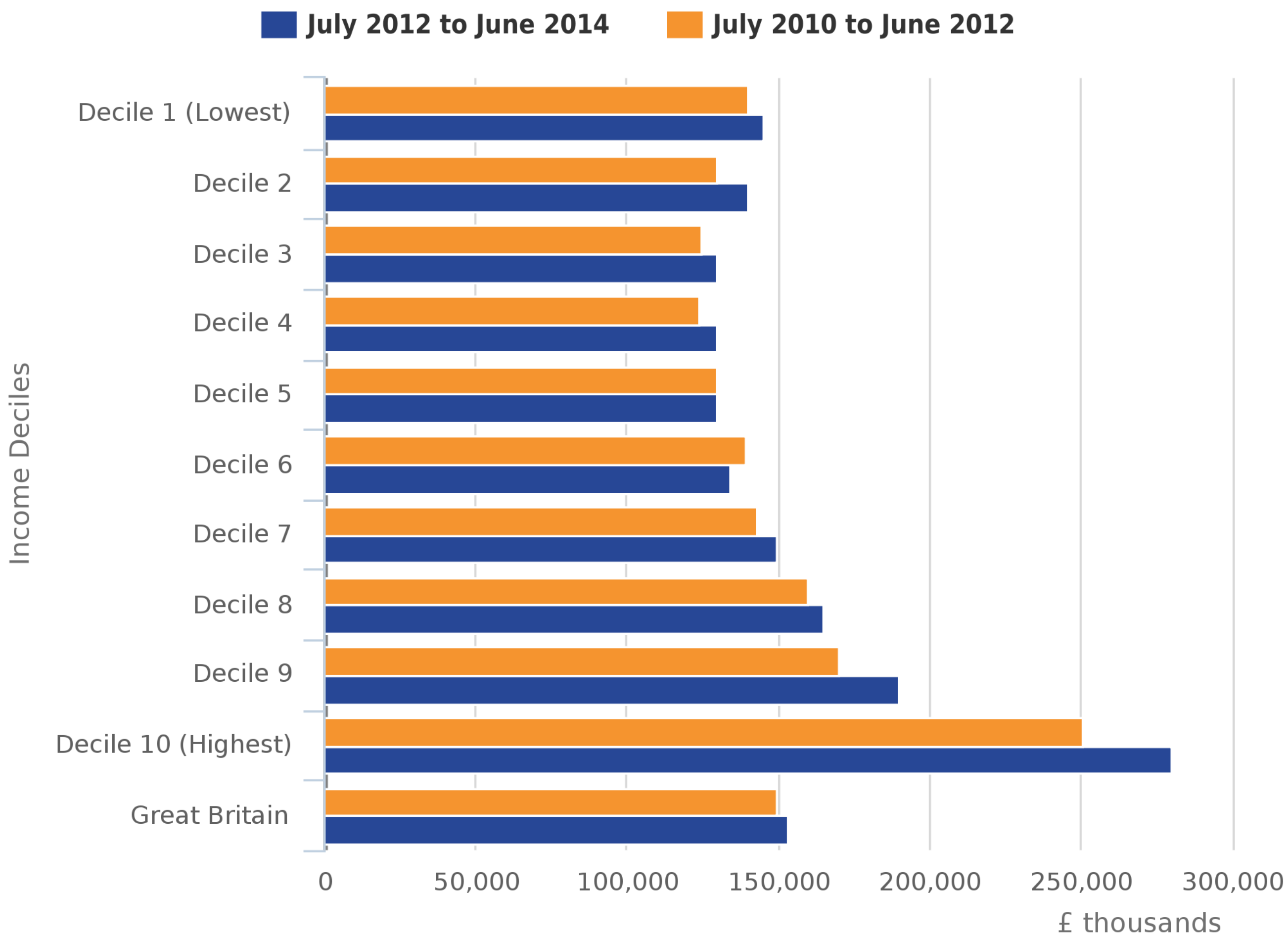
Source: Wealth and Assets Survey - Office for National Statistics

Property owning households with the highest levels of income have the largest median net property wealth; while those in the lowest income bands have the fifth highest median net property wealth. During July 2012 to June 2014, the median net property wealth in the highest income band was £280,000. Those in the lowest income band had a median net property wealth of £145,000.

Those property owning households in the lowest income bands were not the households with the lowest median net property wealth – likely to reflect the fact that older people may own property but are retired and have lower incomes. Figure 3.10a shows that the median net wealth decreases through the second and third lowest income bands, finally increasing once past the middle income groups, until reaching a peak in the highest income bands.

Figure 3.10a: Median household net property wealth for property owners, by total household net equivalised income decile

Great Britain, July 2010 to June 2014

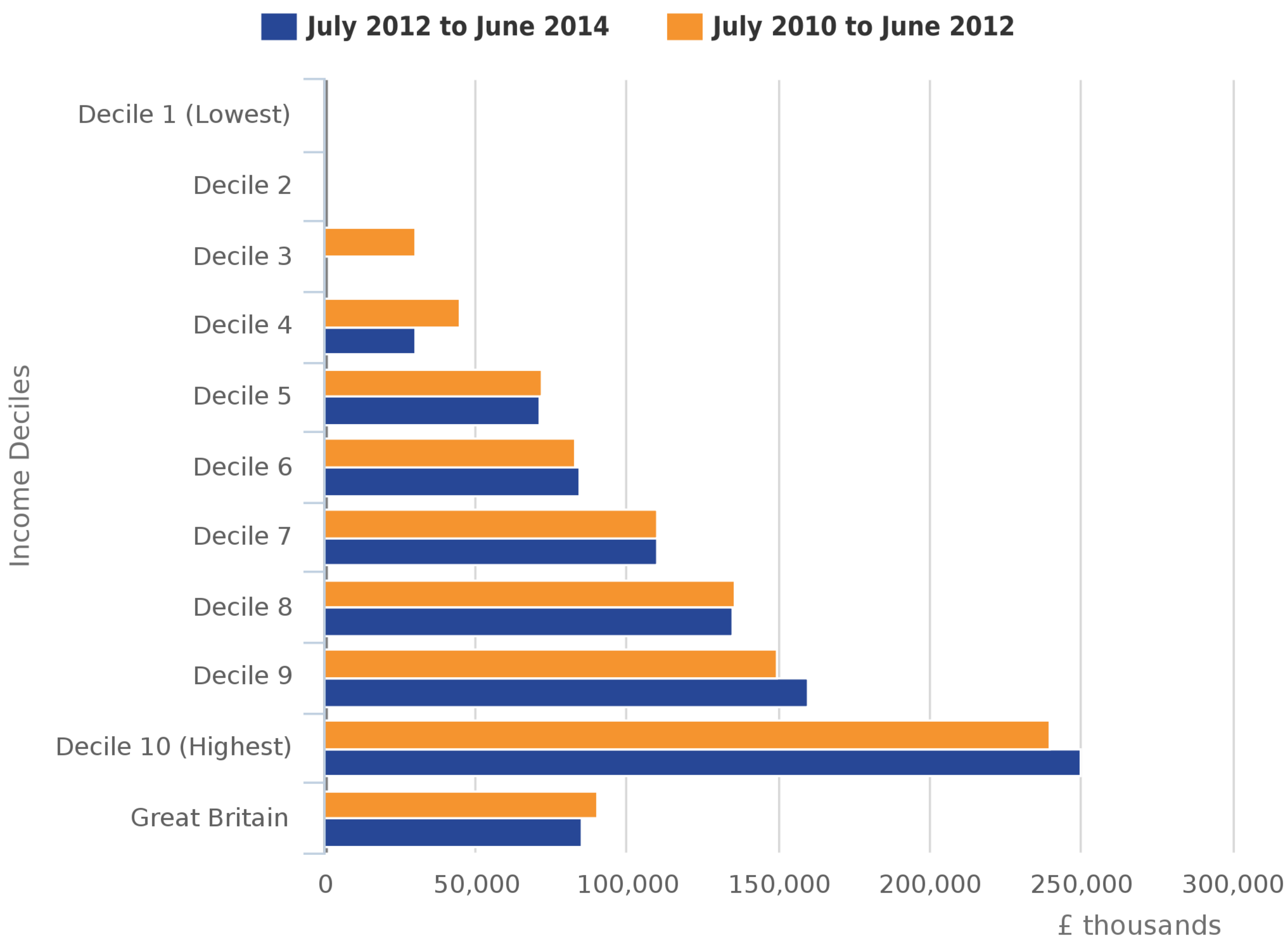


Source: Wealth and Assets Survey - Office for National Statistics

Since the property ownership rates for the lowest 3 income deciles was 50% or less in July 2012 to June 2014, the median value of property wealth for all households (that is, including households not owning any property) in these 3 income deciles is zero. Figure 3.10b further shows that for all households, net property wealth increases as income decile increases, with households in the largest income band having a median net property wealth of £250,000 in July 2012 to June 2014, the largest of any income group.

Figure 3.10b: Median household net property wealth1, by total household net equivalised income

Great Britain, July 2010 to June 2014



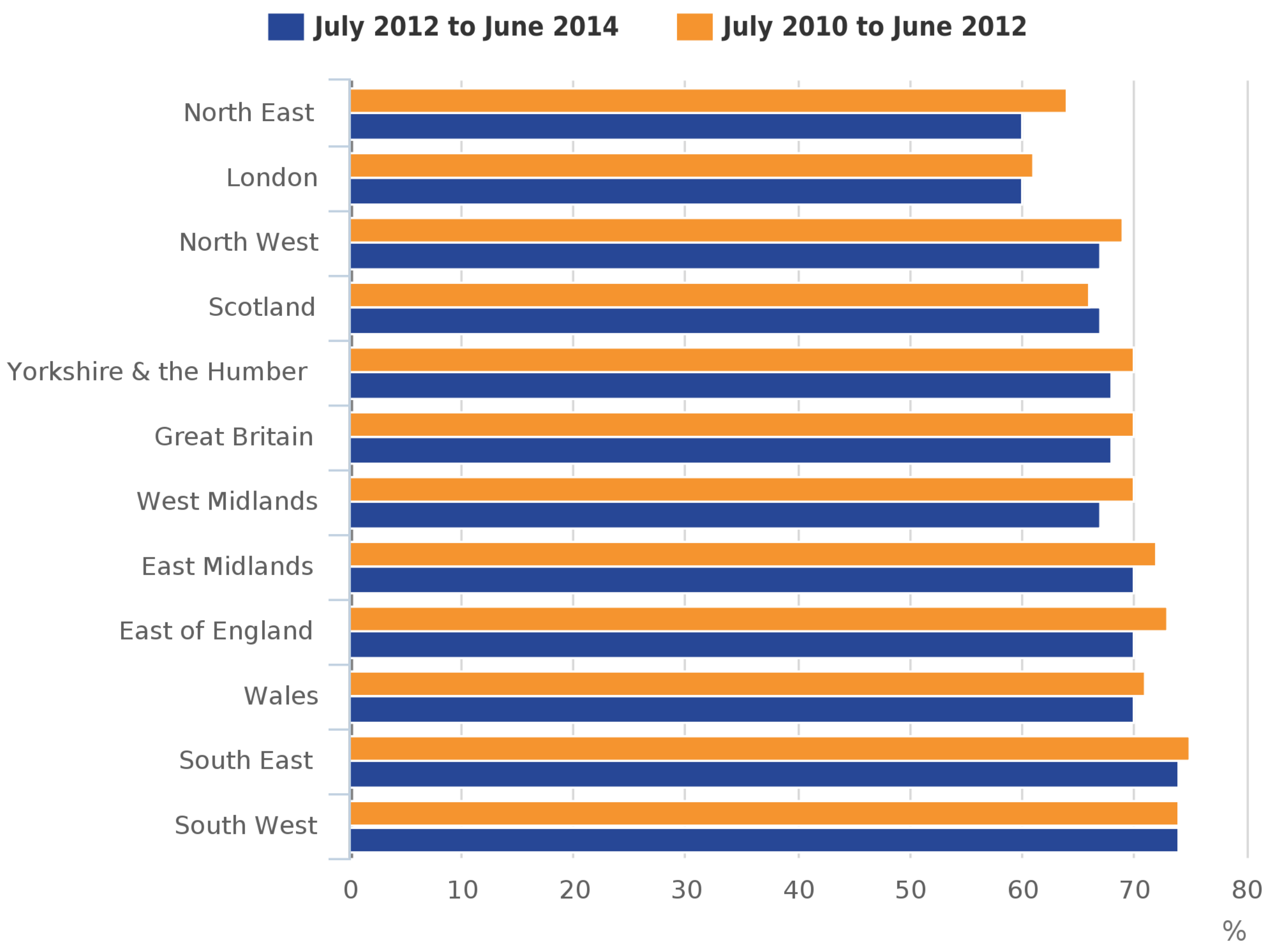
Source: Wealth and Assets Survey - Office for National Statistics

Region of residence

Just under 7 in 10 households (68%) in Great Britain owned their main residence and/or other property in July 2012 to June 2014 (Figure 3.11). The lowest ownership rate in the latest period of the survey was amongst households in the North East and London, where 60% of households owned their main residence and/or other property of some kind. The regions with the highest ownership rate were the South East and the South West – where nearly three-quarters (74%) of households were property owners in the period July 2012 to June 2014.

Figure 3.11: Household ownership rates1, by region of residence

Great Britain, July 2010 to June 2014

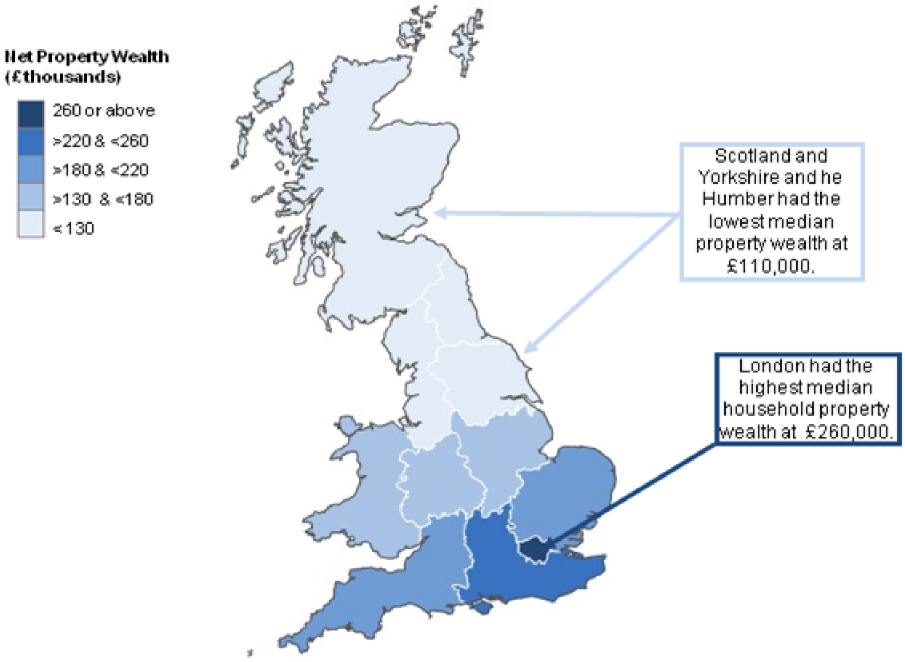


Source: Wealth and Assets Survey - Office for National Statistics

Figure 3.12 shows median household property wealth according to the location of the main residence of the household. It shows Scotland, Wales and the 9 English regions (with London shown separately; the figures for the South East exclude London).

Median household net property wealth for property owners in Great Britain as a whole stood at £153,000 in the period July 2012 to June 2014. In each of the periods, the wealthiest parts of Great Britain in terms of median net household property wealth were London and the South East (Figure 3.12), with values of £260,000 and £220,000 respectively. The regions of Scotland and Yorkshire and The Humber had the lowest value of net property wealth at £110,000.

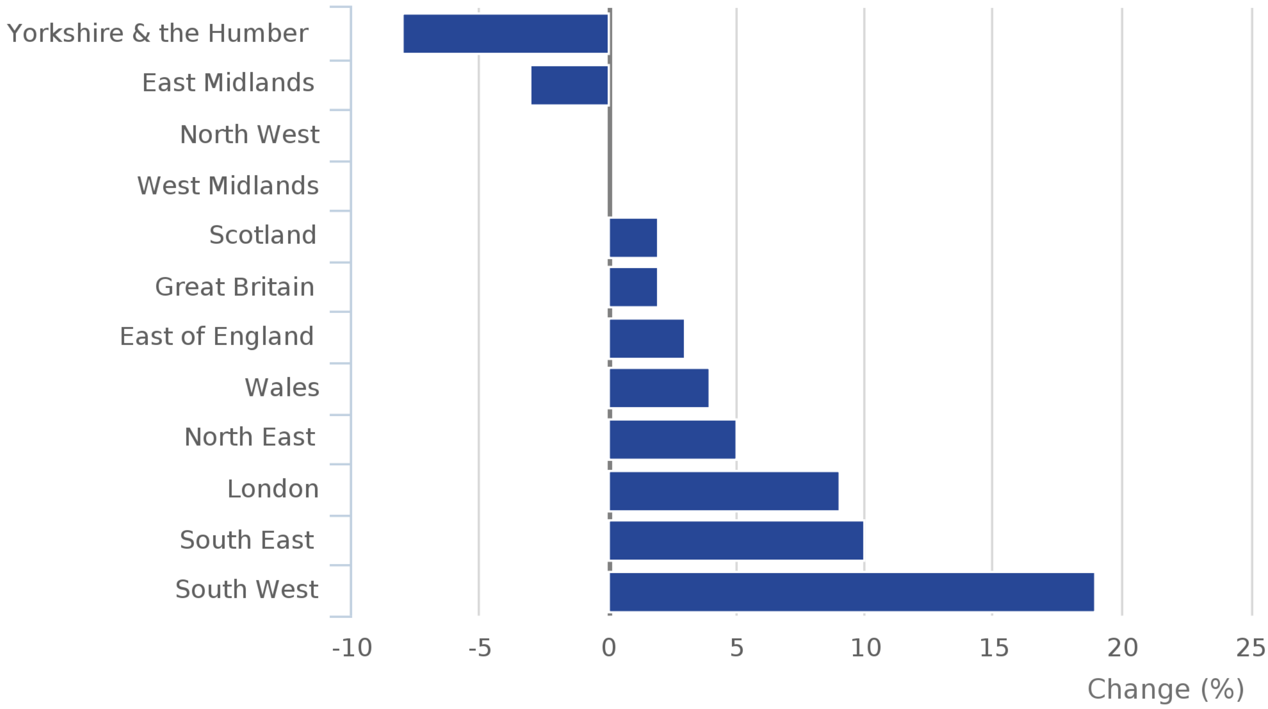
Figure 3.12: Median household net property wealth [1], by region of residence



Apart from Scotland, each region of Great Britain saw a fall in median household net property wealth between July 2006 to June 2008 and July 2008 to June 2010. Between July 2010 and June 2014, 8 out of 12 regions had an increase, 2 had no change and 2 had a decrease in the median value of household net property wealth. Over the same time period, 6 of the regions saw a decrease, 4 increased and 1 stayed the same. London had the largest increase in median household net property wealth over this period, rising from £239,000 to £260,000. The South West had the largest percentage increase in median household net property wealth, rising by 19%. The biggest decrease was found in Yorkshire and The Humber, which had median value of household net property wealth fall by £9,000, equivalent to an 8% fall, the largest of all regions.

Figure 3.13: Percentage change in median household net property wealth [1], by region of residence

Great Britain, July 2010 to June 2012 and July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

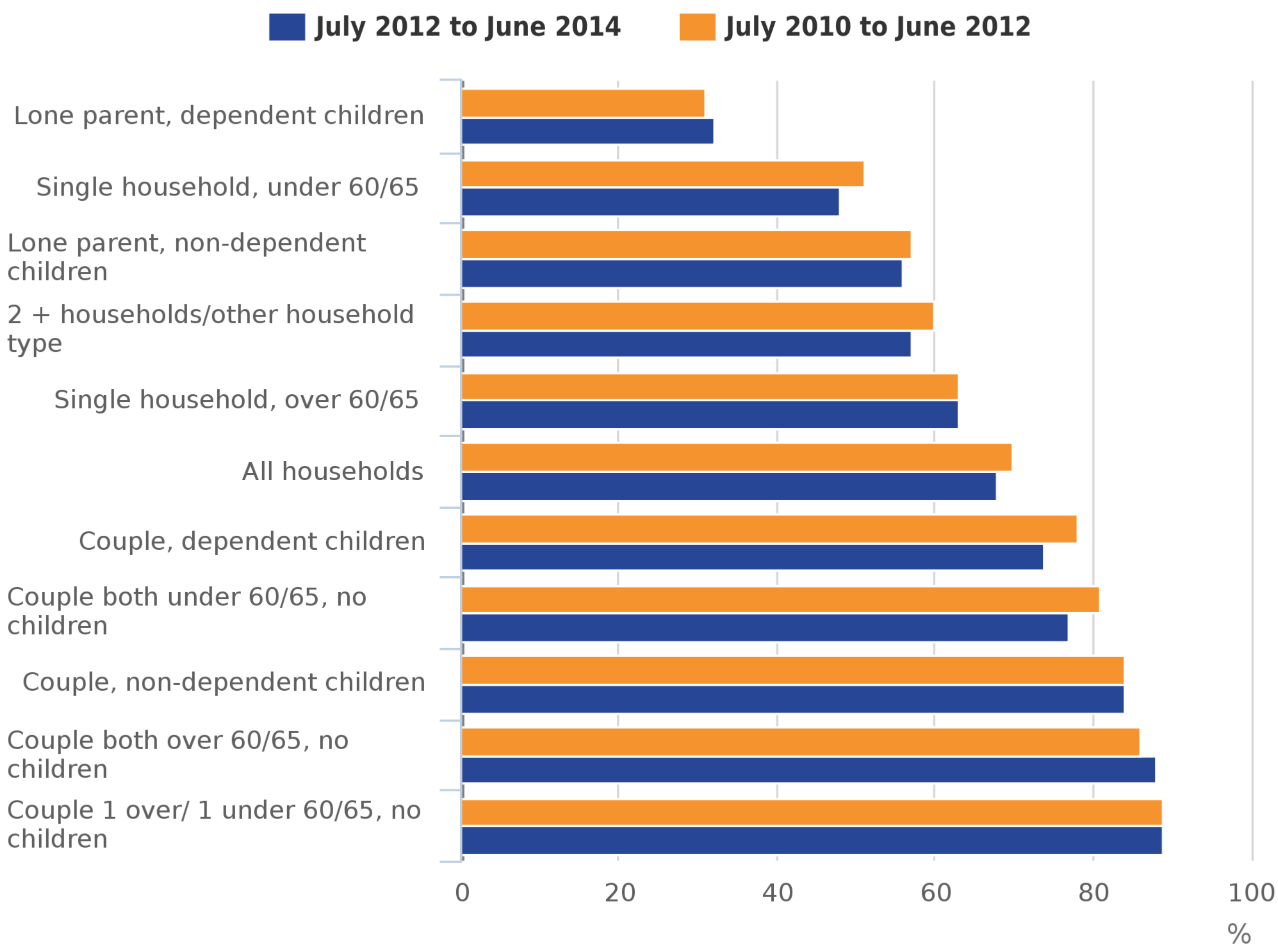
1. Results are for property owners only.

Household type

The household type with the lowest property ownership rate in each of the waves was ‘lone parent, dependent children’ where less than a third of households (32%) owned their main residence and/or other property of some type in the period July 2012 to June 2014 (Figure 3.14). The household type with the highest property ownership rate in each of the waves was ‘Couple 1 over/1 under 60/651, no children’, where nearly 9 in 10 (89%) of such households were property owners (though this type of household accounted for only 5% of the WAS sample – see Introduction and demographics chapter).

Figure 3.14: Household ownership rates, by household type

Great Britain, July 2010 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

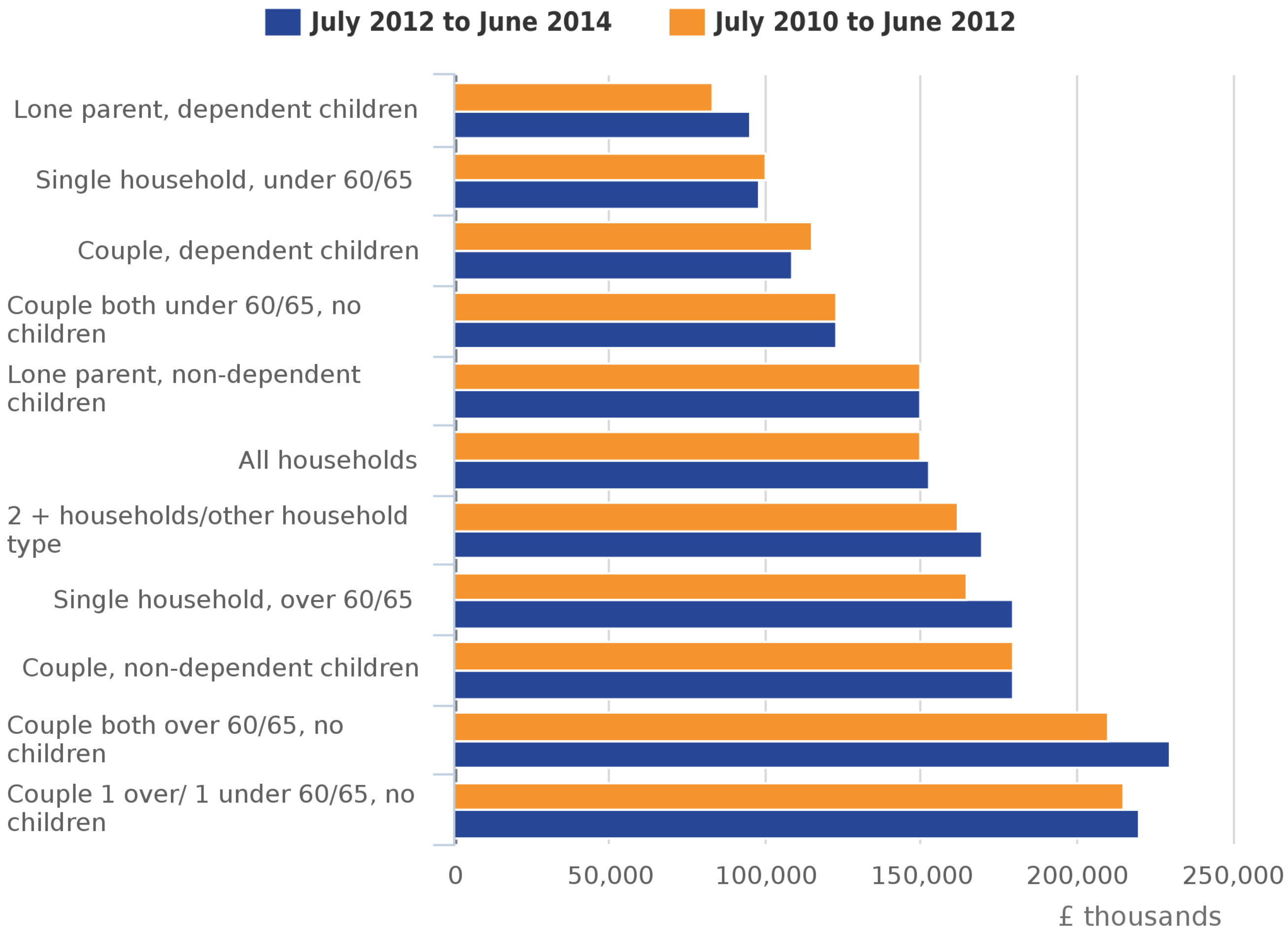
Older couples with no children had the highest median household net property wealth in the period July 2012 to June 2014 (Figure 3.14). Half of all property-owning households in the household type ‘Couple both over 60/65, no children’ had a net property wealth of £230,000 or more, and half of all property-owning households in the household type ‘Couple Couple 1 over/ 1 under 60/65, no children’ had a net property wealth of £220,000 or more. Both of these household types are likely to be coming to the end of their mortgage and will therefore have less mortgage debt. (Only 5% of property-owning households in the household type ‘Couple both over 60/65, no children’ had a mortgage and 20% of property-owning households in the household type ‘Couple Couple 1 over/ 1 under 60/65, no children’ had a mortgage compared with the Great Britain figure of 34%).

The household type with the lowest median household net property wealth in all waves was ‘Lone parent, dependent children’, with a value of £95,000 in the period July 2012 to June 2014. ‘Single household, under 60 /65’ was the household type with the second lowest median household net property wealth (£98,000).

The most common household type was ‘Couple with dependent children’ (please see demographic chapter). The median net household property wealth for this household type was £109,000 in the period July 2012 to June 2014.

Figure 3.15: Median household net property wealth for property owners, by household type

Great Britain, July 2010 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Notes for household net property wealth by household characteristics

1. 60/65 refers to women up to the age of 60 and men up to the age of 65.

8 . Household net property wealth by individual characteristics

In this section, only the latest survey period of data are presented. Data for earlier years is presented in the reference tables available with this release.

This section looks at some main characteristics of individuals living in households by net property wealth bands. It is important to remember that this analysis presents individual characteristics by the total property wealth of the household that the individual lives within. In certain instances it is possible that this wealth is more likely attributed to other individuals living within that household. Note that the lowest band of household property wealth includes negative property wealth.

Sex and marital status

Married individuals were the most likely to live in property-owning households. Just 17% of both married males and married females that lived in households did not own their main residence or another property (Table 3.16). Living in a household but not owning any property was most common for individuals whose marital status was either separated (49% for men and 56% for women) or divorced (49% for men and 46% for women).

The percentage of individuals living in households in the net property wealth band of £500,000 or more was highest for married individuals (9% of married males and 8% married females lived in households belonging to the highest net property wealth band). The percentage of cohabiting individuals living in households in the lowest net property wealth band was the highest of all the marital status groups (18% of both cohabiting males and cohabiting females lived in households with net property wealth of £50,000 or less).

Table 3.16: Individuals by sex and marital status, by household net property wealth

Great Britain, July 2012 to June 2014

%

	Do not own property	Less than £50,000	£50,000 but < £125,000	£125,000 but < £250,000	£250,000 but < £375,000	£375,000 but < £500,000	£500,000 or more	All Households
Men								
Married[2]	17	11	19	26	13	6	9	100
Cohabiting [3]	39	18	18	14	6	2	3	100
Single[4]	38	12	18	17	7	3	5	100
Widowed	32	..	18	25	14	6	4	100
Divorced	49	6	20	16	5	..	2	100
Separated	49	17	15	11	..	..	..	100
All men	30	12	18	21	10	4	6	100
Women								
Married[2]	17	11	19	26	13	6	8	100
Cohabiting [3]	40	18	18	14	6	2	3	100
Single[4]	40	12	17	16	7	3	5	100
Widowed	32	2	15	29	14	4	4	100
Divorced	46	6	17	20	7	2	2	100
Separated	56	13	14	11	..	..	..	100
All women	31	11	18	21	10	4	6	100
All Persons	30	11	18	21	10	4	6	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Includes all households - including those who rent their main accommodation.

2. Includes civil partnerships.

3. Includes same sex couples.

4. Includes persons of any age.

5. Figures in italics are based on 30 or more unweighted cases but less than 50 - such data should be treated with some caution.

6. ".." - estimates that have been suppressed due to fewer than 30 unweighted cases.

Age

Living in a non-property owning household was over twice as common amongst individuals aged 16 to 24 years as it was for those aged 55 to 64. Nearly 3 out of every 7 of 16 to 24 year olds (41%) lived in a household without property wealth; the highest percentage across each of the age bands (Table 3.16). Younger people are likely to be earning less than older people, and will have had less time to afford a deposit on a house and enter the property market. Nevertheless, three in five individuals aged 16 to 24 (60%) lived in a household with property wealth and 6% of this age group lived in households with property wealth valued at £500,000 or more. This finding is likely to be attributable to the high percentage of individuals aged between 16 and 24 who still live in their parental home.

The age group 55 to 64 years had the lowest percentage of individuals living in non-property owning households (19% lived in a household without net property wealth). Over 1 in 10 (11%) individuals aged 55 to 64 lived in households with net property wealth of £500,000 or more; the highest of any age group. In contrast, individuals aged 25 to 34 had the lowest percentage living in households with net property wealth in the highest wealth band, at 2%.

Considering the lowest net property wealth band, 1% of individuals aged 65 or older lived in households with net property wealth less than £50,000. Individuals aged between 25 and 34 years were the most likely to live in households with net property wealth of less than £50,000 (24%).

Table 3.17: Individuals by age, by household net property wealth

Great Britain, July 2012 to June 2014

%

	Do not own property	Less than £50,000	£50,000 but < £125,000	£125,000 but < £250,000	£250,000 but < £375,000	£375,000 but < £500,000	£500,000 or more	All Households
Under 16	36	17	20	14	5	2	5	100
16-24	41	8	15	19	8	4	6	100
25-34	39	24	17	11	4	2	2	100
35-44	29	17	25	17	6	2	4	100
45-54	24	8	20	25	11	5	7	100
55-64	19	4	14	30	15	7	11	100
65+	22	1	13	31	18	6	9	100
All Persons 3	30	11	18	21	10	4	6	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Includes all households - including those who rent their main accommodation.

2. Includes persons of any age.

Education level

Table 3.18 shows the percentage of individuals living in households with different values of net property wealth by education level.

The percentage of individuals educated at degree level or above living in households with a net property wealth of £500,000 or more was 12% – 9 percentage points higher than individuals reporting no educational qualifications. More than 2 in 5 individuals (45%) without qualifications lived in households that did not own property. This compared with 16% of individuals educated at degree level or above and 29% of individuals who reported other qualifications.

Table 3.18: Individuals by education level, by household net property wealth

Great Britain, July 2012 to June 2014

%

	Do not own property	Less than £50,000	£50,000 but < £125,000	£125,000 but < £250,000	£250,000 but < £375,000	£375,000 but < £500,000	£500,000 or more	All Households
Degree level or above	16	12	17	21	14	7	12	100
Other qualifications	29	11	18	24	10	4	5	100
No qualifications	45	5	16	21	8	2	3	100
All Persons[2]	29	10	17	23	11	4	6	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Includes all households - including those who rent their main accommodation.

2. Includes only eligible adults who gave their education level.

Economic activity

Table 3.19 shows the percentage of individuals living in households with different values of net property wealth by economic activity.

One in 7 self-employed individuals (14%) lived in households with net property wealth of £500,000 or more. This is 9 percentage points higher than employees and 12 percentage points higher than unemployed individuals living in households within the highest band of net property wealth. One in 12 inactive students (8%) lived in households with net property wealth of £500,000 or more, which could be due to students living at home with their parents.

The percentage of individuals living in households without property wealth was highest for those who were economically inactive due to sickness or disability, or who were unemployed (68% and 59% respectively). The percentage of individuals living in non-property owning households was lowest for those who were self-employed (19%).

Table 3.19: Individuals by economic activity, by household net property wealth

Great Britain, July 2012 to June 2014

%

	Do not own property	Less than £50,000	£50,000 but < £125,000	£125,000 but < £250,000	£250,000 but < £375,000	£375,000 but < £500,000	£500,000 or more	All Households
Economically Active								
In Employment	24	14	21	22	9	4	6	100
Employee	24	15	22	22	9	4	5	100
Self Employed	19	11	16	21	12	6	14	100
Unemployed	59	8	12	12	4	..	2	100
Economically Inactive								
Student	46	5	10	16	8	7	8	100
Looking after family/home	50	9	14	14	5	3	5	100
Sick / Disabled[2]	68	5	11	11	3	..	1	100
Retired	22	1	13	31	18	7	8	100
Other Inactive	39	7	10	17	11	6	11	100
All Persons	29	10	17	23	11	4	6	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Includes all households - including those who rent their main accommodation.

2. Combined figure for temporarily sick / injured and long term sick and disabled.

3. ".." - estimates that have been suppressed due to fewer than 30 unweighted cases.

Socio-economic group

Over two-thirds of individuals who had routine occupations lived within a household without property wealth (62%), compared with just over 1 in 10 (11%) of individuals classified as working in large employer and higher managerial positions.

The percentage of individuals living within households in the net property wealth band of £500,000 or more was highest for those individuals classified as working within the large employer and higher managerial socio-economic grouping; 14% of such individuals lived within a household with net property wealth of £500,000 or more. The second highest percentage of individuals living in households belonging to the highest net property wealth band were those working within intermediate occupations (12%).

Table 3.20: Individuals by socio-economic classification, by household net property wealth

Individuals by socio-economic classification, by household net property wealth [1]: Great Britain, July 2012 to June 2014

%

	Do not own property	Less than £50,000	£50,000 but < £125,000	£125,000 but < £250,000	£250,000 but < £375,000	£375,000 but < £500,000	£500,000 or more	All Households
Large employers and higher managerial	11	11	18	24	15	8	14	100
Higher professional	15	13	20	25	13	6	8	100
Lower managerial and professional	21	12	18	27	12	4	5	100
Intermediate occupations	22	10	16	22	13	5	12	100
Small employers and own account workers	30	15	21	23	7	2	2	100
Lower supervisory and technical	40	10	19	20	7	2	2	100
Semi-routine occupations	48	9	18	19	5	1	1	100
Routine occupations	62	6	10	12	4	3	4	100
Never worked/long term unemployed	36	5	13	23	11	5	7	100
All Persons[2]	29	10	17	23	11	4	6	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Includes all households - including those who rent their main accommodation.

2. Includes only adults who are 16 years old and above, not in full time education and gave sufficient information to determine socio-economic group.

9 . Quality assuring property wealth data

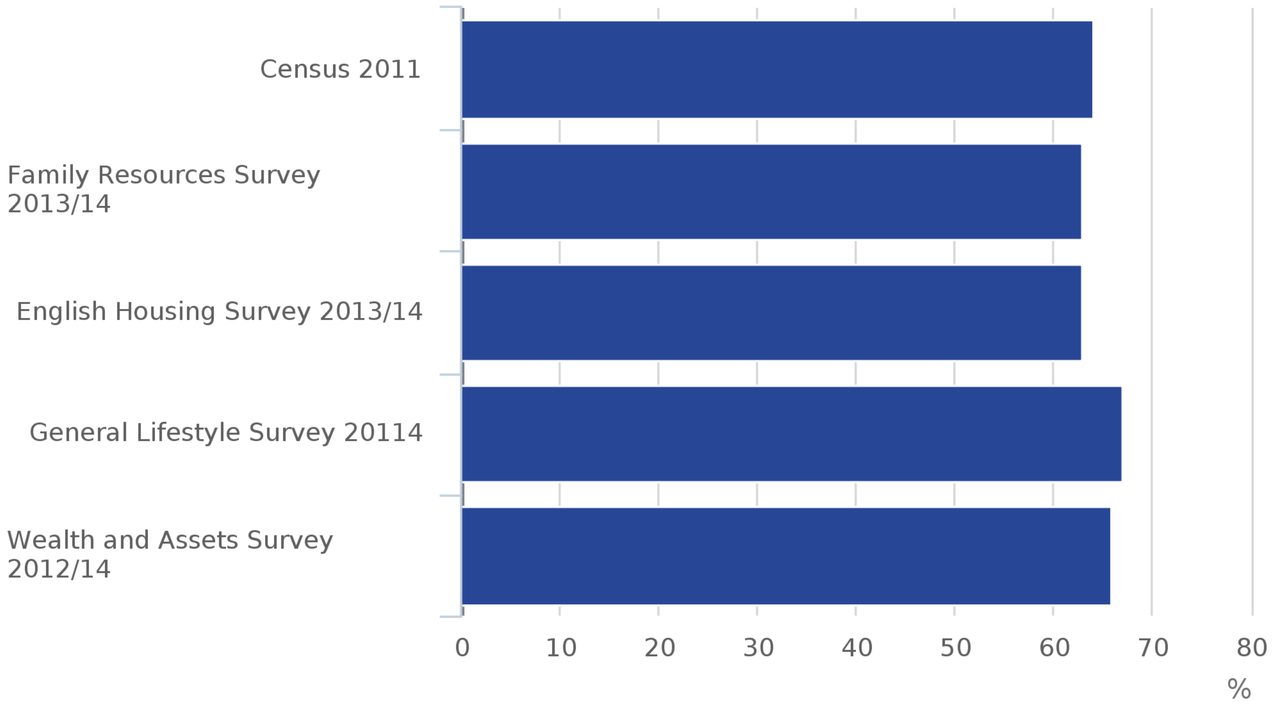
Ownership of main residence

The following section examines how the ownership rates for a household's main residence compare across a number of different sources. Ownership here includes any household who owns their main residence outright, with help from a mortgage or through a shared ownership scheme.

Ownership rates for a households main residence were: 64% in the 2011 Census (covering England and Wales only); 63% from Family Resources Survey 2013/14 (covering Great Britain); 63% from the English Housing Survey 2013 to 2014 (covering England only); and 67% in the General Lifestyle Survey 2011 (covering Great Britain). WAS is reasonably consistent figure for 2010/12, indicating an ownership rate of 66%. These are presented in Figure A.

Figure 3A: Comparison of main residence ownership rates, by source of data

Great Britain, July 2006 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

A notable disparity in ownership rates is that those in London are lower. For London, Family Resources Survey 2013/14 data indicates an ownership rate of 50% and the 2011 Census indicated an ownership rate of 49%.

Property valuation comparisons

There are a number of sources of data for the valuation of properties. While it is important to compare the WAS data with these other sources, it has to be remembered that they are derived in very different ways. In particular the WAS estimates of gross value of main residence are based on self-valuation.

Table B shows the average house price values produced from WAS and 3 other data sources, for the time periods equivalent to wave 1, 2, 3 and 4 of WAS . These figures are broken down by type of property.

Table 3.B: Value of main residence by dwelling type

Great Britain, July 2006 to June 2014

£

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Detached				
Land registry	259,000	255,000	247,000	266,000
Halifax	302,000	277,000	282,000	324,000
Nationwide	238,000	231,000	224,000	244,000
WAS	411,000	390,000	319,000	327,000
Semi-detached				
Land registry	155,000	153,000	151,000	166,000
Halifax	183,000	163,000	166,000	198,000
Nationwide	160,000	160,000	156,000	174,000
WAS	238,000	222,000	196,000	202,000
Terraced				
Land registry	124,000	123,000	123,000	137,000
Halifax	170,000	147,000	148,000	184,000
Nationwide	143,000	135,000	131,000	148,000
WAS	225,000	208,000	179,000	178,000
Flat				
Land registry	155,000	151,000	149,000	166,000
Halifax	193,000	158,000	154,000	189,000
Nationwide	137,000	127,000	131,000	135,000
WAS	228,000	199,000	166,000	173,000

Source: Land Registry, Halifax, Nationwide, Office for National Statistics

Notes:

1. This section provides brief details on the methodology used by the Land Registry, Nationwide and Halifax in producing house prices indicators based on property sales data:

The Land Registry has a record of all residential transactions in England and Wales since 1995. This dataset constitutes 16 million sales, of which 6 million are properties that have been resold during this period. The identification of these properties allow for a technique called repeated-sales regression to produce a housing price index which tracks changes in house prices over time. The ‘average prices’ reported by the Land Registry are standardised by taking a geometric mean price in April 2000 and adjusting it using the index, both backwards to 1995 and forwards to the present day. The average prices are also seasonally adjusted using classical seasonal decomposition methods.

Nationwide is the second largest mortgage lender (by stock) in the UK, and using data for mortgages that are at approvals stage, it calculates a housing price index to gives current indications of the housing market. The house price data consist of mix-adjusted prices, which gives an indication of how the price of a typical property changes over time. The prices are also seasonally adjusted. See http://www.nationwide.co.uk/hpi/default.asp for further information.

Halifax uses similar methods as those used by Nationwide in standardising house prices, and as such, both of these mortgage lenders produce similar housing price indices over time. Differences between the two indices are primarily due to the differences in their samples. Like Nationwide, Halifax takes into account various attributes associated with each property transacted. These attributes refer to both quantitative (e.g., age, number of rooms) or qualitative (e.g. location, type) characteristics of the property, and are translated into factors in a multivariate regression model to produce a standardised price. As a result, this technique allows the price of a ‘typical’ house to be tracked over time on a like-for-like basis. Both seasonally adjusted, and non-seasonally-adjusted house prices data for UK regions and different dwelling types are available on the Halifax website. For more details see http://www.lloydsbankinggroup.com/media1/research/halifax_hpi.asp

The values derived from these external sources vary considerably, with the Halifax data being consistently higher than both the Land Registry and Nationwide. While, in 2006 to 2008 WAS results are very similar to or lower than the Halifax estimates, WAS is consistently higher than all 3 sources in the subsequent waves. This could indicate that households tend to overestimate the value of their property, and moreover, may not adjust their valuation in line with the market, particularly in times of falling house prices. While the perceived value of property may lead to an over-estimate of property wealth compared with market price indicators, it is nonetheless a useful indicator. It is the perceived value that may be influencing the behaviour of households with respect to their property assets as well as their other assets such as financial, pensions and, to a lesser extent, their physical wealth.

Trends in the Great Britain housing market

Figure C presents the long term-trend in the housing market in Great Britain using the ONS House Price Index. It then considers these trends in the context of the time period covered by the Wealth and Assets Survey.

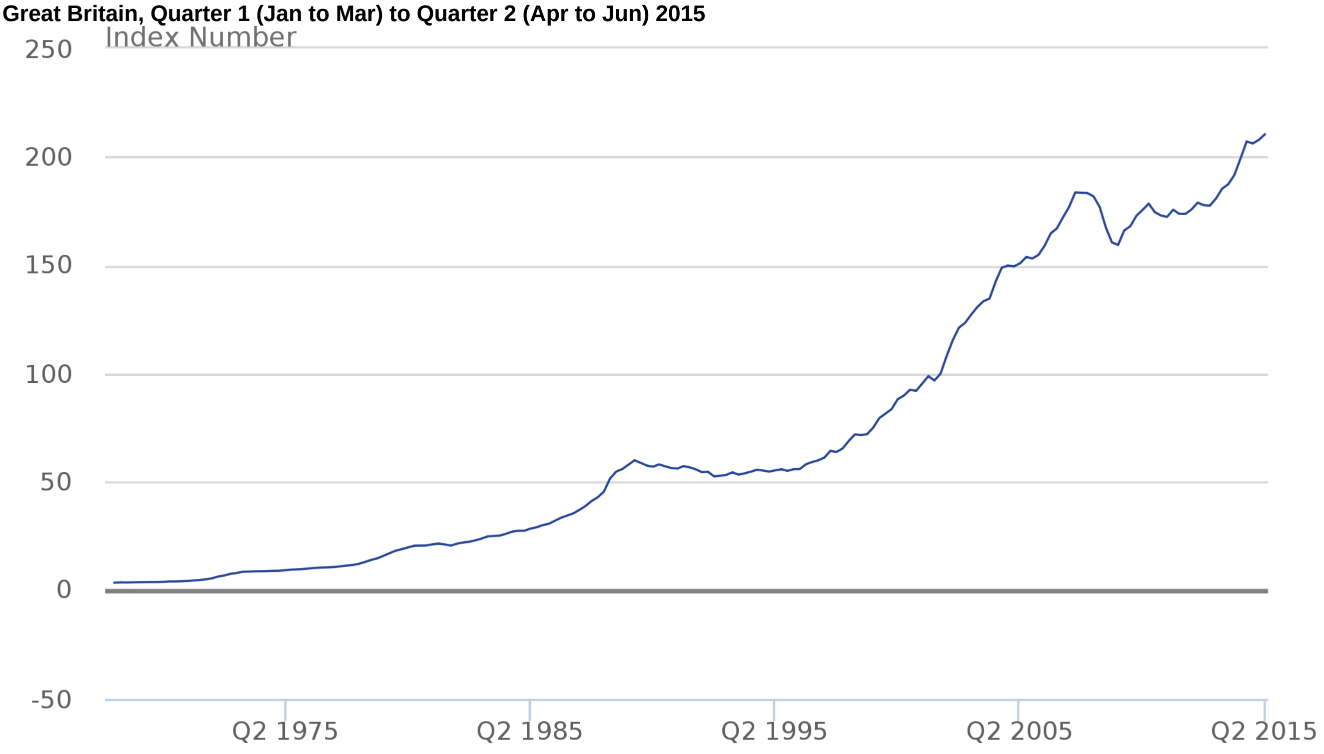
Since the 1970s, the housing market has been characterised by 2 sustained periods of rapid increase (in the 1980s, and between the mid 1990s and the late 2000s) and 2 shorter periods of decrease (beginning in 1990 and in 2008). The data used for Figure C are based upon the mix-adjusted house price index (source: ONS).

The Great Britain housing market boom during the 2000s

This increase in house prices, which began around the mid 1990s, continued throughout much of the 2000s. There were several reasons for this prolonged period of price rises in the housing market. Up until 2008, Great Britain experienced strong economic growth and consumer confidence. Mortgages were also readily available as banks offered competitive interest rates and high loan-to-value (95% to 100%) mortgages to their customers. As a result, people from a wide range of income levels were able to obtain a mortgage to purchase their homes. The high demand for housing, coupled with a relatively low housing supply, pushed up house prices.

Figure 3C: The United Kingdom housing market over time – ONS’s House Price indices

Great Britain, Quarter 1 (Jan to Mar) to Quarter 2 (Apr to Jun) 2015



Source: Wealth and Assets Survey - Office for National Statistics

The Great Britain housing market since 2006

The WAS commenced its first wave in Quarter 3 (July to Sept) 2006. The majority of wave 1 was characterised by a continued rise in house prices, although this tailed off and began to decline towards the end of the wave. The Great Britain housing market experienced a decline throughout 2008 and including Quarter 1 (Jan to Mar) 2009 that is, the first year of the second wave of the survey, but began to recover in the second half of wave 2. As with the boom, there were several reasons for the housing market decline. One of the most significant factors was the credit crisis, during which banks were unable to lend due to a sudden shortage of funds (see Endnote 1). The reluctance of banks to lend higher-LTV and other higher-risk meant that mortgages were not as readily available. From Quarter 2 (Apr to June) 2009, house prices started rising again until Quarter 2 (Apr to June) 2010, since then the market has been a little more volatile.

Equity release

In WAS wave 4 data, the total value of equity release mortgages was just over £7.3 billion. This was made up of £3.5 billion (48%) lifetime mortgages, £2.0 billion (27%) home reversions and £1.8 billion (24%) private unknown schemes.

According to Mortgage Lending and Administration Return (MLAR) data that is reported by all regulated lenders, in 2012 to 2014, the total value of lifetime mortgages was around £8 billion, of which around £6 billion were regulated mortgages (so sold after 31 October 2004) and under £2bn were non-regulated mortgages (so sold before 31 October 2004 and those secured on buy to let properties). So WAS only slightly understates the size of this market, with around 10% of the market not captured.

Owner-occupier housing stock and wealth

Owner-occupier housing stock are considered using the following data:

- Department for Communities and Local Government (DCLG) produce live tables of dwellings

Table 3.D: Comparing DCLG figures for dwelling stock by tenure with WAS

Great Britain, July 2010 to June 2014

Thousands of dwellings

	DCLG Results			WAS July 2010 to June 2014 Results[1]			Differences		
	Owner Occupied	All Rented Dwellings[2]	All Dwellings	Owner occupied	Rented privately or with a job or business	All Dwellings	Owner occupied	Rented privately or with a job or business	All Dwellings
2010[5]									
2011[5]	17,387	9,468	26,855	16,481	7,453	24,228	-906	-2,015	-2,627
2012									
2013[5]	17,204	9,948	27,151	17,005	8,324	25,615	-199	-1,624	-1,536

Source: Office for National Statistics

Notes:

1. WAS data collected over a two year period; July 2010 to June 2014.

2. Includes 'Rented privately or with a job or business', 'Rented from housing associations', 'Rented from Local Authorities' and 'Other public sector dwellings'.

3. For detailed definitions of all tenures, see Definitions of housing terms in Housing Statistics home page. 'Other public sector dwellings' figures are currently only available for England.

4. Figures for census years are based on census output.

5. Series from 1992 to 2011 for England has been adjusted so that the 2001 and 2011 total dwelling estimate matches the 2001 and 2011 Census.

6. From 2003 the figures for owner-occupied and the private rental sector for England have been produced using a new improved methodology as detailed in the dwelling stock release. Previous to this vacancy was not accounted for.

As can be seen, the overall the number of dwellings is slightly less for the WAS. For the owner-occupied group of dwellings the WAS captures 99% of those present in the DCLG series. For all dwellings the WAS captures just over 94% of the DCLG counts. There are larger differences between the rented portion of dwellings but this could be down to definitional differences between the DCLG and WAS.

Owner-occupier housing wealth was compared by using the following data:

- the WAS owner-occupier data for wave 4 is 17.4 million dwellings
- the simple average house price for Great Britain in 2013, taken from the ONS’s HPI series, stood at £252,000
- by multiplying these two elements together we get a level of household wealth that can be compared to the WAS gross wealth

Results indicate that the WAS wave 4 data might overstate the total value of owner-occupier housing wealth by 14%. However, house value is a subjective measure that cannot be assessed accurately unless the house is sold.

Table 3.E: Average house price comparisons

Great Britain, July 2012 to June 2014

£ thousands

Average GB house price from HPI (2013)	Number of owner occupied dwellings from WAS (Wave 4)	Estimate of owner occupied property wealth	Estimate of owner occupied property wealth from WAS wave 4	Percentage Differences (%)
252	17,400	4,384,800	4,984,000	14%

Source: Office for National Statistics

Endnotes

1. The credit crisis in 2007 originated from a number of ‘subprime’ mortgages being sold to customers with low income and poor credit in the US during the early part of the 2000s. To finance further lendings, mortgage companies bundled debts into consolidation packages and sold to other financial companies. In most of these subprime mortgages, the interest rate is fixed for the first two years, but increases thereafter. Along with rising fuel and food costs, many people with subprime mortgages were unable to afford their mortgage repayments and, therefore, had to default on their mortgages. This signalled the end of the housing market boom in the US as house prices began to fall. Many mortgage companies also went bankrupt because of the number of mortgage defaults. Banks were also forced into writing off bad debts that they had bought from these mortgage companies. As a result, banks became reluctant to lend, and therefore it became more difficult to borrow money.

2. Council of Mortgage Lenders: Published data and reports on the buy-to-let market.

3. When comparing WAS data with other sources, gross property wealth has been used (that is, including both main residences and other property) as this better reflects the coverage of the other sources. However, it should be noted that the regional split for the WAS is based on the region of residence for a household’s main dwelling. Other properties may be in a different region.

Technical notes

This section provides brief details on the methodology used by the Land Registry, Nationwide and Halifax in producing house prices indicators based on property sales data.

1. The Land Registry has a record of all residential transactions in England and Wales since 1995. This dataset constitutes 16 million sales, of which 6 million are properties that have been resold during this period. The identification of these properties allow for a technique called repeated-sales regression to produce a housing price index which tracks changes in house prices over time. The ‘average prices’ reported by the Land Registry are standardised by taking a geometric mean price in April 2000 and adjusting it using the index, both backwards to 1995 and forwards to the present day. The average prices are also seasonally adjusted using classical seasonal decomposition methods.

   The Land Registry collects information on all transactions regardless of method of purchase, and therefore is not only restricted to mortgage purchases. However, the dataset only includes transactions at full market value, and excludes sales from repossessions and auctions as they do not reflect full market price. Also, the data from the Land Registry are only available for England and Wales. For more details, visit the Land Registry website.

2. Nationwide is the second largest mortgage lender (by stock) in the UK, and using data for mortgages that are at approvals stage, it calculates a housing price index to gives current indications of the housing market. The house price data consist of mix-adjusted prices, which gives an indication of how the price of a typical property changes over time. The prices are also seasonally adjusted. Please visit the Nationwide website for further information.

3. Halifax uses similar methods as those used by Nationwide in standardising house prices, and as such, both of these mortgage lenders produce similar housing price indices over time. Differences between the 2 indices are primarily due to the differences in their samples. Like Nationwide, Halifax takes into account various attributes associated with each property transacted. These attributes refer to both quantitative (for example, age, number of rooms) or qualitative (for example, location, type) characteristics of the property, and are translated into factors in a multivariate regression model to produce a standardised price. As a result, this technique allows the price of a ‘typical’ house to be tracked over time on a like-for-like basis. Both seasonally adjusted, and non-seasonally-adjusted house prices data for UK regions and different dwelling types are available on the Halifax website. For more details visit the Lloyds Banking Group website .

10. Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

   These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.

Compendium

Chapter 4: Physical Wealth, Wealth in Great Britain, 2012 to 2014

Contact:
Elaine Chamberlain
elaine.chamberlain@ons.gsi.gov.uk

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To be announced

Table of contents

1 . Main points

- Aggregate physical wealth for all households in Great Britain rose by £70 billion to £1,150 billion in current prices between July 2010 to June 2012 and July 2012 to June 2014, an increase of 7%

- Mean household physical wealth stood at £45,000, similar to the level in July 2010 to June 2012 (£44,600)

- More than three-quarters of aggregate physical wealth (78%) comprised household goods and contents in a household's main residence

- Just over 1 in 10 households (12%) owned collectables or valuables (such as antiques, artwork and stamps)

- Personalised number plates were owned by 7% of households and had a total value of £2 billion

- Households in the South East had the highest (£52,900) and households in the North East and Wales the lowest (£39,500) and (£39,600) mean value of physical wealth respectively

2 . Introduction

This chapter looks at estimates of household physical wealth from the Wealth and Assets Survey (WAS). In WAS, physical wealth is derived from respondents' own estimates of the value of the contents of their main residence, the contents of any property which the household owns other than the main residence and also collectables, valuables, vehicles and personalised number plates. The measure of physical wealth is based on the personal, private wealth of households. This means that it does not include business assets owned by household members.

Much of the analysis in this chapter is presented at the household level. This means that all physical assets held by individuals living within households have been added together to produce household totals. Some individual-level analyses are presented towards the end of the chapter, considering the distribution of individuals by age, education level, economic activity and socio-economic classification across the physical wealth bands of the household they live in.

Due to the complexity of the data, for example, the use of imputed values and complex weighting, only a very limited amount of high level significance testing has been undertaken, which is presented in the Technical chapter of this report (335.5 Kb Pdf). None of the estimates commented on in this chapter have been tested for significance.

Collection and presentation of data - goods and contents in main residence

The largest component of physical wealth is the value of households' goods and contents in their main residence. The way respondents are asked to value these differs from other valuation methods used in WAS. Respondents find this hard to estimate precisely, so are asked to give 'the approximate replacement value of household contents, which 'is the approximate cost of replacing the items now, and may be similar to the insured value'. Respondents are asked to select 1 of 10 bands for the value of household goods starting with 'less than £5,000' and ending at '£200,000 or more'. In order to estimate a precise value for household goods and contents for each household, which can then be used to produce estimates of total physical wealth and total household wealth, the mid-point of each band is taken to be the actual value (for example, all households in the band £5,000 but less than £10,000 would be assigned a precise value of £7,500) with the open ended upper band '£200,000 or more' band being valued at £300,000. Since this is the case, the preferred method is to present the mean for goods and contents instead of the median.

Other household goods and collectables, vehicles and personalised number plates

For all other physical assets respondents are first asked to estimate the value of the asset. If the respondent is unable to estimate a precise value, they are offered a choice of banded values. The precise values of these banded responses are later imputed, based on the distribution of the actual values obtained from other respondents. It is, therefore, statistically valid to consider median values using both actual and imputed data. For comparison purposes, the other goods and collectables estimates have been presented using banded values.

3 . Goods and contents of main residence

Household goods and contents consist of items found in the home such as furniture, clothing and electronic equipment. The questionnaire makes it clear that the value of household goods reported by respondents should not include collectables, valuables, bicycles or other vehicles. Unlike the other wealth components, every household has some physical assets.

Table 4.1 shows the mean[1] value and distribution across the banded values of household goods and contents in main residences. The mean value of household goods in main residences was £34,900 in July 2012 to June 2014, the same value as that seen in July 2010 to June 2012, but up from £30,400 in July 2006 to June 2008.

It should be noted that, as for other estimates from WAS, the estimates in this table represent valuations at the time of interview and have not been adjusted to latest year prices. The increase seen since July 2006 to June 2008 is therefore likely to reflect respondents increasing the value of their goods to reflect inflation over the period, rather than or as well as added goods.

The distribution of households across the banded values of household goods and contents has not changed dramatically over the periods shown, with no real change at all between the latest 2 periods, though over the whole period shown there has, again, been a general increase in values given away from the lowest band (less than £5,000) towards the upper bands – again reflecting respondents' attitude that the replacement value of their goods would be greater.

For the period July 2012 to June 2014:

- 8% of households valued the goods and contents in their main residence in the lowest physical wealth band, that is, less than £5,000, compared with 11% in July 2006 to June 2008
- 53% of households valued the goods and contents in their main residence at £30,000 or less compared with 61% in July 2006 to June 2008
- 21% of households valued the goods and contents in their main residence at £50,000 or more compared with 15% in July 2006 to June 2008
- 2% of households valued the goods and contents in their main residence at £100,000 or more, the same as for other time periods shown

Table 4.1: Distribution of household goods in main residence, by banded values: Great Britain, July 2006 to June 2014

Great Britain

%

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[1]
Mean (£)	34,900	34,900	32,400	30,400
Less than £5,000	8	7	9	11
£5,000 but < £10,000	12	12	12	13
£10,000 but < £20,000	17	17	17	19
£20,000 but < £30,000	16	17	18	18
£30,000 but < £40,000	14	14	15	14
£40,000 but < £50,000	13	13	12	11
£50,000 but < £75,000	14	14	12	10
£75,000 but < £100,000	5	4	3	3
£100,000 or more	2	2	2	2
All Households[2]	100	100	100	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. July 2006 to June 2008 estimates are based on a half sample and multiplied by a factor of 1.76845.

2. Percentages may not sum due to rounding.

Notes for goods and contents of main residence

1. See Collection and presentation of data - goods and contents in main residence in the introduction to this chapter.

4 . Contents in property other than main residence

Household goods may also be owned in property other than the main residence (for example, in second homes or buy-to-lets)[1]. Prior to July 2010, the value of goods in overseas properties was not collected; therefore estimates prior to this date are not included in this section.

In the period July 2012 to June 2014, the percentage of households declaring a value for goods in property other than their main residence was 7%. The value of these goods and contents and the distribution across the value bands, is given in Table 4.2. Due to the smaller numbers of households involved, some bands have been merged.

In July 2012 to June 2014, households who had goods in properties other than their main residence gave a mean value of £21,500 (similar to the figure in July 2010 to June 2012 which was £21,300).

Over a quarter of households (27%) with goods or contents in properties other than their main residence valued these at less than £5,000. 1 in 10 households (10%) with goods or contents in other property estimated the value of these at £50,000 or more.

Table 4.2: Distribution of household goods in properties other than main residence, by banded values

Great Britain

%

	July 2012 to June 2014	July 2010 to June 2012
Mean Value (£)	21,500	21,300
Less than £5,000	27	27
£5,000 but < £10,000	28	28
£10,000 but < £20,000	19	17
£20,000 but < £30,000	6	7
£30,000 but < £50,000	11	11
£50,000 or more	10	10
All Households[2]	100	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Results exclude households without other property, and without goods or contents within these.

2. Percentages may not add up due to rounding.

Notes for contents in property other than main residence

1. See Other household goods and collectables, vehicles and personalised number plates in the introduction to this chapter.

5 . Collectables and valuables

The survey asks households about collectables and valuables they own, such as antiques, artwork and stamps. Table 4.3 shows that the percentage of households owning this type of collectable has remained fairly consistent since July 2006. For the latest period of July 2012 to June 2014, 12% of all households owned collectables and valuables.

Table 4.3: Percentage of households with collectables or valuables

Great Britain

%

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[1]
Percentage with collectables and valuables	12	11	11	12

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. July 2006 to June 2008 estimates are based on a half sample and multiplied by a factor of 1.76845.

Table 4.4 gives the value and distribution of households with collectables and valuables, across the value bands. In July 2012 to June 2014, the mean value of collectable and valuables for households having these assets was £14,600, a little less than the previous 2 time periods where the mean was £15,500. In July 2012 to June 2014, just under half of households with collectables or valuables (49%), estimated these to be valued at less than £5,000 and over 1 in 20 households (6%) estimated their value to be enough to fall into the top band of £50,000 or more. The distribution has changed little over the survey periods shown.

Table 4.4: Distribution of household collectables and valuable

Great Britain

%

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[2]
Mean Value (£)	14,600	15,500	15,500	12,600
Less than £5,000	49	51	51	50
£5,000 but < £10,000	19	18	19	20
£10,000 but < £25,000	18	18	19	19
£25,000 but < £50,000	7	7	6	6
£50,000 or more	6	6	5	5
All Households[3]	100	100	100	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Results exclude households without collectables or valuables.

2. July 2006 to June 2008 estimates are based on a half sample and multiplied by a factor of 1.76845.

3. Percentages may not add up due to rounding.

6 . Vehicles and number plates

The survey asked households about ownership of vehicles including cars, vans and motorbikes and other vehicles [1]. Respondents are asked not to include leased vehicles and company vehicles, as these do not belong to the household. Thus, the figures in this chapter do not indicate how many households have the use of vehicles. Respondents here were asked first for a precise estimate of value and only offered bands if they could not give a precise estimate.

The percentage of households owning vehicles showed very little change since the period July 2010 to June 2012. In July 2012 to June 2014, over three-quarters of all households (78%) owned 1 or more vehicles (Table 4.5).

Table 4.5: Percentage of households owning vehicles and personalised number plates

Great Britain

%

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[2]
Cars	73	74	73	73
Vans	4	4	4	4
Motorbikes	4	4	4	4
No car, van or motorbike	26	25	26	27
Other vehicles[3]	31	31	5	5
Personalised plates	7	7	6	5
All Vehicles[4]	78	79	75	74

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Households might own more than one vehicle.

2. July 2006 to June 2008 estimates are based on a half sample and multiplied by a factor of 1.76845.

3. Changes to the questionnaire in the period July 2010 to June 2012 had an impact on the recording of other vehicles.

4. Includes personalised plates.

Half of all households with at least 1 vehicle estimated the combined value of all of their vehicles at £5,000 or more; a value which has remained constant across each of the periods of the survey (Table 4.6). The questionnaire change related to the recording of bicycles helps to explain the large fall in the median value of other vehicles.

Tables 4.5 and 4.6 also show results for ownership of personalised number plates. The percentage of households reporting ownership of a personalised number plate has risen slightly between the periods of the survey to 7% during July 2012 to June 2014. Half of all households who owned personalised number plates valued them at £500 or more, a median value which is unchanged across the periods of the survey.

Table 4.6: Vehicles and personalised number plates, summary statistics

Great Britain

£

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[2]
Cars, vans, motorbikes	5,000	5,000	5,000	5,000
Other vehicles[3]	200	200	2,300	3,000
Personalised number plates	500	500	500	500
All vehicles[4]	5,000	5,000	5,000	5,000

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Results exclude households without this type physical asset.

2. July 2006 to June 2008 estimates are based on a half sample and multiplied by a factor of 1.76845.

3. Changes to the questionnaire at wave 3 had an impact on the recording of other vehicles.

4. Includes personalised number plates.

Notes for vehicles and number plates

1. Other vehicles: Households are first asked about any cars, vans or motorbikes that they own, after which they are asked about other vehicles they may own. For the first 2 survey periods of WAS - July 2006 to June 2010 - the question wording did not specifically mention bicycles – although it was later an option available in type of other vehicle. In July 2010 the question wording was changed and there was a marked increase in the reporting of bicycles as other vehicles. This lead to a step change in the percentage of households reporting other vehicles but had less effect on the overall value of other vehicles reported.

7 . Total household physical wealth

Total household physical wealth is calculated as the sum of the values recorded for each household for contents of the main residence, contents of other property, collectables and valuables, vehicles and personalised number plates. Households may borrow money to buy things such as vehicles and contents. However, borrowing to finance such purchases will be covered when considering financial wealth. For these reasons, total physical wealth figures are only ever presented on a gross basis and do not consider liabilities.

Table 4.7 shows the mean for total physical wealth. The mean value of household physical wealth increased to £45,000 in July 2012 to June 2014 from £39,100 during July 2006 to June 2008.

Table 4.7: Total household gross physical wealth

Great Britain

£

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[1]
Mean household gross physical wealth	45,000	44,600	41,100	39,100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. July 2006 to June 2008 estimates are based on a half sample and multiplied by a factor of 1.76845.

2. Only mean values are given. This is due to the way in which the data is collected.

Table 4.8 gives the aggregate values for household physical wealth for all households in Great Britain (that is, the weighted sum of total physical wealth for every household). The aggregate value of total physical wealth was estimated to have increased by 6% to £1,150 billion between July 2010 to June 2012 and July 2012 to June 2014.

Table 4.8: Aggregate estimates of household gross physical wealth

Great Britain

£ billion

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[1]
Aggregate household gross physical wealth	1,150	1,080	1,016	961

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

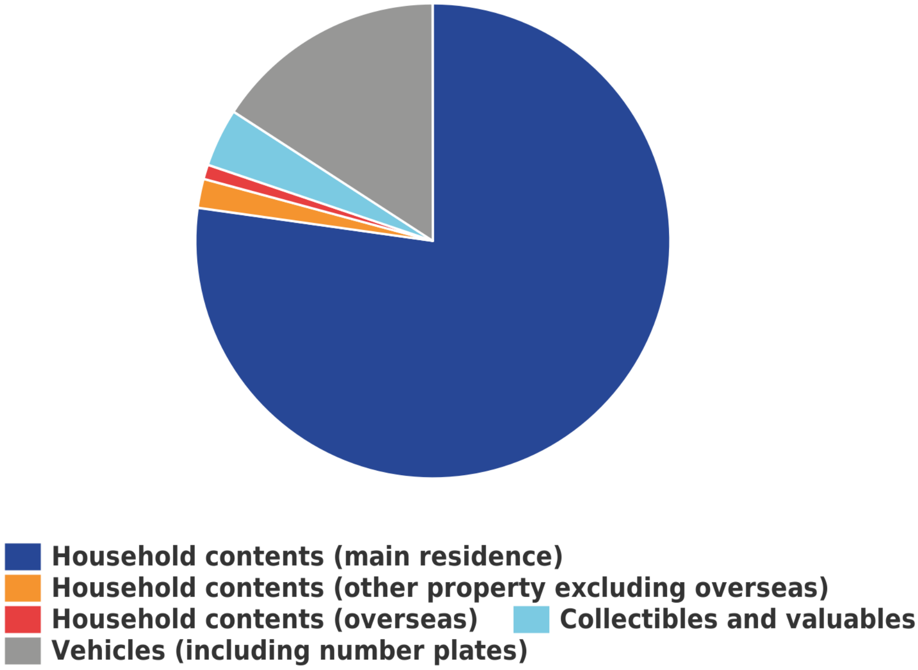
1. July 2006 to June 2008 estimates are based on a half sample and multiplied by a factor of 1.76845.

Figure 4.9 shows the breakdown of total household physical wealth into its 5 main components. During July 2012 to June 2014, the value of the contents in the main residence accounted for over three-quarters of the total (78%), while the value of vehicles made the second largest contribution (16%). This is very similar to the breakdown seen for July 2010 to June 2012.

The aggregate value of all personalised number plates was £2 billion in July 2012 to June 2014, which has remain unchanged over the survey periods.

Figure 4.9: Breakdown of aggregate household physical wealth

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

8 . Household physical wealth by main household characteristics

This section considers differences in total household physical wealth by total household net equivalised income, region of residence and household type.

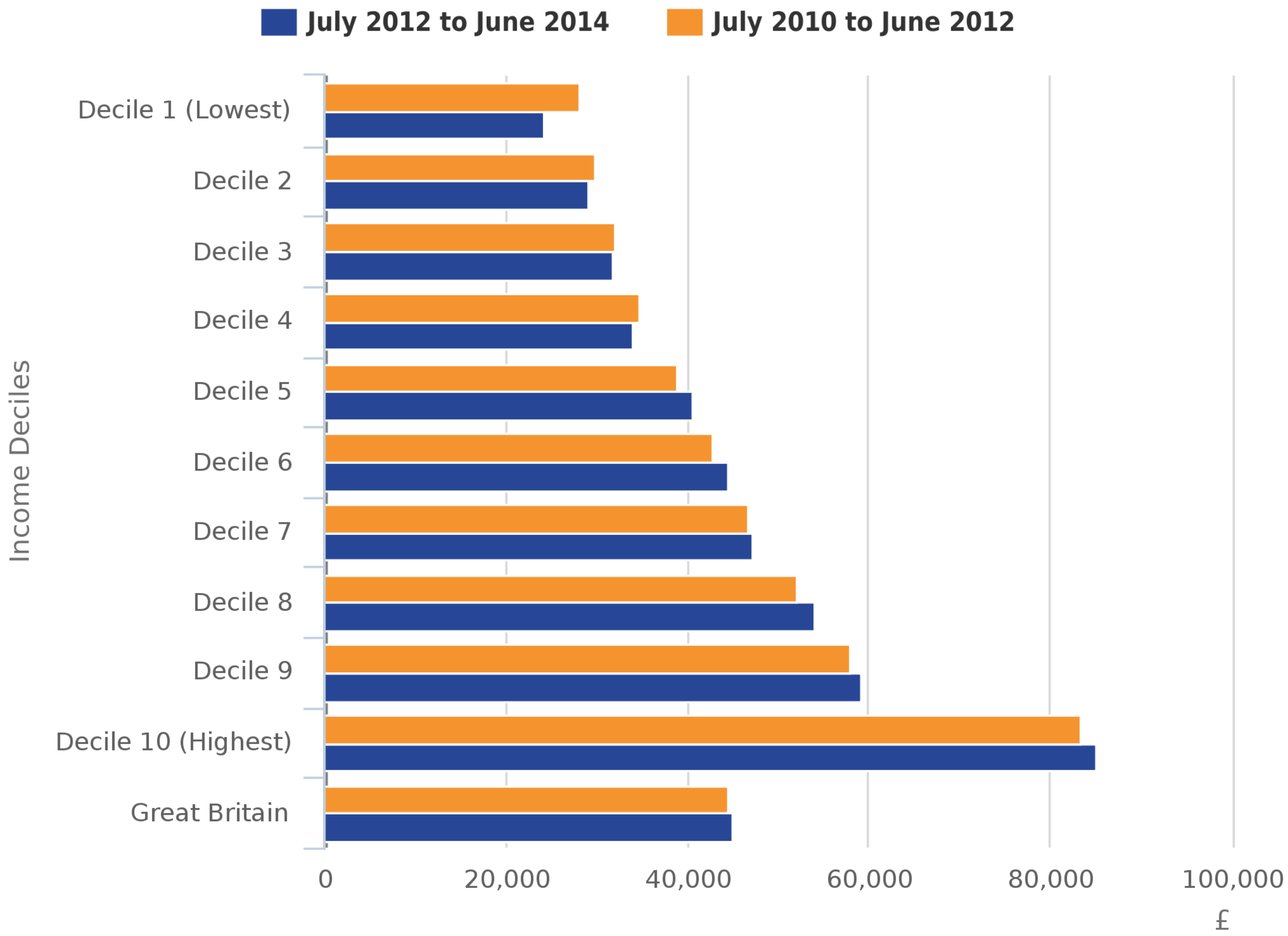
Distribution of household net physical wealth by total household income

To have a true reflection of a household's income a process of equivalisation has been performed. Household's equivalised income is being used as this process adjusts income to compensate for both the size and composition of a given household. Performing this adjustment means that incomes of all households will be on a comparable basis.

Figure 4.10 shows the mean net physical wealth by the levels of household net equivalised income. Households in the lowest band of income had the lowest mean net physical wealth, while those households in the highest income band had the highest. During July 2012 to June 2014, households in the lowest income band had a mean physical wealth of £24,200, while for the highest income group that was over 3 times as big, £85,000.

Figure 4.10: Mean household physical wealth, by total household net equivalised income decile

Great Britain, July 2010 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Physical wealth by region

Figures 4.11a and 4.11b show mean household physical wealth according to the location of the main residence of the household. They show Scotland, Wales and the 9 English regions (with London shown separately; the figures for the South East exclude London).

The highest mean household physical wealth was observed for households in the South East, with a mean value of £52,900 during July 2012 to June 2014. The lowest mean values of physical wealth were for households in the North East and Wales (£39,500 and £39,600 respectively).

Figure 4.11a: Distribution of mean household physical wealth, by region of residence

Great Britain, July 2010 to June 2014

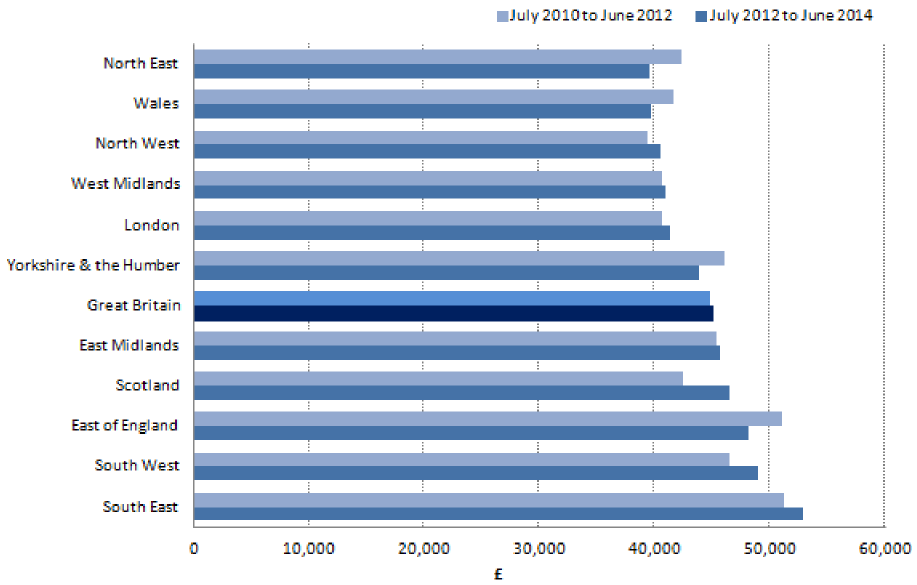
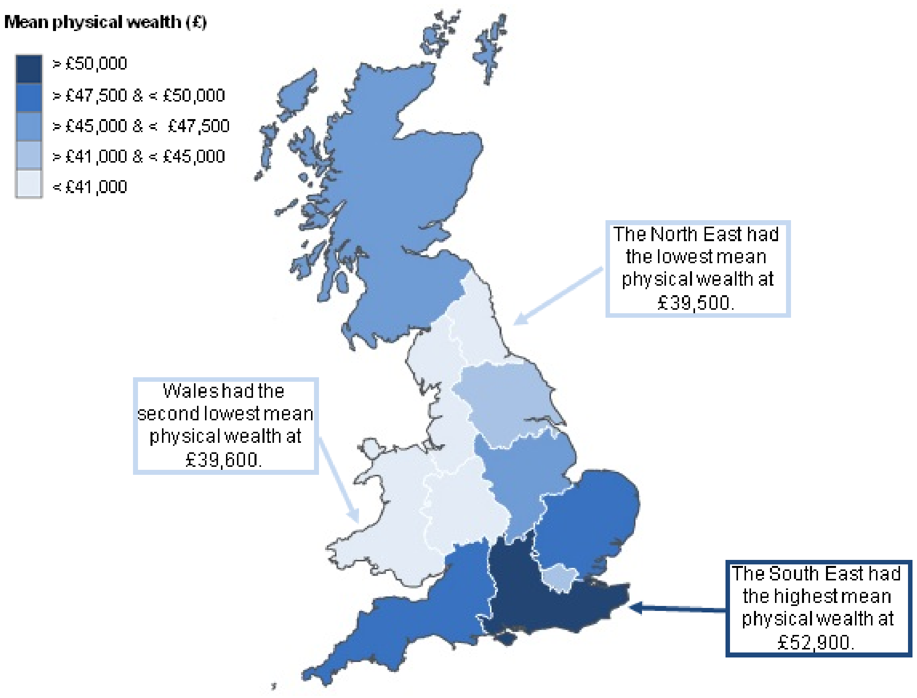


Figure 4.11b: Mean household physical wealth: by region of residence

Great Britain, July 2012 to June 2014



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Physical wealth by household type

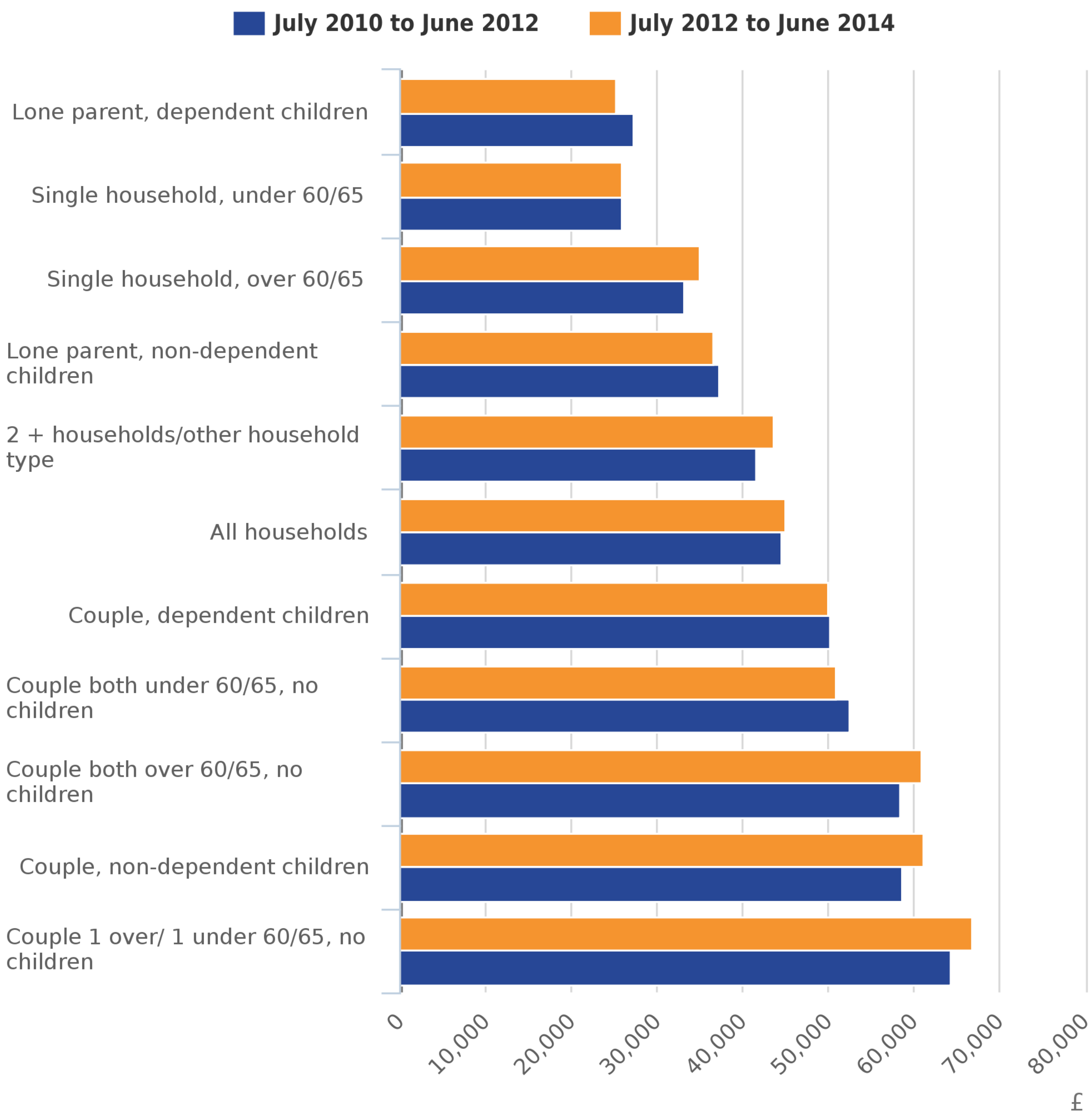
Figure 4.12 shows household physical wealth according to the type of household. This is split into 10 categories of household types. Households comprising of couples with no children, where 1 person is over and the other under 60/65[1] had the highest household physical wealth, with a mean value of £66,900 in July 2012 to June 2014. Couple households with non-dependent children had the second highest mean average physical wealth (£61,100).

In July 2012 to June 2014, the lowest value of mean household physical wealth was seen for lone parent households with dependent children (£25,200). Single person households where the householder was under 60/65 had the second lowest mean average physical wealth (£25,800).

Mean physical wealth values were noticeably higher for couple households compared with single person households. Part of this can again be explained by the number of individuals living in the household. A couple household will contain more individuals who are able to accumulate wealth and increase physical asset holdings.

Figure 4.12: Mean household physical wealth, by household type

Great Britain, July 2010 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Notes for household physical wealth by main household characteristics

1. 60/65 – refers to women aged up to 60 and men aged up to 65.

9 . Household physical wealth by individual characteristics

This section looks at some main characteristics of individuals living in households by physical wealth bands. It is important to remember that analysis presents individual characteristics by the total physical wealth of the household that the individual lives within. In certain instances it is possible that this wealth is more likely attributed to other individuals living within that household.

Sex and marital status

The percentage of married individuals living in households in the lowest physical wealth band in July 2012 to June 2014 was lower than any other marital status group (5% of both men and women lived in households with physical wealth less than £10,000 - Table 4.13). There are a number of reasons which might help to explain this. For instance, married individuals might be able to spend more on physical assets with their combined incomes than certain other marital status groups (for example, single individuals). Also, married individuals are, on average, older than individuals who are cohabiting or single (see Introduction and demographic chapter), thus allowing them to have accumulated more physical wealth over time. A higher percentage of separated individuals than any other marital status group lived in households in the lowest physical wealth band (32% of men and 27% of women). This could partly be explained through the transient nature of this marital status, whereby the physical contents may not yet have been split equally between the separated couple.

Married individuals were the most likely to live in households with physical wealth of £80,000 or more. Just under 1 in 5 married individuals lived in households with enough physical wealth to belong to the highest wealth band (19% for married men and 18% for married women). Individuals whose marital status was divorced were the least likely to live in households with physical wealth in the highest band (5% of men and 4% of women).

Table 4.13: Individuals by sex and marital status, by household physical wealth

Great Britain

%

	Less than £10,000	£10,000 but < £20,000	£20,000 but < £30,000	£30,000 but < £40,000	£40,000 but < £60,000	£60,000 but < £80,000	£80,000 or more	All Households
Men								
Married[2]	5	10	12	13	23	19	19	100
Cohabiting [3]	16	17	15	13	18	11	10	100
Single[4]	17	17	13	12	16	13	11	100
Widowed	19	17	13	15	17	10	10	100
Divorced	30	21	14	11	13	6	5	100
Separated [5]	32	*19*	*13*	..	*13*	..	..	100
All men	13	14	13	13	19	15	14	100
Women								
Married[2]	5	10	12	13	23	19	18	100
Cohabiting [3]	16	17	14	14	18	11	10	100
Single[4]	18	16	13	12	17	12	12	100
Widowed	14	18	16	14	16	13	8	100
Divorced	19	20	14	16	15	11	4	100
Separated [5]	27	20	15	12	10	7	8	100
All women	13	14	13	13	19	15	13	100
All Persons	13	14	13	13	19	15	14	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Includes civil partnerships.

2. Includes same sex couples.

3. Includes persons of any age.

4. Includes civil partnership separations/dissolutions.

5. ".." - Estimates that have been suppressed due to fewer than 30 unweighted cases.

Age

The highest percentage of individuals living in households in the lowest physical wealth band was amongst the 16 to 24 year old age group (18% of such individuals lived in households with physical wealth less than £10,000) (Table 4.14). Younger people will have had less time to accumulate physical assets. Individuals aged 55 to 64 years were least likely to live in households with physical wealth in the lowest band.

Individuals aged between 55 to 64 years had the highest percentage living within households with physical wealth of £80,000 or more (19%). 15% of those aged 16 to 24 lived in households with total physical wealth of £80,000 or more (likely to still be living in the parental home), which fell to 7% for those aged 25 to 34 years (the age at which many move out from the parental home), who were least likely to live in households with the highest amounts of physical wealth.

Table 4.14: Individuals by age, by household physical wealth

Great Britain

%

	Less than £10,000	£10,000 but < £20,000	£20,000 but < £30,000	£30,000 but < £40,000	£40,000 but < £60,000	£60,000 but < £80,000	£80,000 or more	All Households
Under 16	15	17	13	13	19	12	11	100
16-24	18	13	12	12	17	14	15	100
25-34	17	20	16	14	16	9	7	100
35-44	12	14	12	14	21	14	12	100
45-54	9	11	11	12	20	18	18	100
55-64	8	11	10	12	22	18	19	100
65+	10	12	14	12	20	17	15	100
All Persons	13	14	13	13	19	15	14	100

Source: Wealth and Assets Survey, Office for National Statistics

Education level

Table 4.15 shows the percentage of individuals living in households with different values of physical wealth by education level. The percentage of individuals educated at degree level or above living in households with physical wealth of £80,000 or more (the highest physical wealth band) was 21% – 14 percentage points higher than individuals reporting no educational qualifications.

Of individuals with degree level qualifications or above, 8% lived in households with physical wealth amounting to £10,000 or less. This compares with 22% of individuals reporting no qualifications.

Table 4.15: Individuals by education level, by household physical wealth

Great Britain

%

	Less than £10,000	£10,000 but < £20,000	£20,000 but < £30,000	£30,000 but < £40,000	£40,000 but < £60,000	£60,000 but < £80,000	£80,000 or more	All Households
Degree Level or above	8	11	10	12	22	17	21	100
Other qualifications	11	13	13	13	20	16	14	100
No qualifications	22	19	15	12	15	10	7	100
All Persons[1]	12	14	13	13	19	15	14	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Includes only eligible adults who gave their education level.

Economic activity

Table 4.16 shows the percentage of individuals living in households with different values of physical wealth by economic activity. Over 1 in 5 of self-employed individuals (22%) lived in households with physical wealth of £80,000 or more. This is 7 percentage points higher than employees and 15 percentage points higher than unemployed individuals living in households within the highest band of physical wealth.

The percentage of individuals living in households within the lowest physical wealth band was highest for those who were economically inactive due to sickness or disability and for those who were unemployed (31%). Self-employed individuals were the least likely to live in households with physical wealth of less than £10,000 (7%).

Table 4.16: Individuals by economic activity, by household physical wealth

Great Britain

%

	Less than £10,000	£10,000 but < £20,000	£20,000 but < £30,000	£30,000 but < £40,000	£40,000 but < £60,000	£60,000 but < £80,000	£80,000 or more	All Households
Economically Active								
In Employment	9	13	12	14	21	16	15	100
Employee	9	13	13	14	21	16	15	100
Self Employed	7	10	11	13	20	17	22	100
Unemployed	30	19	13	10	11	10	7	100
Economically Inactive								
Student	23	14	12	10	15	11	16	100
Looking after family/home	25	19	13	11	14	8	10	100
Sick / disabled 1	31	21	14	10	9	7	7	100
Retired	10	12	13	12	20	18	15	100
Other Inactive	19	16	12	14	15	13	12	100
All Persons	13	14	13	13	19	15	14	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Combined figure for temporarily sick / injured and long term sick and disabled.

Socio-economic Group

A quarter of individuals (25%) classified in the group ‘large employers and higher managerial’ lived in households with physical wealth of £80,000 or more (Table 4.17). Individuals working in semi routine occupations were the least likely to live in a household within the highest physical wealth band (7%).

The percentage of individuals living in households within the lowest physical wealth band was highest for those who were working in routine occupations (35%). Individuals working in the classifications ‘large employers and higher managerial’ and ‘higher professional’ were the least likely to live in households with physical wealth of less than £10,000 (4% and 6% respectively).

Table 4.17: Individuals by socio-economic classification, by household physical wealth

Great Britain

%

	Less than £10,000	£10,000 but < £20,000	£20,000 but < £30,000	£30,000 but < £40,000	£40,000 but < £60,000	£60,000 but < £80,000	£80,000 or more	All Households
Large employers and higher managerial	4	8	10	10	23	20	25	100
Higher professional	6	10	11	13	23	18	18	100
Lower managerial and professional	9	13	12	14	21	17	14	100
Intermediate occupations	9	12	11	13	20	16	18	100
Small employers and own account workers	12	14	14	13	20	16	11	100
Lower supervisory and technical	15	19	14	14	17	12	9	100
Semi-routine occupations	20	18	15	14	15	11	7	100
Routine occupations	35	17	14	8	10	8	9	100
Never worked/long term unemployed	17	15	13	11	18	14	13	100
All Persons[2]	13	14	13	13	19	15	14	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Includes only adults who are 16 years old and above, not in full time education and gave sufficient information to determine socio-economic group.

10. Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

   These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.

Compendium

Chapter 5: Financial wealth, Wealth in Great Britain, 2012 to 2014

Contact:
Elaine Chamberlain
elaine.chamberlain@ons.gsi.gov.uk

Release date:
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Next release:
To be announced

Table of contents

1 . Main points

- Aggregate net financial wealth for all private households in Great Britain was £1.6 trillion in the period July 2012 to June 2014. This was a 22% increase over the same figure for July 2010 to June 2012. This was driven mainly by an increase in the value of financial assets as opposed to a decrease in financial liabilities

- In July 2012 to June 2014, half of all households had net financial wealth of £5,900 or more

- In the period July 2012 to June 2014, 23% of households had negative net financial wealth, down 2 percentage points from the July 2010 to June 2012 level

- Over one third of children aged under 16 lived in households with negative net financial wealth in the period July 2012 to June 2014

- Households in the South West saw the largest percentage rise in median net financial wealth of 29% to £11,700 in July 2012 to June 2014 compared to July 2010 to June 2012. Yorkshire and The Humber saw the largest fall (24%) in the median value of net financial wealth over the same period (falling from £5,100 to £3,900)

2 . Introduction

This chapter looks at estimates of household financial wealth from the Wealth and Assets Survey (WAS). Financial wealth comprises: formal financial assets (such as bank accounts, savings accounts, stocks and shares); informal financial assets (such as money saved at home); assets held by children in the household; and liabilities (such as formal borrowing, overdrafts and arrears on household bills). The gross value of financial assets is considered first, followed by the value of liabilities. These are then combined to produce estimates of net financial wealth (gross assets minus liabilities). The measure of financial wealth is based on the personal, private wealth of households. This means that it does not include business assets owned by household members.

Much of the analysis in this chapter is presented at the household level. This means that all assets held by individuals living within households have been added together to produce household totals. In some cases the household totals represent only one account or holding, whereas in others they represent multiple accounts held by one or more than one individual.

Some individual-level analyses are presented towards the end of the chapter, considering the distribution of individuals by age, education level, economic activity and socio-economic classification across the net financial wealth bands of the household they live in.

All estimates are presented as current values (i.e. the value at time of interview) and have not been adjusted for inflation.

Due to the complexity of the data, for example, the use of imputed values and complex weighting, only a very limited amount of high level significance testing has been undertaken, which is presented in the Technical chapter of this report. None of the estimates commented on in this chapter have been tested for significance.

3 . Financial assets

Financial assets are classified as either ‘formal financial assets’: recognised products designed for individuals to hold, save or invest their monies; or ‘informal financial assets’: money saved in cash at home, money lent to others or money paid into a savings and loan club.

For most formal financial asset products, having the product would imply a positive financial asset. However, there are some products which, although 'open' allow an individual to have little or no money in them, or indeed in the case of current accounts in debit (overdrafts) the product would actually be a financial liability rather than a financial asset.

Formal financial assets

Table 5.1 shows the percentage of households with different types of formal financial asset products across all 4 periods of the survey. Very little change is seen in any of the figures between the latest 2 sets of results, July 2010 to June 2012 and July 2012 to June 2014.

For the period July 2012 to June 2014, an estimated 98% of households had some type of formal financial asset product. Where all current accounts are excluded, almost three-quarters (74%) of all households report ownership of a formal financial asset.

The most common formal financial asset held by households was a current account; 96% of households held one or more in the period July 2012 to June 2014. A current account is an account used for day-to-day transactions. There is immediate access to the money – usually by a card for cash machine withdrawal and/or a cheque book. Current accounts also provide other benefits to the holder including a direct debit facility – the preferred payment method for utilities in particular.

Savings are money which is set aside, away from regular spending, with the intention that it will be available at a later date. Savings accounts remain the most common formal financial asset which households use to save money, with individual(s) in 57% of households having some form of savings account. The money deposited can always be returned in full to the saver, usually with interest, although, unlike current accounts, account holders may be required to give notice to withdraw their savings.

Nearly half of all households (48%) had an Individual Savings Account (ISA) during the period July 2012 to June 2014. Income from ISAs is tax-free and there are annual ceilings on the amount that can be invested.

National Savings certificates and bonds (including premium bonds) were owned by 23% of households in the period July 2012 to June 2014. Premium bonds are unique financial assets – instead of earning interest, the bonds go into a monthly draw for tax-free prizes.

Table 5.1: Percentage of households with formal financial assets

Great Britain

%

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
All current accounts[1]	96	96	96	95
Current accounts in credit	91	90	90	85
Savings accounts	57	58	68	62
ISAs[2]	48	48	49	42
National Savings certificates and bonds[3]	23	22	28	24
UK shares	12	12	16	15
Insurance products[4]	6	7	10	10
Fixed term bonds	10	11	12	8
Employee shares and share options	7	6	8	7
Unit/Investment trusts	5	5	6	6
Overseas shares	2	2	2	2
UK bonds/gilts	1	1	1	1
Any formal financial asset including current accounts in credit[5,6]	98	98	98	98
Any formal financial asset excluding all current accounts	74	74	80	75

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Includes households with current accounts in credit, with zero balance, or in debit (overdraft).

2. Individual Savings Account, including Personal Equity Plans (PEPs) - During the period July 2006 to June 2008, PEPs were separately identified, but in April 2008, PEPs were regulated as ISAs. Therefore during the periods July 2008 to June 2010 and July 2010 to June 2012, they are included as ISAs.

3. Including Premium Bonds.

4. Includes Life insurance, Friendly Society or endowment policies (excluding endowments linked to the mortgage on this property). Excluding term insurance policies i.e. life insurance policies which only have a value if you die in the period of the insurance.

5. Includes a small number of households with overseas bonds/gilts.

6. Excludes current accounts with zero balance or in debit (overdraft).

Table 5.2 presents the median amounts held in the different formal financial asset products identified in the survey. For all types of formal financial assets there has been an increase in the median value since the period July 2010 to June 2012, apart from insurance products which has remained the same. The figures quoted exclude households without each type of asset.

In the period July 2012 to June 2014, half of all households with current accounts in credit had £1,400 or more in their accounts. The assets with the largest median value for this period were fixed term bonds and unit /investment trusts both with a value of £25,000, though were only owned by 10% and 5% of households respectively (Table 5.1). The asset with the lowest median value was for national saving certificates and bonds at £900 (owned by 23% of households) but this had increased from £600 in the period July 2010 to June 2012.

The asset with the largest median increase between July 2010 to June 2012 and July 2012 to June 2014 was unit /investment trusts rising by £5,000 (from £20,000 to £25,000). The asset showing the largest percentage increase in median value over the two periods was overseas shares, with an increase of 67% (from £3,000 to £5,000). These were owned by just 2% of households.

Looking at the collective amount held in all formal financial asset products (i.e. including current accounts in credit), half of all households holding formal financial assets valued these at £8,900 or more during the period of July 2012 to June 2014, compared with £8,100 for the period July 2010 to June 2012. Half of all households holding one or more formal assets other than a current account valued these assets at £13,700 or more in the periods July 2012 to June 2014 compared to £12,600 in July 2010 to June 2012.

Table 5.2: Median value of formal financial assets

Great Britain

£

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
All current accounts[2]	1,200	1,000	900	800
Current accounts in credit	1,400	1,200	1,000	1,000
Savings accounts	4,200	4,000	3,000	3,500
ISAs[3]	10,000	9,000	7,000	7,000
National Savings certificates and bonds[4]	900	600	300	300
UK shares	4,800	4,000	2,000	4,000
Insurance products[5]	20,000	20,000	17,500	15,000
Fixed term bonds	25,000	20,400	20,000	17,000
Employee shares and share options	5,000	3,600	3,000	4,000
Unit/Investment trusts	25,000	20,000	14,000	15,000
Overseas shares	5,000	3,000	2,000	3,000
UK bonds/gilts	20,000	17,000	11,500	15,000
Any formal financial asset including current accounts in credit[6,7]	8,900	8,100	7,900	7,000
Any formal financial asset excluding all current accounts	13,700	12,600	10,300	10,200

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Results exclude households without each type of asset.

2. Includes households with current accounts in credit, with zero balance, or in debit (overdraft).

3. Individual Savings Accounts; note that households may have both cash ISAs and stocks and shares ISAs, so total is not the sum of cash plus stocks and shares ISAs.

4. Including Premium Bonds.

5. Includes Life insurance, Friendly Society or endowment policies (excluding endowments linked to the mortgage on this property). Excluding term insurance policies i.e. life insurance policies which only have a value if you die in the period of the insurance.

6. Personal Equity Plans - During the period July 2006 to June 2008, PEPs were reported separately, however during July 2008 to June 2010 and July 2010 to June 2012, they were reported under ISAs.

7. Excludes current accounts with zero balance or in debit (overdraft).

Informal financial assets

Informal saving comprises money saved in cash at home, money given to someone to look after or money paid into a savings and loan club. The percentage of households who held informal financial assets of some kind during July 2012 to June 2014 with a value over £250 was 8%. This has fallen by 2 percentage points since the previous period of the survey (July 2010 to June 2012).

The survey asked only about informal saving and lending for amounts in excess of £250. This £250 minimum amount adopted by the survey means that it might have underestimated the true percentages of households with informal saving and lending in Great Britain. Previous research [1] has shown that small amounts of informal savings are common in low-income households, and is often the only type of saving that such households engage in.

Table 5.3: Percentage of households with informal financial assets

Great Britain

%

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Amounts saved informally	5	6	6	6
Amounts lent to others informally	4	4	5	4
Households with any informal financial assets	8	10	10	10

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Excludes small values (less than £250).

Table 5.4 shows the median value held in different types of informal financial asset product.

Half of all households who held informal financial assets valued these at £800 or more during the period July 2012 to June 2014, no change from the previous period of the survey. The median value for amounts saved informally dropped from £400 to £300 over the same period. The median value for amounts lent to others informally increased from £2,500 to £3,000.

Table 5.4: Median value of informal financial assets

Great Britain

£

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Amounts saved informally	300	400	400	500
Amounts lent to others informally	3,000	2,500	1,900	1,800
Households with any formal financial assets	800	800	700	700

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Results exclude households without each type of asset.

2. Excludes small values (less than £250).

Children’s financial assets

The survey also enquired about children’s assets, including the Child Trust Fund (CTF). A Child Trust Fund (CTF) is a long-term tax-free savings and investment account for children in the United Kingdom. New accounts cannot be created but money can still be deposited into existing accounts. On 1 November 2011, Junior Individual Savings Accounts (Junior ISAs) were introduced as a replacement.

Child Trust Funds (CTFs)

In general, all children born between 1 September 2002 and 2 January 2011 were eligible for a CTF if their parent or guardian received Child Benefit and they lived in the UK. The Child Benefit claimant (usually the parent) received a voucher with which to open an account; a voucher worth £250 for children eligible before 1 August 2010, or a voucher worth £50 for those children eligible after 1 August 2010. There was an additional sum for children born into low-income families eligible for full Child Tax Credit; £250 for children eligible before 1 August 2010 or £50 for those eligible after. If the CTF account was not opened by the time the voucher expired (normally 12 months), HM Revenue and Customs would open an account for the child. Once opened, family and friends can deposit up to £1,200 a year into the CTF on behalf of the child.

Although Child Trust Funds were discontinued in 2011, for the period July 2012 to June 2014, 17% of all households reported having one or more Child Trust Funds, which was an increase from 15% in July 2010 to June 2012 (Table 5.5). This is therefore not as a result in new CTFs being started but more likely parents becoming aware that a CTF had been opened on behalf of their child by HMRC. Table 5.5 also shows that the household value of Child Trust Funds was £600 in the same period.

Table 5.5: Child Trust Funds

Great Britain

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Percentage with Child Trust Funds (%)	17	15	13	10
Median (£)	600	500	500	300

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Results exclude households without this type of asset.

2. Child Trust Funds are for children born between 1 September 2002 and 2 January 2011.

The survey also asked whether children in the household had any other financial assets in their names. For the period July 2012 to June 2014, 14% of all households reported having such assets (Table 5.6). Half of these households valued their children's other assets at £1,000 or more.

Table 5.6: Other children's assets

Great Britain

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Percentage with other children's assets (%)	14	16	17	16
Median (£)	1,000	1,000	1,000	800

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Results exclude households without this type of asset.

2. Other children's assets are for those under 16 and exclude Child Trust Funds.

Endowments

Endowments for the purpose of mortgage repayments are a financial asset and are therefore included here rather than as part of property wealth. Endowment policies can be used to save funds to repay the mortgage at the end of the term. This product also provides life cover and will pay out if the holder dies before policy maturity.

For the period July 2012 to June 2014, endowments for the purposes of repaying a mortgage were held by 2% of households (Table 5.7). This percentage has fallen from a high of 7% in July 2006 to June 2008. Half of all households possessing endowments valued these at £32,000 or more which is an increase from £28,800 in July 2010 to June 2012. This could be explained by the endowments that have reached maturity between the two periods being of lower value than those remaining rather than new endowments of higher value commencing.

Table 5.7: Endowments

Great Britain

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Percentage with endowments (%)	2	4	5	7
Median (£)	32,000	28,800	27,000	28,000

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Results exclude households without this type of asset.

2. Endowments for the purpose of mortgage repayments.

Notes for financial assets

1. Kempson, E. (1998) ‘Savings and Low-income Households’. London: Personal Investment Authority.

4 . Household gross financial wealth

Gross financial wealth is the sum of: formal financial assets (not including current accounts in overdraft), plus informal financial assets held by adults, plus financial assets held by children, plus endowments for the purpose of mortgage repayment. Half of all households had gross financial wealth of £8,500 or more during the period July 2012 to June 2014 (Table 5.8).

Table 5.8: Median household gross financial wealth

Great Britain

£

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Median household gross financial wealth	8,500	8,400	8,500	8,000

Source: Wealth and Assets Survey, Office for National Statistics

5 . Financial liabilities

This section examines the financial liabilities of households, including non-mortgage borrowing, and arrears on these and/or on other household bills. Mortgage statistics are provided within Chapter 3: Property wealth.

Household non-mortgage borrowing

Table 5.9 shows the percentage of households who had non-mortgage borrowing. During the period July 2012 to June 2014, just under half of all households (46%) had some form of non-mortgage borrowing; this was 3 percentage points lower than that seen in the period July 2010 to June 2012. The most popular means of non-mortgage borrowing was a credit or charge card; just under a quarter of all households (23%) had outstanding balances on credit or charge cards.

The percentage of households with any of the non-mortgage liability categories either decreased or stayed the same between the periods of July 2010 to June 2012 and July 2012 to June 2014. The liability with the biggest decrease over this period was formal loans, falling by 3 percentage points to 15%.

Table 5.9: Percentage of households with non-mortgage borrowing, by type of borrowing

Great Britain

%

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Formal loans	15	18	20	15
Informal Loans	1	2	2	1
Loans from the Student Loan Company	5	5	4	3
Hire purchase	14	14	13	14
Credit and charge cards	23	25	25	26
Overdrafts	16	18	18	17
Store cards and charge accounts	4	5	5	5
Mail order	5	7	8	9
Any non-mortgage borrowing	46	49	50	50
Excluding overdrafts	42	45	46	46
Excluding loans from the Student Loans Company	45	48	49	49

Source: Wealth and Assets Survey, Office for National Statistics

Table 5.10 shows the median values of borrowing for households with each particular liability [1]. The median value of all non-mortgage borrowing for households with any such liabilities was £3,700 during the period July 2012 to June 2014, the same as that seen in the period July 2010 to June 2012.

The percentage of households with formal loans fell by 3 percentage points between July 2010 to June 2012 and July 2012 to June 2014. However, the median amount outstanding on the loans stayed the same at £5,500.

Informal loans were the least popular type of non-mortgage borrowing identified on the survey; only 1% of households reported this type of liability. The median value outstanding for households with informal loans decreased from £2,400 to £1,900 over the period July 2010 to June 2012 and July 2012 to June 2014. The fall in the median value of informal loans between these periods is consistent with the trend in Table 5.3, where there was a decrease in the median amount of money lent to others reported as an informal financial asset.

Table 5.10: Median amounts outstanding for household non-mortgage borrowing

Great Britain

£

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008[2]
Formal loans[2]	5,500	5,500	4,800	4,500
Informal Loans	1,900	2,400	1,300	1,500
Loans from the Student Loan Company	11,000	9,000	9,000	8,000
Hire purchase	2,900	2,700	2,100	2,600
Credit and charge cards	1,700	1,800	1,600	1,500
Overdrafts	500	600	500	500
Store cards and charge accounts	200	300	200	200
Mail order	200	200	200	100
Any non-mortgage borrowing	3,700	3,700	3,200	2,900
Excluding overdrafts	4,100	4,000	3,500	3,100
Excluding loans from the Student Loans Company	3,100	3,200	2,900	2,600

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Excludes households without this particular type of borrowing.

2. Between July 2006 to June 2008, estimates exclude new loans i.e. those where no repayments had yet been made.

Household arrears

In addition to the amounts outstanding on non-mortgage borrowing, some households will be in arrears in relation to these and/or other household bills. During the period July 2012 to June 2014, 4% of households were in arrears in terms of their fixed-term non-mortgage borrowing (Table 5.11).

Table 5.11: Percentage of households in arrears of their fixed term non-mortgage borrowing, by type of borrowing

Great Britain

%

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Personal and cash loan arrears	4	5	5	4
Mail order arrears	2	3	4	4
Any fixed term non-mortgage borrowing arrears[3]	4	4	4	4

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Number of responding households was those who were behind by two or more consecutive payments on specified commitment.

2. Excludes households without this type of fixed term non-mortgage borrowing.

3. Includes hire purchase arrears, which are not presented separately due to a low number of responding households.

Those who reported arrears for any type of non-mortgage borrowing commitments were also asked a series of questions to enable the total amount outstanding to be calculated. Table 5.12 shows the values of arrears for households who were behind with fixed-term non-mortgage borrowing. Half of all households with any fixed term non-mortgage borrowing arrears owed £200 or more in outstanding commitments during the period July 2012 to July 2014.

Table 5.12: Median household arrears, by type of borrowing

Great Britain

£

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Personal and cash loan arrears	300	600	300	400
Mail order arrears	100	100	200	100
Any fixed-term non-mortgage borrowing arrears[3]	200	500	300	300

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Number of responding households was those who were behind by two or more consecutive payments on specified commitment.

2. Excludes households without this type of fixed term non-mortgage borrowing.

3. Includes hire purchase arrears, which are not presented separately due to a low number of responding households.

Household financial liabilities

Financial liabilities are the sum of arrears on consumer credit and household bills plus personal loans and other non-mortgage borrowing plus informal borrowing plus overdrafts on current accounts. During July 2012 to June 2014, less than half of all households (48%) had some form of financial liability (Table 5.13). The median value of financial liabilities for these households was £3,400 in the same period.

Table 5.13: Household financial liabilities, summary statistics

Great Britain

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Percentage with financial liabilities (%)	48	51	51	51
Median (£)	3,400	3,500	3,200	2,800

Source: Wealth and Assets Survey, Office for National Statistics

Notes for financial liabilities

1. In order to obtain a value for non-mortgage borrowing, information is collected on the value of payments and how many payments are outstanding.

6 . Household net financial wealth

Net financial wealth represents gross financial wealth minus financial liabilities. Median net financial wealth was £5,900 during the period July 2012 to June 2014.

Table 5.14: Median household net financial wealth

Great Britain

£

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Median household net financial wealth	5,900	5,800	6,400	5,700

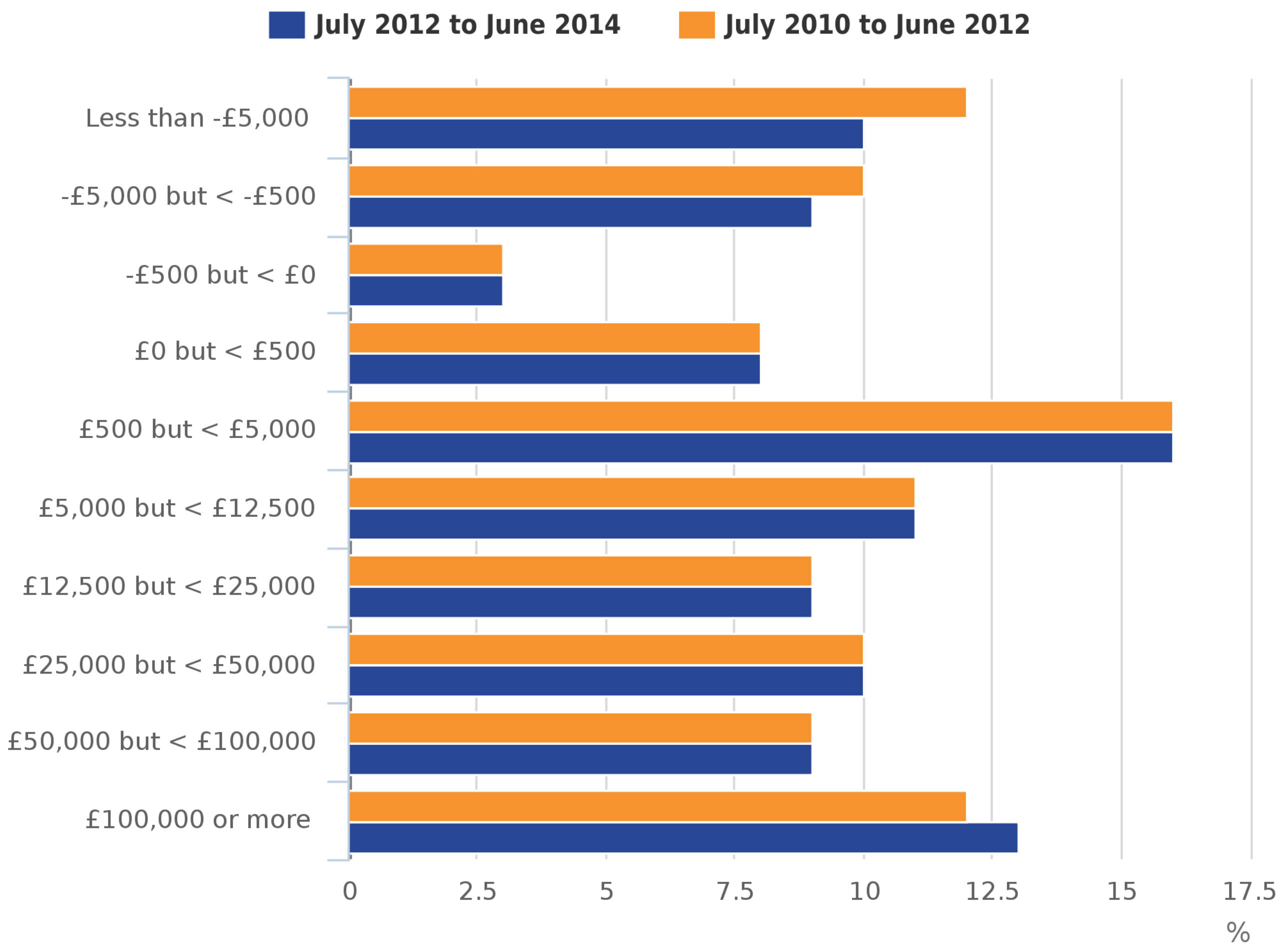
Source: Wealth and Assets Survey, Office for National Statistics

Figure 5.15 presents the distribution of households by net financial wealth bands. Combining the three lowest net financial wealth bands enables us to identify those households in negative net financial wealth. Just under a quarter of households (22%) had negative net financial wealth during July 2012 to June 2014, slightly down on the July 2010 to June 2012 figure of 25%.

The percentage of households with a net financial wealth of less than -£5,000, the lowest net financial wealth band, had dropped by 2 percentage points to 10% in the latest period. Considering the upper net financial wealth band of £100,000 or more, 13% of households belonged within this band. The net financial wealth band containing the highest percentage of households was 'at least £500 but less than £5,000'. In July 2012 to June 2014, 16% of households had enough net financial wealth to fall within this band.

Figure 5.15: Household net financial wealth (banded)

Geat Britain, July 2010 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Aggregate estimates of financial wealth

Table 5.16 shows the aggregate values for financial wealth for all households in Great Britain (i.e. the weighted sum of each component of financial wealth for every household). Total net financial wealth for the whole of Great Britain was £1,596 billion for the period July 2012 to June 2014, up from £1,305 billion in the previous period of the survey.

The majority of this increase was down to changes in aggregate value of household gross financial wealth which rose from £1,409 billion to £1,698 billion over the same period. In contrast, the aggregate value for household financial liabilities saw a decrease from £105 billion to £101 billion over the same period.

Table 5.16: Aggregate financial wealth

Great Britain

£ billion

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Aggregate household gross financial wealth	1,698	1,409	1,186	1,131
Aggregate household financial liabilities	101	105	95	88
Aggregate household net financial wealth	1,596	1,305	1,091	1,043

Source: Wealth and Assets Survey, Office for National Statistics

7 . Household net financial wealth by main household characteristics

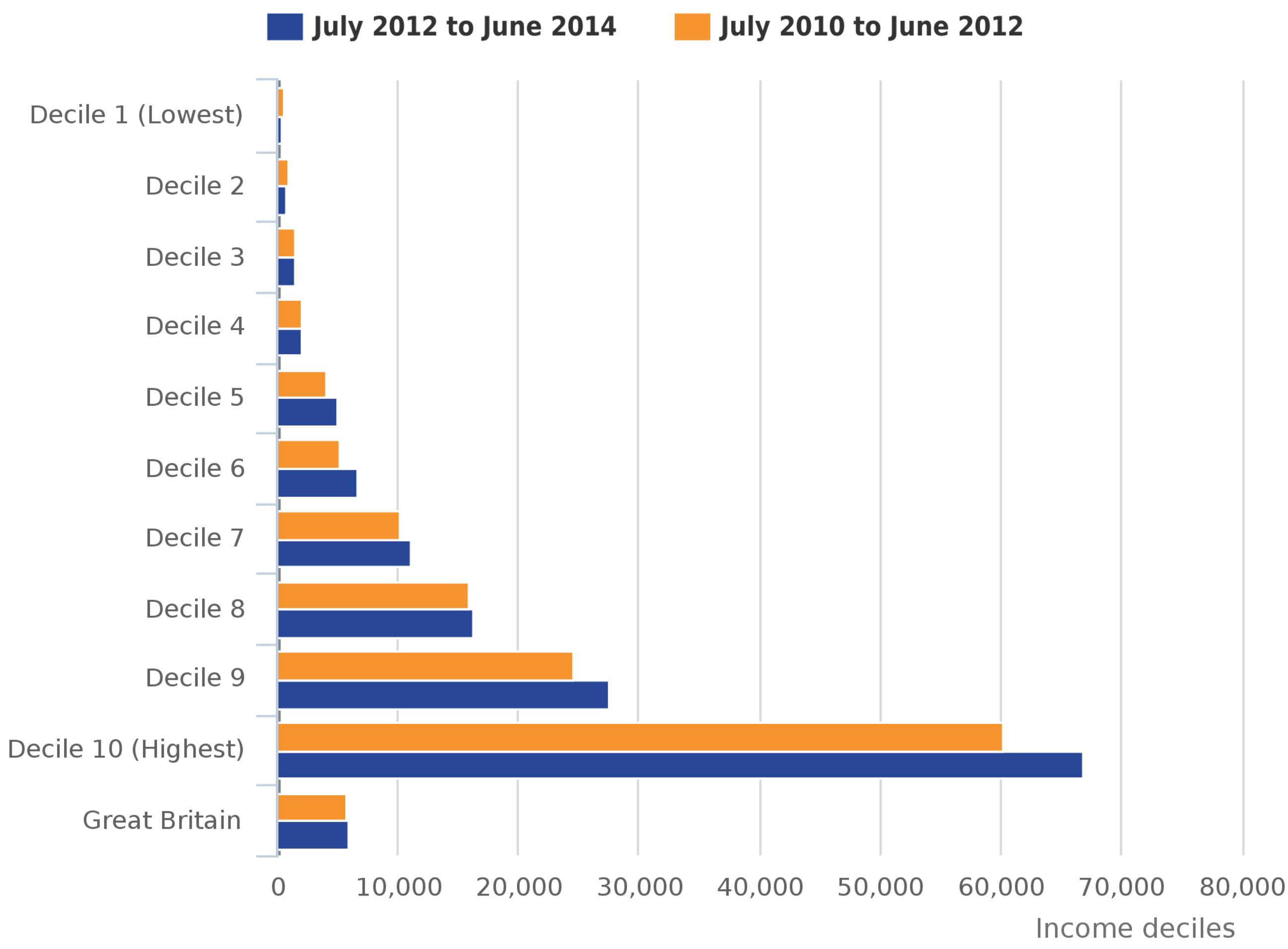
Financial wealth by income

For the period July 2012 to June 2014, households in the lowest income band had a median net financial wealth of £300, the lowest of any income group. While those households in the highest income band have a median net financial wealth of £66,800, the highest of any income group. Figure 5.17 shows that median household net financial wealth increases as the household's income bands increases.

Median net financial wealth was lower in July 2012 to June 2014 for households in the lowest four income bands than for the households who fell in these bands in July 2010 to June 2012 – some households will have moved bands but some will be the same households. The largest fall was seen in the lowest income band where median net financial wealth fell from £600 to £300. Median net financial wealth increased for the top 6 income bands over the same period. The largest increase was seen in the highest income band rising from £60,200 to £66,800.

Figure 5.17: Median household net financial wealth, by total household net equivalised income decile

Great Britain, July 2010 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

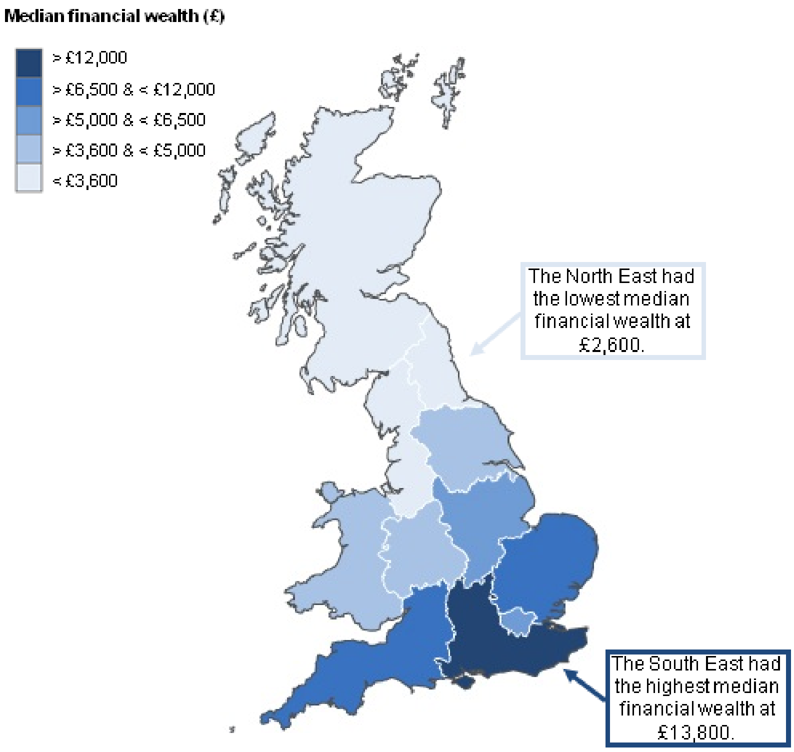
Financial wealth by region

Figure 5.18 shows median household net financial wealth according to the location of the main residence of the household. It shows Scotland, Wales and the nine English regions (London has its own region; the figures for the South East exclude London). The region with the highest median net financial wealth during the period of July 2012 to June 2014 was the South East; half of all households within this particular region held net financial wealth of £13,800 or more. Households in the North East had the lowest median net financial wealth value of £2,600.

Figure 5.18: Median household net financial wealth, by region

Figure 5.18: Median household net financial wealth, by region

Great Britain, July 2012 to June 2014

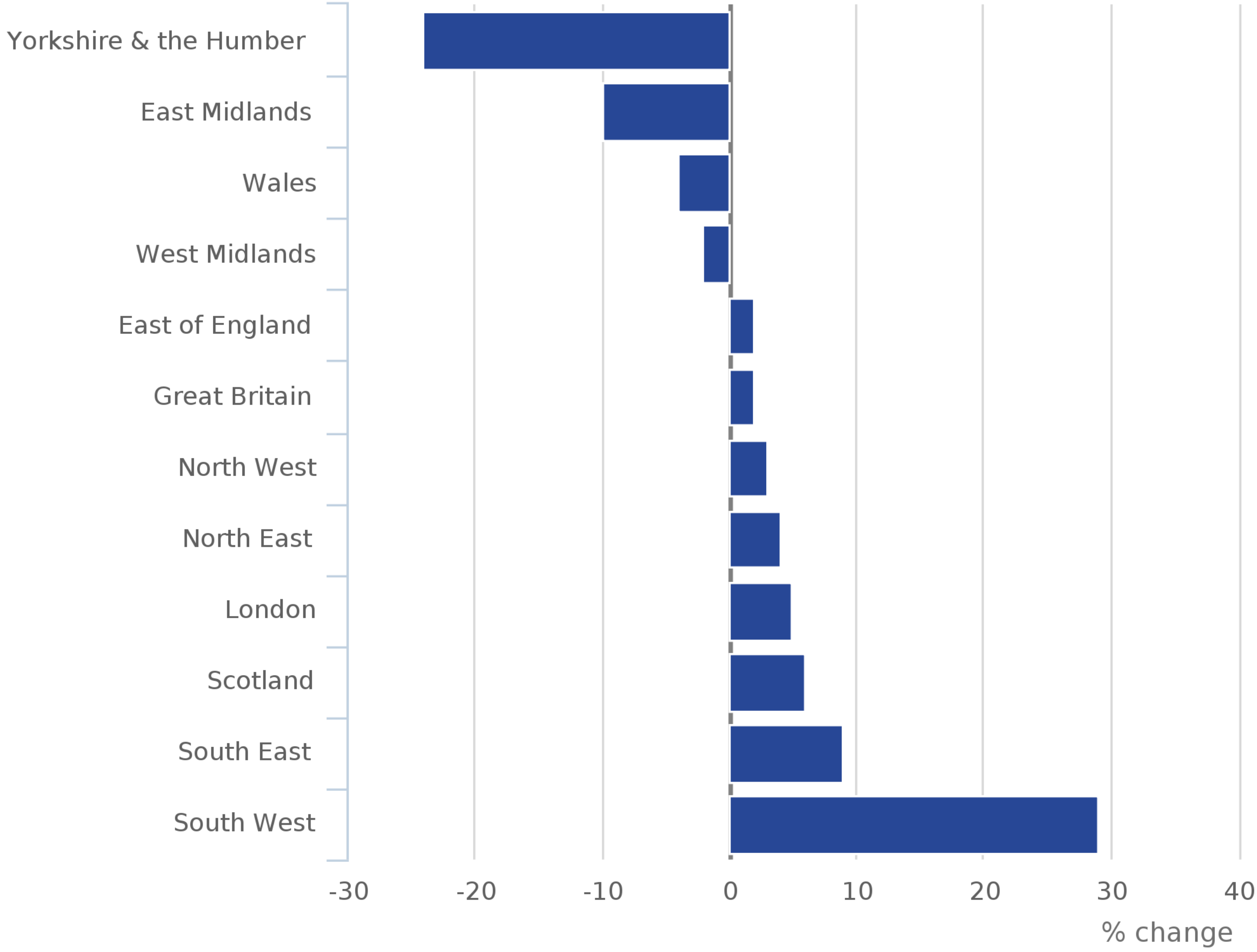


Source: Office for National Statistics licensed under the Open Government Licence v.3.0.

Figure 5.19 presents the change in median household net financial wealth between July 2010 to June 2012 and July 2012 to June 2014 for all households by region. The South West saw the largest percentage rise in median net financial wealth of 29%, increasing from £9,100 to £11,700. Yorkshire and The Humber saw the largest fall (24%) in the median value of net financial wealth (falling from £5,100 to £3,900).

Figure 5.19: Percentage change in household median net financial wealth, by region

Great Britain, June 2010 to July 2014



Source: Wealth and Assets Survey - Office for National Statistics

Financial wealth by household type

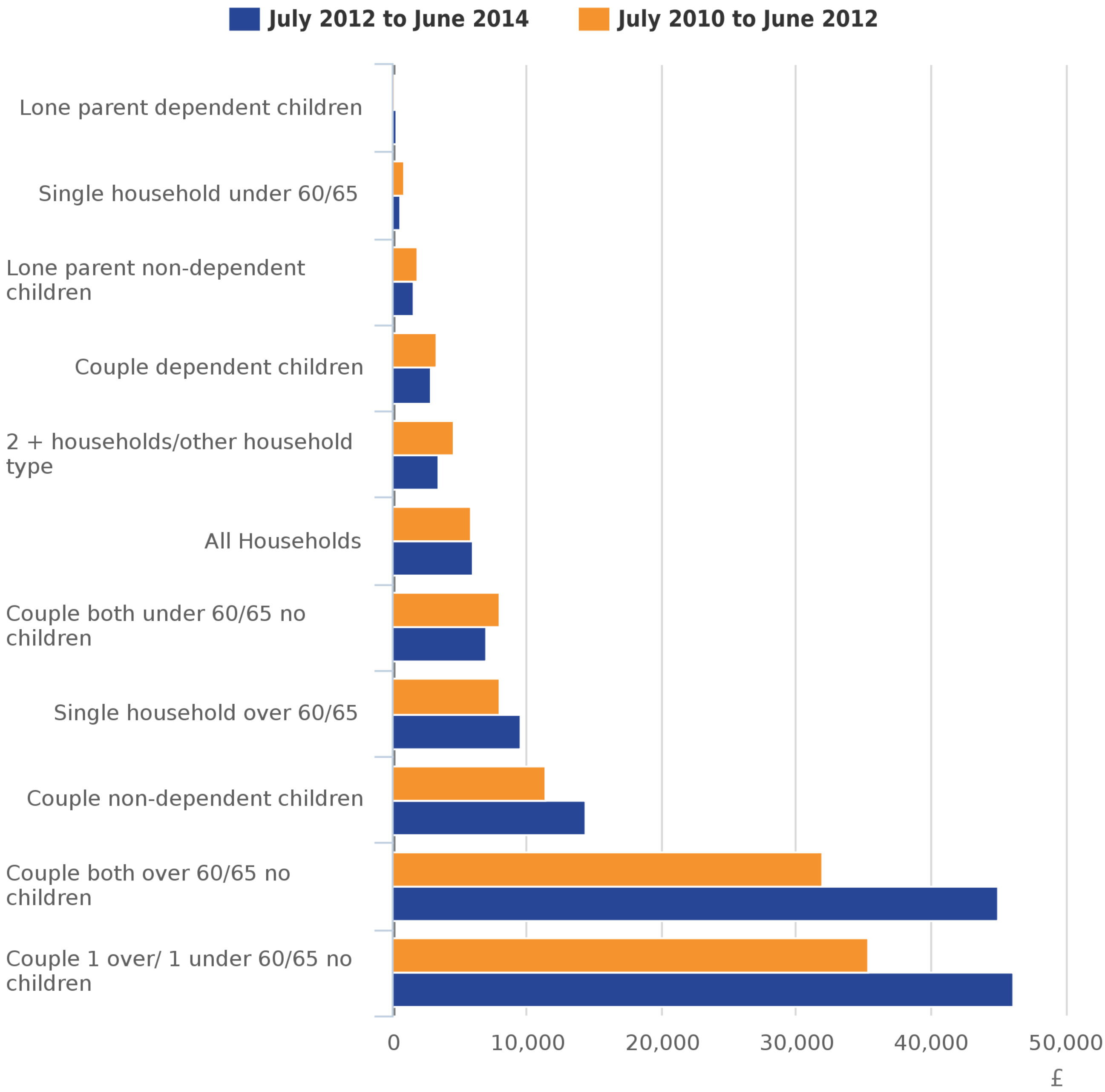
Figure 5.20 shows the median values of household net financial wealth according to the ten categories of household type.

The median value of household net financial wealth was the highest for couple households who have no children, where one person was over and the other under 60/65 [1], at £46,100. As illustrated in the introduction and demographics chapter of the current report, 3% of households were categorised as this type of household, making it one of the least common of all the household types. Couple households with no children, where both persons were above 60/65 had the second highest median net financial wealth, at £45,000. The median value of household net financial wealth was the lowest for lone parent households with dependent children, at £300. Single person households where the householder was under 60/65 and lone parent households with non-dependent children also had low net median financial wealth values of £600 and £1,500 respectively.

The most common household type comprised couple households with dependent children, accounting for 23% of all households. Median net financial wealth for this particular household type was £2,900. The biggest increases between July 2010 to June 2012 and July 2012 to June 2014 were in the two main ‘older couple’ categories with median net financial wealth increasing by 41% for households which were a “couple both over 60/65, no children” and by 31% for households which were a “couple 1 over / 1 under 60/65, no children”.

Figure 5.20: Median net household financial wealth, by household type

Great Britain, July 2010 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

8 . Household net financial wealth by individual characteristics

This section looks at some main characteristics of individuals living in households by net financial wealth bands. It is important to remember that this analysis presents individual characteristics by the total net financial wealth of the household that the individual lives within. In certain instances it is possible that this wealth is more likely attributed to other individuals living within that household.

Sex and marital status

Table 5.21 shows the distribution of individuals by sex and marital status, across the bands of household net financial wealth. During the period July 2012 to June 2014, 26% of all individuals lived in households with negative net financial wealth.

A higher percentage of cohabiting individuals lived in households in the lowest net financial wealth band in the period July 2012 to June 2014 than any other marital status group (19% of both men and women lived in households with net financial wealth of less than -£5,000). Married individuals were most likely to live in households belonging to the highest net financial wealth band of £100,000 or more (18% for men and women). Compared with single and cohabitating individuals, married individuals are on average older [1]. Also, knowing that the earnings of older workers are higher than those of younger workers [2] and older individuals will have had longer to accumulate financial wealth, might go some way towards explaining these differences.

Table 5.21: Individuals by sex and marital status, by household net financial wealth

Great Britain

%

	Less than £0	£0 but < £500	£500 but < £5,000	£5,000 but < £12,500	£12,500 but < £25,000	£25,000 but < £50,000	£50,000 but < £100,000	£100,000 or more	All Households
Men									
Married[1]	20	4	13	11	10	12	11	18	100
Cohabiting [2]	36	7	17	10	8	7	7	8	100
Single	31	8	18	10	8	8	6	10	100
Widowed	*8*	11	19	13	9	12	11	17	100
Divorced	20	18	18	13	8	9	6	8	100
Separated [3]	31	*14*	*18*	..	..	..	..	..	100
All men	26	7	16	11	9	10	9	13	100
Women									
Married[1]	20	4	13	11	10	12	11	18	100
Cohabiting [2]	36	7	17	9	8	7	7	9	100
Single	33	9	18	10	8	7	6	8	100
Widowed	9	10	21	14	13	13	9	12	100
Divorced	28	13	22	12	7	6	5	5	100
Separated [3]	37	17	19	*10*	..	..	..	..	100
All women	26	8	17	11	9	9	8	12	100
All Persons	26	7	16	11	9	9	8	13	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Includes civil partnerships.

2. Includes same sex couples.

3. Includes civil partner separations and dissolutions.

4. ".." - Estimates that have been suppressed due to fewer than 30 unweighted cases.

Age

Table 5.22 shows the distribution of individuals living in households with varying degrees of net financial wealth according to their age.

As wealth tends to be accumulated over the life of an individual – particularly their working life, it is unsurprising that younger people are more likely to live in households with negative net financial wealth compared to older people. In the period July 2012 to June 2014, individuals within the 25 to 34 age group were most likely to live in households with negative wealth, with 37% of individuals of this age group living in such households. However, it should also be noted that over a third (34%) of individuals aged under 16 and aged 16 to 24 are also living in households with negative net financial wealth.

Focusing on the highest net financial wealth band, individuals aged 55 to 64 and 65 years and above were most likely to live in households with net financial wealth of £100,000 or more (22% and 23% respectively). Individuals aged 25 to 34 were least likely to live in households with the highest amounts of net financial wealth (6%).

Table 5.22: Individuals by age, by household net financial wealth

Great Britain

%

	Less than £0	£0 but < £500	£500 but < £5,000	£5,000 but < £12,500	£12,500 but < £25,000	£25,000 but < £50,000	£50,000 but < £100,000	£100,000 or more	All Households
Under 16	34	8	21	10	8	7	5	7	100
16-24	34	9	15	9	8	9	7	9	100
25-34	37	6	19	11	8	7	5	6	100
35-44	31	7	17	12	9	9	7	8	100
45-54	26	7	14	10	9	11	10	13	100
55-64	17	6	11	9	10	12	13	22	100
65+	6	6	15	12	11	13	14	23	100
All Persons	26	7	16	11	9	9	8	13	100

Source: Wealth and Assets Survey, Office for National Statistics

Education level

Table 5.23 shows the percentage of individuals living in households with varying degrees of net financial wealth according to their education level.

The percentage of individuals educated at degree level or above living in households with net financial wealth of £100,000 or more (the highest net financial wealth band) was 24% – 17 percentage points higher than individuals reporting no qualifications.

Nearly three in ten individuals with other qualifications lived in households with negative net financial wealth (27%). This compares with 21% of individuals reporting both no qualifications and degree level qualifications or above.

Table 5.23: Individuals by education level, by household net financial wealth

Great Britain

%

	Less than £0	£0 but < £500	£500 but < £5,000	£5,000 but < £12,500	£12,500 but < £25,000	£25,000 but < £50,000	£50,000 but < £100,000	£100,000 or more	All Households
Degree level or above	21	2	10	10	10	12	12	24	100
Other qualifications	27	7	16	11	9	10	9	12	100
No qualifications	21	15	21	12	10	8	7	7	100
All Persons	24	7	15	11	9	10	9	14	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Includes only eligible adults who gave their education level.

Economic activity

Table 5.24 shows the percentage of individuals living in households with varying degrees of net financial wealth according to their economic activity.

The percentage of individuals living in households in negative net financial wealth was highest for those who were economically inactive due to sickness or disability (40%), and those who were unemployed (43%). Fewer retired individuals lived in households with negative net financial wealth than any other economic activity group (6%). Retired and other inactive individuals were most likely to live in households with net financial wealth of £100,000 or more (23% and 21% respectively).

Table 5.24: Individuals by economic activity, by household net financial wealth

Great Britain

%

	Less than £0	£0 but < £500	£500 but < £5,000	£5,000 but < £12,500	£12,500 but < £25,000	£25,000 but < £50,000	£50,000 but < £100,000	£100,000 or more	All Households
Economically Active									
In Employment	28	5	15	11	10	10	9	12	100
Employee	28	5	16	12	10	10	9	12	100
Self Employed	25	4	15	10	9	11	9	18	100
Unemployed	43	19	12	7	5	5	5	5	100
Economically Inactive									
Student	32	8	15	7	7	10	10	12	100
Looking after family/home	32	15	22	7	6	6	4	8	100
Sick / Disabled[2]	40	23	16	7	5	4	2	3	100
Retired	6	7	14	12	11	13	14	23	100
Other Inactive	23	11	15	7	8	10	7	21	100
All Persons	26	7	16	11	9	9	8	13	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Combined figure for temporarily sick / injured and long term sick and disabled.

Socio-economic group

Table 5.25 shows the distribution of individuals living in households with varying degrees of net financial wealth according to their socio-economic classification.

Over one in four individuals classified in the group ‘large employers and higher managerial’ lived in households with net financial wealth of £100,000 or more (28%). Individuals working in semi-routine and routine occupations were least likely to live in a household within the highest net financial wealth band (5%).

The percentage of individuals living in households in negative net financial wealth was highest for those who were working in routine occupations (38%). The percentage of individuals classified in lower supervisory and technical occupations who lived in households in negative net financial wealth was 29%.

Table 5.25: Individuals by socio-economic classification, by household net financial wealth

Great Britain

%

	Less than £0	£0 but < £500	£500 but < £5,000	£5,000 but < £12,500	£12,500 but < £25,000	£25,000 but < £50,000	£50,000 but < £100,000	£100,000 or more	All Households
Large employers and higher managerial	16	*1*	9	9	10	14	13	28	100
Higher professional	22	3	12	12	10	12	12	18	100
Lower managerial and professional	23	4	15	12	11	11	10	14	100
Intermediate occupations	24	6	17	10	9	10	9	15	100
Small employers and own account workers	28	6	19	11	10	10	8	7	100
Lower supervisory and technical	29	11	19	11	9	8	6	7	100
Semi-routine occupations	29	14	22	11	8	7	5	5	100
Routine occupations	38	19	18	7	5	*4*	4	5	100
Never worked/long term unemployed	21	10	15	10	9	10	10	16	100
All persons	26	7	16	11	9	9	8	13	100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Includes only eligible adults who gave sufficient information to determine socio-economic group.

9 . Quality assuring financial wealth data

Where possible, the following section has performed comparisons with estimates derived from the financial chapter of the Wealth in Great Britain 2012 -2014 report with other sources of financial wealth data.

HMRC ISA data

Initially HM Revenue & Customs (HMRC) published statistics on Individual Savings Accounts (ISAs) are compared with data from the WAS. HMRC data on ISAs[1] are derived from annual information submitted to HMRC by providers in respect of each individual scheme member. It provides figures on the number of individuals contributing to these savings accounts and the amounts held in ISAs by sex and age.

Comparison of the market value of ISA funds

Table A compares the median ISA wealth from the two sources. Figure B shows the percentage difference between these two sources, by age. Note that the average market values are only for those with non-zero reported ISA wealth.

The mean ISA values are smaller in the WAS data than the HMRC figures (£17,700 compared with HMRC's figure of £19,500)[2]. The difference is most pronounced in the youngest age group i.e. those aged under 25. Here the mean ISA wealth from HMRC is £1,800 greater than those estimated from the WAS (a difference of 36%).

There are a number of things to bear in mind where attempts are made to compare these two sources. Firstly, HMRC data is for the United Kingdom, whereas WAS only surveys households in Great Britain. Additionally, as the WAS data covers those surveyed any time between 2012 to 2014, and the HMRC figures relate to specific ISA market values on 5th April 2013, a second comparison has been run using just those WAS cases who were surveyed in 2013 (presented on the right hand side of table A). There is a larger difference between the figures when only looking at 2013.

Table 5.A: Comparison of median ISA wealth, by age and sex, noting that WAS covers Great Britain (July 2012 to June 2014) to and HMRC covers United Kingdom (5th April 2013)

	HMRC (as of end of tax year 2013)	WAS July 2012 to June 2014	Difference
	United Kingdom	Great Britain	
Male			
Under 25	£3,345	£5,321	37%
25 to 34	£5,098	£6,315	19%
35 to 44	£10,142	£11,898	15%
45 to 54	£17,386	£16,337	-6%
55 to 64	£26,683	£25,774	-4%
65 and over	£35,476	£28,562	-24%
All Male	£20,617	£19,403	-6%
Female			
Under 25	£3,158	£4,766	34%
25 to 34	£4,702	£5,485	14%
35 to 44	£8,640	£8,683	0%
45 to 54	£14,317	£13,492	-6%
55 to 64	£24,970	£20,055	-25%
65 and over	£33,904	£23,835	-42%
All Female	£18,487	£16,150	-14%
All			
Under 25	£3,247	£5,041	36%
25 to 34	£4,892	£6,050	19%
35 to 44	£9,366	£10,416	10%
45 to 54	£15,770	£18,462	15%
55 to 64	£25,801	£28,624	10%
65 and over	£34,705	£32,944	-5%
All ISA holders	£19,528	£17,692	-10%

	HMRC (as of end of tax year 2013)	WAS 2013	Difference
	United Kingdom	Great Britain	
Male			
Under 25	£3,345	£4,564	27%
25 to 34	£5,098	£6,853	26%
35 to 44	£10,142	£10,672	5%
45 to 54	£17,386	£15,349	-13%
55 to 64	£26,683	£24,709	-8%
65 and over	£35,476	£28,359	-25%
All Male	£20,617	£18,890	-9%
Female			
Under 25	£3,158	£4,151	24%
25 to 34	£4,702	£5,784	19%

35 to 44	£8,640	£7,809	-11%
45 to 54	£14,317	£12,927	-11%
55 to 64	£24,970	£19,831	-26%
65 and over	£33,904	£21,479	-58%
All Female	£18,487	£15,179	-22%
All			
Under 25	£3,247	£4,361	26%
25 to 34	£4,892	£6,290	22%
35 to 44	£9,366	£9,261	-1%
45 to 54	£15,770	£14,030	-12%
55 to 64	£25,801	£22,042	-17%
65 and over	£34,705	£24,647	-41%
All ISA holders	£19,528	£16,917	-15%

Source: Office for National Statistics

Notes:

1. Excludes individual’s without ISA wealth.

The WAS estimates that 18.3 million adults have an ISA between 2010 and 2012. This is lower than HMRC’s estimates that around 22.7 million adults have ISAs.

Comparison of aggregate market value of ISA funds

In the fourth wave of WAS, total ISA wealth is calculated as £324,5 billion, whereas HMRC estimates that total ISA wealth on the 5th April 2013 was £442,8 billion. Therefore, it seems that both at a population and individual level, ISA wealth is underestimated in WAS Wave 4. However, the difference in estimates could be due to the differences in the coverage of each data source, as WAS does not survey households in Northern Ireland.

FRS savings and investments data

The following section examines how published savings and investment statistics from the Family Resources Survey (FRS) compares with WAS data. The FRS is a major study, sponsored by the Department for Work and Pensions (DWP). It provides information about the living conditions of people in the UK and the resources available to them.

Like with the data from HMRC, a number of factors need to be factored in when attempting comparisons between the two sources. The FRS data used for comparison purposes covers a time period of 2013 to 2014, whereas wave three of WAS covers 2012 to 2014. Furthermore, the FRS surveys households in the United Kingdom, whereas WAS only surveys households in Great Britain.

Percentage of households with formal financial assets

The FRS estimated that 93% of households have a current account, compared to 96% of households estimated by WAS. However, when looking at the definitions of the different types of assets in WAS and FRS, it might not be suitable to compare those figures directly.

The FRS estimates that 97% of households have any Direct Payment Account, which is any account that accepts electronic payment of benefits via the BACS system. This can include current accounts, basic bank accounts, post office card accounts and other types of savings and investment accounts. This figure is more comparable to the WAS figure since Current Account in WAS includes current accounts, basic bank accounts and post office card accounts. WAS estimates that 96% of households have a current account only 1 percentage points lower than the FRS estimate.

The FRS estimates that 19% and 3% of households had premium bonds and national savings bonds respectively. WAS estimates that 3% of households had National Savings bonds (certificates) and premium bonds.

The FRS estimates that 41% of households have an ISA, compared to 48% estimated by WAS.

WAS estimates that 5% of households had a unit or investment trust, 2% higher than the FRS estimate that 3% of households had a unit trust.

Table 5.B: Comparison of financial assets in WAS and FRS, where WAS covers Great Britain (2012 to 2014) and FRS covers United Kingdom (2013 to 14)

Great Britain

%

	WAS July 2012 to June 2014	FRS 2013/2014
All current accounts	96	93
Direct Payment Account[1]		97
ISAs	48	41
Unit/Investment trusts	5	3
National Savings certificates and bonds[2]	23	19
Premium Bonds		3

Source: Wealth and Assets Survey and Family Resources Survey

Notes:

1. The definition of Direct Payment Account in FRS is similar to the definition of Current Account in WAS.

2. National Savings bonds and certificates are separately identified in FRS but they are identified together in WAS.

3. All numbers rounded to the nearest whole number.

Half a century since they first went on sale, Premium Bonds have a place in the savings portfolios of 23 million people – this represents almost 40% of the population of the UK. Together, they own over 32 billion Bonds. Premium Bonds are one of Britain’s financial success stories, offering investors the chance to win tax-free prizes up to £1 million without putting their capital at risk.

1.6 million people hold £5,000 in Bonds. 300,000 people hold the maximum £30,000.

Published by National Savings and Investments 2006

Information is correct as at **October 2006** unless stated.

Table 5.C: Proportion of households with formal financial assets: Great Britain, WAS July 2012 to June 2014 compared with United Kingdom, FRS 2013 to 2014

Great Britain

WAS July 2012 to June 2014	%
All current accounts	96
Savings accounts	57
ISAs	48
National Savings certificates and bonds[2]	23
UK shares	12
Overseas shares	2
Employee shares and share options	7
Unit/Investment trusts	5
Other formal financial assets	1
Any formal financial asset	98
FRS 2013 - 2014	**%**
Direct Payment Account[1]	97
NS&I Savings account	3
Other Bank/Building Society account	45
ISAs	41
Premium Bonds	19
National Savings Bonds	3
Stocks and shares/member of a Share club	15
Company Share Scheme/profit sharing	3
Unit trusts	3
Any other type of asset	1
Any type of account (including POCA)	97

Source: Office for National Statistics

Notes:

1. The definition of Direct Payment Account in FRS is similar to the definition of Current Account in WAS.

2. Including Premium Bonds.

HMRC Child Trust Funds data

Table D presents a comparison of figures on Child Trust Funds for Great Britain from WAS against official figures produced by HMRC for 2012. Possible reasons for the low figure include: firstly, if the child was less than one year old at the time of the survey, an account may not yet have been opened on their behalf; secondly, the survey may have underreported children with CTFs if the adult interviewed about a child was unaware that an account had been opened – either by another adult with responsibility for the child or by HM Revenue and Customs; thirdly, HMRC’s market value reflects value during the second half of the WAS survey period covering 2012 to 2014, and may have increased to reflect additional deposits, accumulation of interest, and so on. Children born from 2nd January 2011 onwards were no longer entitled to open a Child Trust Fund account.

Table 5.D: Child Trust Funds: Great Britain, WAS July 2012 to June 2014 compared with Great Britain1, HMRC 2013/14

Great Britain

		£
	WAS	HMRC
Value of assets held in accounts (£ millions)	5,734	6,141
Number of accounts held (thousands)	4,258	4,893

Source: Office for National Statistics

Notes:

1. GB figures from HMRC derived by adding values from regions to form GB.

HMRC Child Trust Funds data

Table D presents a comparison of figures on Child Trust Funds for Great Britain from WAS against official figures produced by HMRC for 2012. Possible reasons for the low figure include: firstly, if the child was less than one year old at the time of the survey, an account may not yet have been opened on their behalf; secondly, the survey may have underreported children with CTFs if the adult interviewed about a child was unaware that an account had been opened – either by another adult with responsibility for the child or by HM Revenue and Customs; thirdly, HMRC's market value reflects value during the second half of the WAS survey period covering 2012 to 2014, and may have increased to reflect additional deposits, accumulation of interest, and so on. Children born from 2nd January 2011 onwards were no longer entitled to open a Child Trust Fund account.

Table 5.D: Child Trust Funds: Great Britain, WAS July 2012 to June 2014 compared with Great Britain1, HMRC 2013/14

		£
	WAS	HMRC
Value of assets held in accounts (£ millions)	5,734	6,141
Number of accounts held (thousands)	4,258	4,893

Source: Office for National Statistics

Notes:

1. GB figures from HMRC derived by adding values from regions to form GB.

Notes for quality assuring financial wealth data

1. HMRC statistics homepage
2. Table 9.11 - Market Value of ISA funds by age and gender .

10. Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

   These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.

Compendium

Chapter 6: Private pension wealth, Wealth in Great Britain, 2012 to 2014

Contact:
Elaine Chamberlain
elaine.chamberlain@ons.gsi.gov.uk

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Table of contents

1 . Main points

- In July 2012 to June 2014, 35% of adults aged 16 and over contributed to a private pension. The percentage varied by sex, with 37% of men making contributions compared with 32% of women

- In July 2012 to June 2014, a much higher proportion of employees in the public sector (84% with median wealth of £61,600) belonged to a current occupational pension scheme than their counterparts in the private sector (42% with median wealth of £24,000)

- In July 2012 to June 2014, median wealth held in private pensions from which individuals had not yet drawn an income (that is, current and retained pensions) was much higher in defined benefit (DB) pensions (£63,400) than in defined contribution (DC) pensions (£15,000)

- In July 2012 to June 2014, 19% of individuals aged 16 and over received income from a private pension. The median wealth held in pensions that were already being paid (pensions in payment) was £116,300. A higher proportion of men (22%) than women (17%) received such income. The median level of wealth held by men (£162,400) in pensions in payment was more than double that of women (£73,900)

- In July 2012 to June 2014, around a quarter (24%) of all households in Great Britain had no private pension wealth, the same proportion as in July 2010 to June 2012

- Aggregate private pension wealth in Great Britain increased from £3.5 trillion in the period July 2010 to June 2012 to £4.5 trillion in the period July 2012 to June 2014 (figures not adjusted for inflation). This was mainly explained by an increase in pensions in payment pension wealth driven by changes in annuity rates used to value such wealth

- In July 2012 to June 2014, of those who had any private pension wealth, the 10% of households with the highest total pension wealth had almost half of the all pension wealth in Great Britain (47%). This was almost six times the total private pension wealth of the 50% of households that had the lowest (8%)

2 . Introduction

This chapter looks at estimates of private (non-state) pension wealth in Great Britain from the Wealth and Assets Survey (WAS). It presents new data from the survey for the period July 2012 to June 2014 alongside revised estimates from the July 2010 to June 2012 period.

Unlike the other forms of wealth presented in this report, pension wealth is not immediately accessible for most individuals. The earliest age at which it was possible to receive an income from a registered private pension increased to 55 from April 2010 as a result of the Finance Act 2004. The first 3 data collection periods of the survey took place before automatic enrolment was introduced in October 2012. The July 2012 to June 2014 data collection period was predominantly following October 2012 so this period should reflect some changes in pension membership and wealth due to automatic enrolment. The statistics for all data collection periods predates the pension flexibilities reform that was introduced in April 2015.

The figures in this chapter relate to private pension wealth only, which means state pension wealth is excluded from the analysis. The latter part of the chapter will show that wealth from private pensions is not very evenly distributed, as many individuals and households have zero or very low private pension wealth. As state pension wealth is more evenly distributed, the distribution of total pension wealth (state plus private) will be less skewed.

The July 2012 to June 2014 period methodology is generally consistent with that used in the July 2010 to June 2012 period. Data from the period July 2012 to June 2014 has been used to improve the imputation process in the previous period (July 2010 to June 2012). Compared to the previous release of the July 2010 to June 2012 data, the changes and improvements through imputation have resulted in some changes to estimates of pension wealth in different areas but predominantly unchanged estimates of membership levels. Overall, the estimates of aggregate pension wealth in this release are 21% lower for the July 2010 to June 2012 period compared to the July 2012 to June 2014 period. The increase in aggregate pension wealth from the July 2010 to June 2012 period to the July 2012 to June 2014 period can largely be attributed to changes in financial parameters used to value defined benefit pensions and pensions in payment wealth (see quality assurance section for further detail).

The chapter begins by looking at the membership of, and level of wealth held in, current pensions, defined as pensions to which individuals were contributing during the reference period. This information is presented for the different types of pension: occupational Defined Benefit (DB); occupational Defined Contribution (DC); and personal pensions, which include group personal and group stakeholder pensions – see Concepts and definitions. In addition, estimates of current occupational pension wealth (DB and DC occupational pension wealth combined) are presented by whether an employee was working in the private or public sector.

The chapter also provides estimates of pension wealth held in retained pensions. These are pensions to which individuals have stopped contributing but from which they are not yet drawing an income. This is followed by analysis comparing, for pensions that have not yet been drawn (current plus retained), the level of wealth held in DB and DC types of pensions. Estimates of wealth held in pensions from which individuals were receiving an income (pensions in payment) are also considered.

The chapter closes by bringing the different forms of private pension wealth together to look at wealth in all private pensions, that is, current, retained and pensions in payment. This is shown at the individual level, for households and for Great Britain as a whole.

The data presented in this chapter are in the form of cross-sectional estimates. All estimates of wealth are in nominal terms (values are not adjusted for inflation). However, some of the estimates required modelling, which was done using a method developed by the Institute for Fiscal Studies (IFS) [1].

Due to the complexity of the data, for example, the use of imputed values and complex weighting, no formal significance testing has been undertaken.

The survey sampled private individuals and households in Great Britain. This means that people in residential institutions, such as retirement homes, nursing homes, prisons, barracks or university halls of residence, and also homeless people, are excluded from the scope of the analysis presented in this chapter.

Further information about the survey is included in Chapter 1: Introduction and Demographics and in Chapter 8: Technical Details (335.5 Kb Pdf).

Concepts and definitions

Private pensions

All pensions that are not provided by the state. They comprise occupational and personal pensions, and include pensions of public sector workers.

Defined benefit (DB) pensions

Pensions in which the rules of the scheme specify the rate of benefits to be paid. The most common DB scheme is a “final salary” scheme in which the benefits are based on the number of years of pensionable service, the accrual rate, and either the final salary, the average of selected years’ salaries, or the best year’s salary within a specified period before retirement. Other types of DB scheme include career average re-valued earnings (CARE) schemes.

Defined contribution (DC) pensions

Pensions in which the benefits are determined by the contributions paid into the pension, the investment return on the contributions (which are normally invested in the stock market), and the type of annuity or drawdown product purchased upon retirement[2]. An annuity is a contract between an insurance company and an individual under which the individual pays all or part of their pension fund to the insurance company in return for an agreed regular income for the remainder of their life. DC pensions are also known as money purchase pensions. They can be either occupational or personal.

Personal pensions include stakeholder and self invested personal pensions, both of which are forms of DC pension. Personal pensions can be sponsored by an employer (referred to as group personal pensions) or arranged on an individual basis. In this chapter, the definition of occupational does not include any personal pensions, while the definition of workplace pensions includes occupational pensions, group personal pensions and group stakeholder pensions.

Medians and means

The median is the preferred measure of central tendency in this chapter because many of the data distributions are not symmetrical. This is because a small proportion of individuals have high values of wealth with a larger proportion of individuals having very low wealth by comparison.

In such unequal distributions, the mean is likely to be influenced by high values, so it does not reflect the experience of most individuals.

Pension wealth

The calculation of pension wealth is complicated. Private pension wealth was split into nine categories and a slightly different valuation method was applied to each. The nine categories of private pension wealth are:

- DB occupational pensions to which interviewees were currently contributing
- DC occupational pensions to which interviewees were currently contributing
- personal pensions (all DC) to which interviewees were contributing or could have contributed at the time of the interview, including group personal and group stakeholder pensions offered by employers
- additional voluntary contributions (AVCs) to personal pensions (all DC) made by people with DB pensions
- retained rights in DB pensions
- retained rights in DC pensions
- remaining value of pension funds from which people were drawing an income through 'income drawdown' (where people take income from the fund but the fund remains invested)
- pensions expected in the future based on the pension contributions of a former spouse or partner; Pensions already being paid out ('pensions in payment')

The pension wealth figures presented here represent a person's future pension in retirement, expressed as an equivalent 'pot of money'. The estimates include only the pension rights accumulated to date. For people who are still working, they do not include rights which may be built up in future.

Wealth from DB pensions (current and retained) and pensions in payment are calculated using financial parameters (annuity factors and or discount rates) which change over time. Wealth from DC pensions is calculated from the reported value of the fund. This was explained in more detail in an annex on pension wealth methodology contained in the report for the period July 2008 to June 2010. Chapter 8 of this Wealth and Assets report also contains relevant information. The change in these financial parameters has affected the estimates of wealth from July 2010 to June 2012 period to July 2012 to June 2014 period and the effect has been investigated in the quality assurance section of this chapter.

Notes for introduction

1. As highlighted in the ONS Wealth in Britain Wave 2.
2. There have been recent changes in options available for drawdown introduced with pension flexibilities in April 2015.

3 . Current pension wealth

This section explores membership of, and amount of wealth held in, private pensions to which individuals in Great Britain were currently contributing. It, therefore, does not include the pensions that an individual may have contributed to in the past but was no longer contributing to, or pensions from which an individual was receiving an income.

Membership of current pensions

The first part of this section focuses on the proportion of individuals aged 16 and over that were contributing to a pension or to more than one type of pension. It is followed by more detailed analysis of the amounts of wealth held in each pension type and the percentage of individuals in Great Britain, by age group, who were and were not contributing to specific types of private pensions in July 2012 to June 2014.

Table 6.1: Percentage of individuals aged 16 plus that currently contribute to a private pension scheme, by pension type and sex

Great Britain

%

	July 2012 to June 2014			July 2010 to June 2012		
	Men	Women	All	Men	Women	All
No current pension	63	68	65	63	70	66
Any type of pension	37	32	35	37	30	34
of which						
Occupational DB only	15	18	17	16	19	17
Occupational DC only	10	7	9	8	5	7
Personal pension only	8	4	6	9	3	6
More than one type	4	2	3	4	3	4

Source: Wealth and Assets Survey, Office for National Statistics

Table 6.1 shows that the majority of adults (65%, 31.8 million) in Great Britain were not contributing to a private pension in the period July 2012 to June 2014; with a higher proportion of women (68%) than men (63%) not contributing to a private pension. In the period July 2012 to June 2014, 16.9 million adults were contributing to a private pension with occupational defined benefit being the most common type (17%).

Examining the types of pension that people did contribute to, Table 6.1 shows that, in July 2010 to June 2012 and July 2012 to June 2014, a higher proportion of men than women contributed to either a Defined Contribution (DC) scheme, a personal pension or to more than one type of pension. However, in both periods a higher proportion of women than men contributed to a Defined Benefit (DB) scheme. This may be because a larger proportion of public sector workers are women and pension provision in the public sector predominantly consists of DB schemes.

Current occupational Defined Benefit (DB) pension wealth

Some employers offer their employees the opportunity to join a DB pension scheme. The “Concepts and Definitions” section of this chapter has a description of this type of scheme. Table 6.2 shows the proportion of individuals in Great Britain that belonged to current DB schemes and the wealth individuals held in these schemes.

Table 6.2: Percentage of individuals with wealth in current occupational DB pensions and amount of wealth (£) held in such pensions, by age

Great Britain

£

	July 2012 to June 2014		July 2010 to June 2012	
	% with	Median	% with	Median
16–24	6	5,000	6	3,500
25–34	23	22,400	24	12,300
35–44	30	59,900	31	35,000
45–54	32	146,900	34	97,200
55–64	19	184,200	20	142,000
65+	1	140,600	1	93,500
All	18	64,900	20	43,300

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Medians exclude individuals with zero wealth in current occupational DB schemes; percentages do not exclude such individuals.

2. Although the methodology for calculating DB pension wealth has remained the same across the waves, there have been changes in the financial assumptions.

Table 6.2 shows that in the period July 2012 to June 2014, the overall median for current DB pension wealth was £64,900, which was £21,600 more than the July 2010 to June 2012 equivalent. The main reason for the large increase in current DB wealth is thought to be due to the change in financial parameters used to value DB pensions between the periods of July 2010 to June 2012 and July 2012 to June 2014 (see quality assurance section).

The change in the value of a DB pension (as valued in WAS) can be equated to an individual's experience of changing house prices. The value of a property or in this case a DB pension can change considerably without an individual changing their behaviour. A property or DB pension can be thought of as an asset. Although the asset remains largely unchanged the value placed upon that asset can change with the market. The financial parameters used to value DB pensions have changed between the period July 2010 to June 2012 and the period July 2012 to June 2014. The consequence of this is that a fixed DB pension would be valued higher on average in the July 2012 to June 2014 period than in the July 2010 to June 2012 period. DB wealth in WAS can be thought of as the equivalent DC pension pot that would be needed to buy the regular income expected from the DB pension. The estimate is valued at the date the individual responded to the survey (based on current entitlement) using financial market data (see quality assurance section for further detail).

In both periods, the overall median current occupational DB pension wealth for men was much higher than that of women. This lower level of wealth among women reflects the combination of fewer years of pension membership and the generally lower salaries of women in employment compared with men[3]. In the July 2012 to June 2014 period, the median for women was 60% of the median for men at £52,500 and £87,700, respectively (see reference tables).

Current occupational Defined Contribution (DC) pension wealth

Some employers offer their employees the opportunity to join a Defined Contribution (DC) pension scheme. In these types of scheme, the income an individual will receive in retirement usually depends on the contributions that have been paid in, the investment return received on those contributions and the financial products available at retirement. Table 6.3 shows the proportion of individuals in Great Britain that belonged to DC schemes and the wealth those individuals held in these schemes.

Table 6.3: Percentage of individuals with wealth in current occupational DC pensions and amount of wealth (£) held in such pensions, by age

Great Britain

£

	July 2012 to June 2014		July 2010 to June 2012	
	% with	Median	% with	Median
16–24	5	1,200	3	2,800
25–34	15	4,500	12	7,500
35–44	17	11,400	14	12,400
45–54	14	14,300	12	14,700
55–64	9	17,000	8	14,600
65+	1	10,700	0	16,000
All	10	9,000	8	10,500

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Medians and quartiles exclude individuals with zero wealth in current occupational DC schemes; percentages do not exclude such individuals.

Table 6.3 shows, between the period July 2010 to June 2012 and the period July 2012 to June 2014, median occupational DC pension wealth had decreased from £10,500 to £9,000. This may be explained by the introduction of automatic enrolment. There are now more people with current occupational DC pension wealth, but as those automatically enrolled have started contributing relatively recently at the statutory minimum2, their pension wealth is likely to be lower than people who have been contributing to pension schemes for several years.

The median current occupational DC pension wealth for men was larger than for women in the period July 2012 to June 2014, the median for women (£5,500) was just under half of that for men (£12,000).

Current personal pension wealth

All individuals are eligible to make contributions to personal pensions should they choose to do so. Contributors to personal pensions include individuals not eligible for workplace pensions such as the self-employed, those not currently working, those currently not offered a pension scheme by their employer and those contributing on top of their occupational pension.

As explained in the “Concepts and Definitions” section, personal pensions can be purchased from an insurance company by an individual. However, an employer may facilitate the purchase of personal pensions for its employees (known as a group personal or group stakeholder pension). Self-invested personal pensions (on an individual or group basis) are also included in Table 6.4.

As all personal pensions are DC schemes, the income an individual will receive in retirement from such pensions depends on the contributions that have been paid in, the investment return received on those contributions and the financial products available at retirement. Table 6.4 shows the proportion of individuals belonging to personal pensions and the wealth those individuals held in these pensions.

Table 6.4: Percentage of individuals with wealth in current personal pensions and amount of wealth (£) held in such pensions, by age and sex

Great Britain

£

	July 2012 to June 2014		July 2010 to June 2012	
	% with	Median	% with	Median
16–24	1	9,000	1	6,900
25–34	5	7,300	6	7,200
35–44	14	12,300	16	12,500
45–54	18	23,000	18	18,000
55–64	14	30,500	12	30,000
65+	1	30,000	0	75,300
All	9	18,600	9	15,700

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Medians exclude individuals with zero wealth in current occupational DC schemes; percentages do not exclude such individuals.

2. Values are rounded to the nearest whole number, where the percentage of people contributing 0; the percentage of contributors is closer to 0 than 1 rather than 0 being an absolute value.

3. Personal pensions include stakeholder and self invested personal pensions, held on a group or individual basis.

Table 6.4 shows that between the periods July 2010 to June 2012 and July 2012 to June 2014, the overall median current personal pension wealth increased from £15,700 to £18,600. The table shows that the proportion of individuals with wealth in current personal pensions between the periods has stayed the same at 9%. In both periods, the proportion of men that were contributing to a personal pension was about twice the proportion of women. The median current personal pension wealth of all men in July 2012 to June 2014 was almost twice that of women, £24,000 compared with £12,400.

Total current pension wealth

Tables 6.2 to 6.4 explored the value of current pensions held in occupational DB, occupational DC schemes or in personal pensions. The following table and associated text examines the value of total wealth held in all types of current private pensions, that is, the combined value of all DB, DC and personal pensions to which individuals contributed.

Table 6.5: Percentage of individuals with wealth in current private pensions and amount of total wealth (£) held in such pensions, by age

Great Britain

£

	July 2012 to June 2014		July 2010 to June 2012	
	% with	Median	% with	Median
16–24	13	3,600	10	3,500
25–34	42	13,500	40	10,500
35–44	56	33,700	54	26,700
45–54	58	65,000	57	57,000
55–64	40	80,000	35	72,900
65+	3	47,000	2	69,100
All	35	34,000	34	28,000

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Medians exclude individuals with zero current private pension wealth; percentages do not exclude such individuals.

2. Estimates of the percentage of individuals with wealth in current private pensions presented within Table 6.5 may be slightly lower than estimates of the percentage of individuals currently contributing to private pensions presented within Table 6.1. This is because a small number of individuals that report contributing to private pensions are deemed to have no actual pension wealth when pension wealth is calculated utilising the methodology employed within this article (see methodology annex hyperlink).

Table 6.5 shows that in the period July 2012 to June 2014, 35% of individuals aged 16 and above were contributing to a private (non-state) pension. Between the periods July 2010 to June 2012 and July 2012 to June 2014, median wealth in current private pensions increased from £33,900 to £40,000 for men and from £22,500 to £28,000 for women.

Current occupational pension wealth in the public and private sector

Since the data collection period of July 2008 to June 2010, WAS has captured information on whether an individual worked in the public or private sector. Employees were asked whether the firm or organisation that they worked for was a private firm, business or limited company, or some other kind of organisation (such as a university, charity or public limited company). Based on their responses, employees were classified as belonging to either the public sector or private sector, with some employees being classified as “unknown”.

Table 6.6 shows the wealth of employees currently contributing to occupational pensions, but not to other workplace pensions (which include group personal pensions). It is not possible to split the wealth of those contributing to personal pensions in WAS between those contributing to group personal pensions and those contributing to individual personal pensions.

Table 6.6: Percentage of employees with wealth in current occupational (DB and DC) pension schemes and amounts of wealth (£) held in such pensions, by age and sector

Great Britain

£

July 2012 to June 2014	Public		Private	
	% with	Median	% with	Median
16–24	49	4,100	16	2,500
25–34	86	22,300	39	8,700
35–44	89	56,900	50	29,600
45–54	89	134,400	51	51,400
55–64	82	162,200	46	68,400
65+	41	128,000	21	50,800
All	84	61,600	42	24,000
July 2010 to June 2012		Public		Private
	% with	Median	% with	Median
16–24	51	2,300	10	3,200
25–34	85	12,900	35	9,400
35–44	88	32,200	48	23,900
45–54	90	97,200	49	51,700
55–64	81	138,600	45	58,000
65+	39	98,700	15	45,500
All	84	41,800	39	23,700

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Medians exclude those with zero occupational pension wealth; percentages do not exclude such individuals.

2. This table refers only to employees contributing to occupational pension schemes at the time of the interview. It does not include those employees who have personal pensions.

Table 6.6 shows that, in the period July 2012 to June 2014, a higher proportion of employees in all age groups in the public sector (84%) belonged to an occupational pension than those in the private sector (42%). The percentage of people belonging to a private sector occupational pension scheme increased slightly between the periods July 2010 to June 2012 and July 2012 to June 2014 from 39% to 42%.

In general, employees in the public sector have more wealth in current occupational pension schemes than their counterparts in the private sector. In the period July 2012 to June 2014, the overall median wealth of public sector workers was £61,600 compared with £24,000 in the private sector. This difference increased absolute terms between the periods July 2010 to June 2012 and July 2012 to June 2014 and was mainly driven by the valuation of DB pensions which are more common in the public sector.

In the public sector, occupational pensions are predominantly DB schemes, which tend to have greater wealth than DC. In the private sector, there is a mix of DB and DC pensions, with a higher proportion of the latter in recent years3. This results in an overall lower level of pension wealth in the private sector.

Notes for current pension wealth

1. As highlighted in the ONS Annual Survey of Hours and Earnings.
2. The changing landscape of workplace pensions in described in the Department of Work and Pensions Automatic enrolment evaluation report 2015.
3. As highlighted in the ONS Occupational Pension Schemes Survey.

4 . Retained pension wealth

The following section examines the wealth held by individuals in pensions to which they were no longer contributing but from which they were not yet drawing an income. This will typically be the case when individuals have been a member of their employer's pension and then left that employer before reaching the age at which they were able to draw an income.

Table 6.7: Percentage of individuals with wealth in retained pensions and average amount of wealth held in such pensions: by age

Great Britain

£

	July 2012 to June 2014		July 2010 to June 2012	
	% with	Median	% with	Median
16–24	1	3,200	1	3,500
25–34	11	8,000	12	7,200
35–44	24	16,000	27	14,600
45–54	31	30,000	32	29,800
55–64	24	40,900	23	41,900
65+	4	24,600	4	36,500
All	16	21,900	17	20,900

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Medians exclude individuals with zero wealth; percentages do not exclude such individuals.

2. Retained pension wealth comprises retained occupational DB pensions, retained DC (both occupational and personal) pensions.

There has been a slight decrease in the proportion of individuals with retained pension wealth, from 17% in the period July 2010 to June 2012 to 16% in the July 2012 to June 2014 period. Table 6.7 also shows that the proportion of individuals with retained pension wealth generally increased with age up to the 55 to 64 age group in both periods. Median retained wealth was lower in the 65 and over age group as individuals have reached the age that they were able to cash in their retained rights and draw their pension incomes.

The median wealth held by those with retained pensions increased from £20,900 in the period July 2010 to June 2012, to £21,900 in the July 2012 to June 2014 period. For men, across the periods, median wealth increased from £25,000 to £27,700, while for women, it increased from £16,700 to £17,100.

Changes in retained pension wealth are difficult to interpret as a combination of factors affect the estimates, for example:

- changes in the proportion of people reporting retained pensions
- changes in the composition of retained pension wealth (changing proportions of DB and DC wealth)
- changes in the financial assumptions behind the calculation of retained defined benefit pension wealth across the three periods (see annex on pension wealth methodology)

Pension wealth in the accumulation phase

This section provides a complete picture of the accumulation phase by bringing together private pension wealth held in current and retained pensions, from both occupational and personal pensions. In other words, the section explores the wealth held by individuals in private pensions from which they were not yet drawing an income. As private pensions play a crucial part for many people in the savings made for retirement [1], this gives an indication of the level of non-state pension resources that is currently available to individuals to be put towards retirement.

Table 6.8 shows the amount of wealth held in private pensions that were not in payment, as well as the percentage of individuals who had such wealth, by the two main types of pension in which individuals could have built up wealth.

Table 6.8: Percentage of individuals with wealth in pensions not yet in payment and average amount of wealth held in such pensions: by age and pension type

Great Britain

£

July 2012 to June 2014	Defined Benefit		Defined Contribution	
	% with	Median	% with	Median
16–24	7	4,800	7	2,300
25–34	27	22,100	23	5,300
35–44	39	54,000	37	12,000
45–54	44	122,700	41	20,000
55–64	29	161,600	32	25,000
65+	2	124,700	4	27,100
All	24	63,400	24	15,000
July 2010 to June 2012	Defined Benefit		Defined Contribution	
	% with	Median	% with	Median
16–24	7	3,400	4	3,800
25–34	30	11,800	22	8,000
35–44	43	31,500	37	13,600
45–54	48	76,100	40	18,800
55–64	30	117,200	29	25,000
65+	2	65,600	2	29,100
All	27	39,400	23	15,000

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Medians exclude individuals with zero wealth; percentages do not exclude such individuals.

2. DB type pension wealth comprises current DB & retained rights in DB pensions. DC type pension wealth comprises current DC occupational pensions, current personal pensions, AVCs, retained rights in DC pensions & retained pensions for drawdown.

3. Some individuals have wealth in both current and retained pensions. This means that adding percentages of those with current pensions (from Table 6.5) to the proportion of those with retained pensions (Table 6.7) will not result in the overall proportion of individuals with wealth in either current or retained.

Table 6.8 shows that in the accumulation phase there was a large difference between DB and DC levels of wealth. In the period July 2012 to June 2014, median wealth held in pensions that were not yet in payment was £63,400 for DB pensions compared with £15,000 for DC pensions. The biggest differences in median wealth between the two types of pension were in the older age groups. This gap has increased for the 55-64 age group from £92,200 in the July 2010 to June 2012 period to £136,600 in the July 2012 to June 2014 period.

In both periods, the proportion of individuals who had wealth held in all pensions from which they were not yet drawing an income was highest for those in the age group 45 to 54. The proportion with wealth was low in the 16 to 24 age group and also in the 65 and over age group where individuals are typically drawing on their pension wealth. This pattern was the same for those with DB and DC wealth not yet in payment.

The median total wealth held in pensions that are not yet in payment was higher in the period July 2012 to June 2014 than it was in the period July 2010 to June 2012 (£39,000 and £32,500, respectively). There was no change in median DC wealth between the periods, which remained at £15,000, while the DB median pension wealth rose from £39,400 to £63,400, mainly due to valuation change, driving the increase in median total wealth between these periods.

Notes for retained pension wealth

1. As highlighted in the DWP estimates of the number of people facing inadequate retirement incomes.

5 . Pension wealth from pensions in payment

The following section complements the retained pension wealth section by looking at wealth held by individuals in private pensions that were in payment. This means that the chapter moves on from showing private pension wealth in the accumulation phase to showing private pension wealth in the decumulation phase. However, it should be noted that it is possible that an individual could be receiving an income from one private pension while still accumulating pension wealth in another.

In WAS, wealth derived from pensions in payment was calculated by asking people how much private pension income they receive and then working out how much would be needed to purchase this pension, in the form of an annuity, for the remainder of their life. Those in older age groups, with fewer years of life remaining, have lower levels of wealth than those in younger age groups.

Table 6.9: Percentage of individuals with wealth in pensions in payment and average amount of wealth held in such pensions: by age and sex

Great Britain

£

	July 2012 to June 2014		July 2010 to June 2012	
	% with	Median	% with	Median
<50	0	363,200	1	250,700
50-54	7	279,800	7	184,700
55-59	16	268,100	18	226,300
60-64	46	213,700	47	168,600
65-69	64	170,800	62	129,300
70-74	63	115,000	63	86,900
75+	64	50,800	63	42,100
All	19	116,300	19	91,100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Medians exclude individuals with zero private pension wealth (i.e. only includes those with private pension wealth; percentages do not exclude such individuals.

2. Pension in payment wealth comprises private pensions from which individuals were receiving an income (including spouse pensions).

3. Where the percentage is denoted as 0 it is rounded to the nearest figure, therefore it means the percentage of individuals with wealth in pensions in payment is closer to 0 than it is to 1.

Table 6.9 shows estimates for the proportion of individuals who were receiving any income from a private pension and the value of this wealth. This includes private pensions received from a former spouse. Since very few people under the age of 50 received any income from private pensions, the age categories shown in Table 6.9 are different from those shown in previous tables in order to focus on the distribution of pensions in payment wealth within the older population.

Table 6.9 shows that in the period July 2012 to June 2014 the overall median wealth held in pensions in payment was £116,300, compared with £91,100 in the July 2010 to June 2012 period. The increase in pension in payment wealth is thought to be mainly down to the way such wealth is valued. Financial parameters (annuity rates) used to value pension in payment wealth have changed from between the periods and as a consequence such pensions have been valued higher in the period July 2012 to June 2014 (see quality assurance section).

For all individuals, the proportion receiving income from private pensions has been fairly similar in each period (19% in July 2012 to June 2014 and July 2010 to June 2012). For the three oldest age groups (65-69, 70-74 and 75+), the percentages were also fairly constant (in the range of 62% to 64% in all periods), increasing slightly over time. For men, the median wealth held in pensions in payment (£162,400) in the period July 2012 to June 2014 was more than double that for women (£73,900) and the proportion who received income from pensions in payment was also higher for men (22%, compared to 17% for women). In the groups for ages over 65, but below 75, the proportions of men receiving income were much higher than women: around three quarters in each male age group compared with about half of women. This may be because women in these age groups had fewer opportunities to contribute to pensions when they were of working age.

6 . Total wealth held in private pensions (individual level)

Table 6.10 shows the percentage of individuals with any private pension wealth by age and sex. It also includes details of the median private pension wealth for these individuals.

Table 6.10: Percentage of individuals with wealth in private pensions and average amount of wealth (£) held in such pensions: by age

Great Britain

£

	July 2012 to June 2014			July 2010 to June 2012		
	% with	Median[1]	Median[2]	% with	Median[1]	Median[2]
16–24	13	3,600	0	11	3,500	0
25–34	47	14,200	0	46	11,300	0
35–44	65	37,100	10,600	66	29,900	11,300
45–54	72	81,800	34,000	72	70,000	30,700
55–64	73	149,300	68,500	72	133,600	57,800
65-74	68	145,300	56,600	66	108,600	39,800
75+	65	50,100	14,200	64	43,000	12,000
All	59	57,000	7,500	58	46,600	7,000

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Excludes individuals with zero private pension wealth (i.e. only includes those with private pension wealth).

2. Includes individuals with zero private pension wealth (i.e. includes everyone regardless of whether they have private pension wealth or not).

As Table 6.10 shows, 59% of individuals had some private pension wealth in the period July 2012 to June 2014, which is about the same as in July 2010 to June 2012 period (58%). The median value for all private pension wealth (excluding those with zero private pension wealth) has increased with each successive period, from £46,600 in the period July 2010 to June 2012 and £57,000 in the July 2012 to June 2014 period. For individuals as a whole, including those with zero private pension wealth, the median wealth in private pensions was £7,500 in the July 2012 to June 2014 period and £7,000 in July 2010 to June 2012 period (see download for private pensions with zero wealth included).

In both periods, a higher proportion of men than women had some pension wealth. In the period July 2012 to June 2014, for example, the proportions were 64% and 55% for men and women respectively. Overall, the median value of men's total pension wealth was nearly twice as high as women's in the period July 2012 to June 2014, £76,900 compared with £41,700 (excluding those with zero pension wealth).

Membership and, to a lesser extent, wealth is broadly comparable for men and women in younger age groups (under 45 years old). However, sex differences for median pension wealth and for the percentages with pension wealth become more pronounced with age, with larger values for men in both cases. There are a number of possible reasons for the greater equality in younger people. Firstly, a much lower proportion of people in this age group have some pension wealth and those that do are more likely to be in similar employment situations1, regardless of sex. Secondly, many men and women may have differing career paths as their working lives progress, influenced, for example, by caring responsibilities.

Notes for total wealth held in private pensions (individual level)

1. As highlighted in the ONS Labour Force Survey publication, Women in the Workplace.

7 . Total wealth held in private pensions (households)

In the following section, all sources of private pension wealth, current (including additional voluntary contributions or AVCs), retained and pensions in payment, are drawn together. This allows us to summarise the level of total private pension wealth among households in Great Britain by certain main characteristics.

The remainder of this section presents estimates of wealth held in private pensions at the household rather than at the individual level. In the following tables, household wealth has been calculated as the sum of private pension wealth across all adults within the household.

In many cases, couples may have made joint provision for retirement. For example, if one partner worked and the other did not, the working partner may have contributed additional amounts to his or her private pension to ensure the final income would be sufficient to support both partners during retirement. Therefore, it makes sense to examine total private pension wealth held by all members of the household to supplement the individual picture presented elsewhere in this chapter. This approach also allows us to make comparisons at the household level between pension wealth and the other types of wealth which are reported at household level (see Total Wealth chapter).

Table 6.11 allows us to compare the median total pension wealth of all households in each period in Great Britain (including those with no private pension wealth) with the median of only those households that have some private pension wealth. Similar comparisons of upper and lower quartile values are also included and, for each type of pension wealth, median and quartile data are presented (excluding those with no pension wealth of the type in question).

Table 6.11: Proportion of households with wealth in private pensions and amount of wealth (£) held in such pensions, by type

Great Britain

£

	July 2012 to June 2014		July 2010 to June 2012	
	% with	Median	% with	Median
Current occupational DB pensions[1]	28	85,500	30	58,200
Current occupational DC pensions[1]	16	11,000	14	12,100
Personal pensions[1]	15	21,000	15	18,000
AVCs[1]	1	8,900	2	11,000
Retained rights in DB pensions[1]	14	46,700	18	26,300
Retained rights in DC pensions[1]	15	10,300	16	12,100
Rights retained in pensions for drawdown[1]	0	120,000	0	50,000
Pensions expected from former spouse/partner[1]	2	14,200	1	36,700
Pensions in receipt[1]	30	146,900	30	118,100
Total pension wealth[1]	N/A	97,300	N/A	80,500
Total pension wealth (whole population)[2]	76	47,100	76	39,700

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Calculations for wealth estimates exclude those with zero pension wealth (i.e. only cover those with pensions).

2. The row highlighted in bold and labelled ‘Total pension wealth (whole population)’ include those with zero pension wealth.

3. Although the methodology for calculating DB pension wealth has remained the same in all four waves, there have been changes in the financial assumptions.

4. Households can have wealth in more than one type of pension.

5. N/A = not applicable.

About a quarter of households in Great Britain had no private pension wealth in July 2012 to June 2014 and in the two earlier periods, highlighting an unequal distribution of private pension wealth, which is explored further in Figure 6.13.

The median private pension wealth of all households was higher in July 2012 to June 2014 than it was in the period July 2010 to June 2012 (£47,100 compared to £39,700). The median private pension wealth in households excluding those with no such wealth was higher in the period July 2012 to June 2014 than in the period July 2010 to June 2012 (£97,300 compared to £80,500). The driver behind this increase is changing financial parameters used to value pension in payment wealth and DB wealth, both current and retained (see quality assurance section).

In July 2012 to June 2014, 28% of households in Great Britain had wealth in current occupational DB pensions (median wealth £85,500) with a similar proportion (30%) having pensions in payment (median wealth £146,900).

Aggregate household private pension wealth

Table 6.12 presents a breakdown of aggregate private pension wealth of households in Great Britain by the overall components discussed in the previous sections.

Table 6.12: Breakdown of aggregate household private pension wealth, by components

Great Britain

£ Billion

	Current pension wealth	Retained pension wealth	Pensions in payment wealth	Aggregate private pension wealth[1]
July 2012 to June 2014	1,727	555	2,177	4,459
July 2010 to June 2012	1,414	460	1,655	3,530
July 2008 to June 2010	1,296	491	1,672	3,459
July 2006 to June 2008	:	:	:	2,886

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Current pension wealth comprises current occupational DB and DC pensions, and current personal pensions (including group personal/stakeholder pensions).

2. Retained pension wealth comprises retained occupational DB pensions, retained DC (both occupational and personal) pensions and retained pensions for drawdown.

3. Pension in payment wealth comprises private pensions from which individuals were receiving an income (including spouse pensions).

4. Although the methodology for calculating current and retained DB pension wealth and pensions in payment has remained the same over the periods, there have been changes in the financial assumptions. These are detailed in the pension wealth methodology annex.

5. In the period July 2006 to June 2008 aggregate pension wealth does not equal the sum of current, retained and pension in payment wealth due to the presence of imputed values in the July 2006 to June 2008 dataset for aggregate private pension wealth only.

6. " : " - data point not presented.

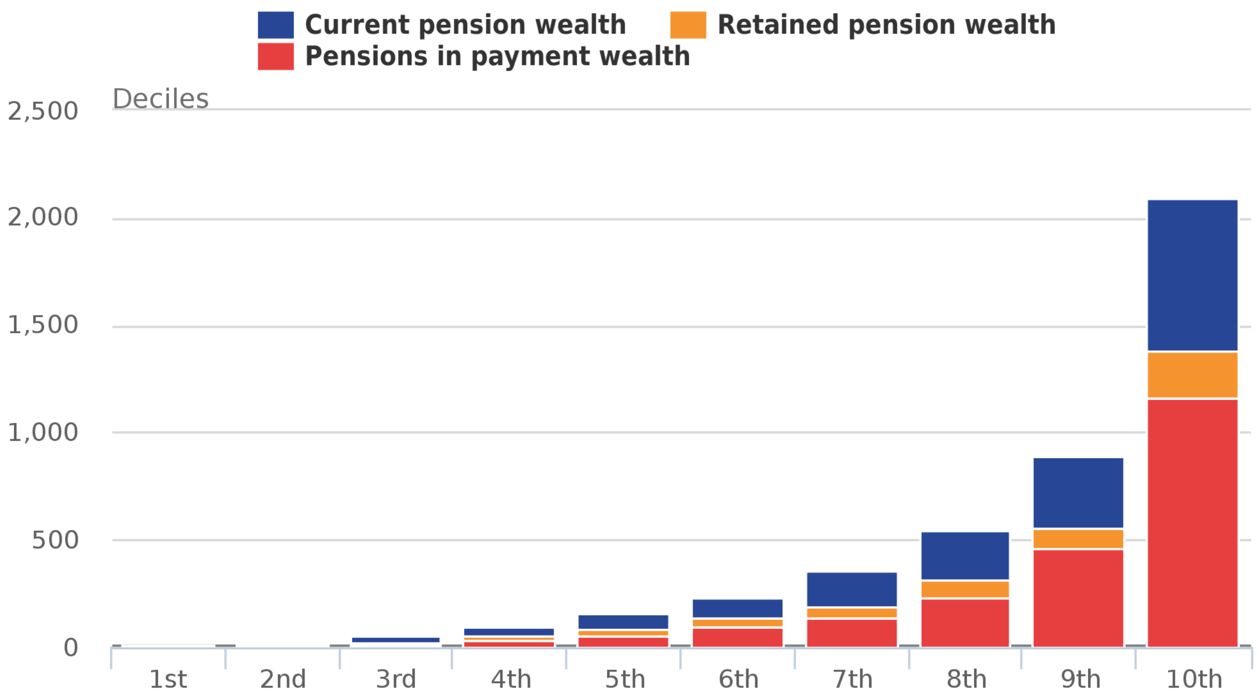
Table 6.12 shows that aggregate private pension wealth in Great Britain increased from £2.9 trillion in the period July 2006 to June 2008 to £4.5 trillion in the July 2012 to June 2014 period. The increase is mainly explained by the increases in pension in payment wealth and current pension wealth. In July 2012 to June 2014, 12% of the aggregate private pension wealth related to retained pension wealth with 49% due to pension in payment wealth and 39% due to current pension wealth.

The equivalent percentages in the period July 2010 to June 2012 were, respectively, 13%, 47% and 40%. Following the finding from Table 6.11, that 76% of households had some pension wealth in July 2012 to June 2014, it is interesting to examine further the distribution of aggregate pension wealth among those 76%. This is illustrated in Figure 6.13 below.

Figure 6.13 shows aggregate private pension wealth, for those households with some private pension wealth, broken down into deciles, each of which represents 10% of the households that have private pension wealth. These households are sorted in ascending order of aggregate private pension wealth.

Figure 6.13: Breakdown of household private pension wealth for only those with any private pension wealth, by total pension wealth deciles

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. Excludes households with zero pension wealth.

In the period July 2012 to June 2014, out of all households with private pension wealth, the decile with the most wealth (tenth decile) had almost half (47%) of the total aggregate pension wealth, while the five deciles with the lowest aggregates had 8% of the total pension wealth. The total aggregate wealth of the top decile was £2,094 billion compared to less than £6 billion for the bottom decile.

The composition of aggregate pension wealth among households with any private pension wealth varied by decile, with pension in payment wealth making up an increasingly higher proportion as the deciles move from the first towards the tenth. The percentage contributions of current and retained pension wealth to aggregate private pension wealth decreased in the higher deciles. For households in the top decile in the period July 2012 to June 2014, over half (55%) of private pension wealth was pension in payment wealth, 34% was current pension wealth and 10% was retained pension wealth. The equivalent figures for households in the lowest decile were 18% pension in payment wealth, 50% current pension wealth and 33% retained pension wealth.

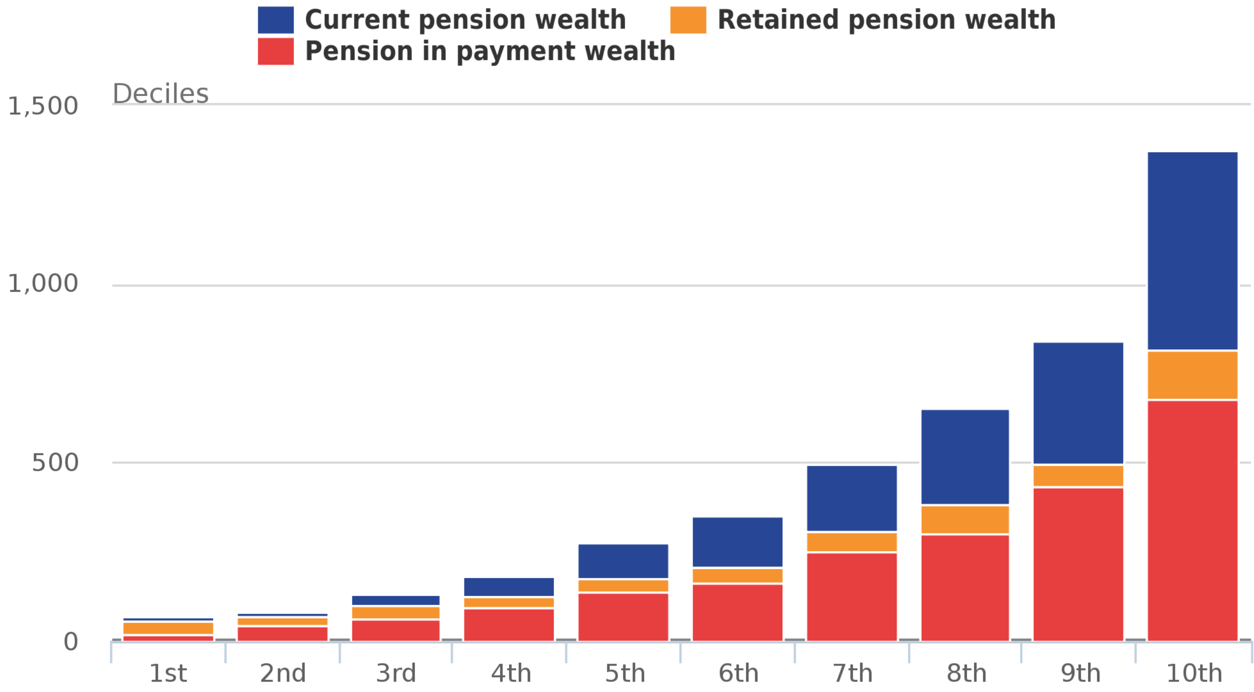
Household characteristics

Distribution of pension wealth by household income

Figure 6.14 shows aggregate private pension wealth, of all households, broken down into deciles of equivalised household income, each of which represents 10% of the households in Great Britain. These households are sorted in ascending order of equivalised household income.

Figure 6.14: Breakdown of aggregate household private pension wealth, by household equivalised income deciles and components

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

In the period July 2012 to June 2014, the tenth equivalised income decile had 31% of the aggregate pension wealth, while the five income deciles with the lowest aggregate private pension's wealth had less than a fifth (17%) of the total aggregate pension wealth. The total aggregate private pension wealth of the top income decile was £1,376 billion compared to less than £70 billion for the bottom decile.

The composition of aggregate pension wealth among households with some private pension wealth varied by income decile, with current pension wealth making up an increasingly higher proportion in the deciles with higher income. The percentage contributions of the other two pension wealth types (pensions in payment and retained) to total aggregate private pension wealth both fell with increasing income deciles. For households in the top income decile in the period July 2012 to June 2014, about half (49%) of private pension wealth was pension in payment wealth, 41% was current pension in payment wealth and 10% was retained pension wealth. The equivalent figures for households in the lowest decile were 22% pension in payment wealth, 18% current pension wealth and 60% retained pension wealth.

Distribution of private pension wealth by region

Table 6.15 includes information about the proportions of households with private pension wealth across the regions and nations of Great Britain and measures of the median wealth of the households that have such wealth.

Table 6.15: Percentage of households with wealth in private pensions and amount of wealth (£) held in such pensions, by region

Great Britain

£

	July 2012 to June 2014		July 2010 to June 2012	
	% with	Median	% with	Median
North East	73	81,200	71	65,300
North West	74	95,700	74	78,300
Yorkshire & the Humber	75	82,400	78	70,000
East Midlands	76	77,700	75	76,900
West Midlands	74	83,700	73	74,700
East of England	79	94,700	78	89,300
London	67	97,200	69	83,900
South East	83	120,200	83	93,700
South West	83	110,500	81	87,000
England	76	95,700	76	80,500
Wales	77	99,400	75	80,300
Scotland	73	111,600	74	69,700
Great Britain	76	47,100	76	39,700

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Medians and quartiles exclude individuals with zero wealth; percentages do not exclude such individuals.

Table 6.15 shows that, in the period July 2012 to June 2014, 76% of households in England had at least some private pension wealth, a slightly lower proportion than in Wales (77%) and slightly higher than Scotland (73%). The median private pension wealth of these households during the period was lower in England (£95,700) than in Wales (£99,400) or Scotland (£111,600). The median in England was higher than in the other two nations in the previous years (see reference tables).

In the periods July 2010 to June 2012 and July 2012 to June 2014, the region with the highest proportion of households with private pension wealth was the South East (83% in July 2012 to June 2014), in the same period proportion the South West proportion was also 83%. London had the lowest proportion of households with any private pension wealth (67% in July 2012 to June 2014), followed by the North East (73%).

The South East and the South West were the regions with the highest median household pension wealth in the period July 2012 to June 2014, with the East Midlands having the lowest median household wealth. In each period, the household medians varied less between regions than between different pensions types (see Table 6.11) or between household types (see Table 6.16).

Distribution of household private pension wealth by household type

Table 6.16 shows the distribution of household private pension wealth for different types of household and the percentage of households in each category with at least some private pension wealth.

Table 6.16: Percentage of households with wealth in private pensions and amount of wealth (£) held in such pensions, by household type

Great Britain

	July 2012 to June 2014		July 2010 to June 2012	£
	% with	Median	% with	Median
Single HHold, over 60/65	68	70,900	68	59,800
Single HHold, under 60/65	64	54,700	64	45,600
Married/Cohabiting both over 60/65, no children	89	198,000	88	138,000
Married/Cohabiting both under 60/65, no children	86	95,200	86	91,000
Married/Cohabiting 1 over, 1 under 60/65, no children	91	326,300	91	271,200
Married/Cohabiting, dependent children	79	77,400	80	62,700
Married/Cohabiting, non-dependent children only	91	209,500	90	166,900
Lone parent, dependent children	47	28,700	46	23,400
Lone parent, non-dependent children	71	77,400	72	67,000
2 or more families/Other HHold type	70	90,000	69	67,100

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Medians and quartiles exclude individuals with zero wealth; percentages do not exclude such individuals.

2. 60/65 – refers to women aged up to 60 and men aged up to 65.

As Table 6.16 shows, in the period July 2012 to June 2014 the types of household with the highest proportions having wealth in private pensions were those with a married or cohabiting couple and nondependent children only (91%) and those with a married or cohabiting couple, one of which was over and one of which was under 60/651, with no children (91%).

The percentages for the household types with married or cohabiting individuals had collectively the highest number of people with pension wealth (79 – 91%). This was a similar pattern across the periods. The only household type where less than half of households had some pension wealth, in each period, was those with a lone parent and one or more dependent children (47% in July 2012 to June 2014).

Excluding households with no private pension wealth, the highest median private pension wealth in both periods were in households with couples with no children in which one individual was aged under and the other over 60 /65. Households with a lone parent and one or more dependent children had the lowest median private pension wealth in each period, with values in each case that were less than 10% of the highest median.

Notes for total wealth held in private pensions (households)

1. 60/65 refers to women up to the age of 60 and men up to the age of 65.

8 . Quality assurance of private pension membership and wealth

The following section compares some of the estimates of pension membership in WAS with those available from other data sources. Sensitivity analysis is presented that allows a better understanding of a main contributing factor to the increases seen in some aspects of pension wealth: annuity rates.

Comparison with other data sources

Data sources such as the Annual Survey of Hours and Earnings (ASHE) and the Occupational Pension Schemes Survey (OPSS) have displayed large increases in current pension membership of employees for the year 2014. The most likely explanation is the gradual roll out of automatic enrolment that began in October 2012. It may therefore, be expected that similar increases in membership of current pensions should also be observed in WAS. However, only modest increases in pension membership were observed from the period July 2010 to June 2012, to the period July 2012 to June 2014 in WAS. This may be explained by two main differences between the data sources. Firstly, WAS covers a 2 year period and from July to June and data is collected in each month of that period. The most recent WAS data from the period July 2012 to June 2014 contains 3 months of data prior to the introduction of automatic enrolment. Furthermore, the effect of the gradual roll out is spread over the rest of the data collection period. ASHE and OPSS are conducted annually and refer to particular reference dates in April of the year of collection. Therefore data from ASHE and OPSS in 2013 fully capture the first 6 months of automatic enrolment.

The second difference is that WAS contains information on all people whether they are employees or not, for instance, self-employed individuals. ASHE and OPSS only capture those who have a pension scheme through their employment hence only captures data on workplace pensions of employees. Considering that Automatic Enrolment is targeted at employees, this may explain the larger increases in pension participation of the relevant populations between WAS (all adults) and ASHE and OPSS (employees).

The Family Resources Survey (FRS) is a more comparable data source because, like WAS, the FRS includes pension membership of the self-employed and the economically inactive. Comparison of the change in percentage of individuals with current pensions in WAS from the period July 2010 to June 2012, to the period July 2012 to June 2014 with the changes in the FRS over a similar period found that the sources were in broad agreement. The comparison is complicated by other differences between the sources, for example, the FRS data is collected every year and presented on a financial year basis, whilst a data collection for WAS is over a two year period. Table 6.17 shows current pension membership as estimated for WAS and the FRS.

Table 6.17: Comparison of proportion of individuals in Great Britain that currently contribute to a private pension scheme, by pension type between Wealth and Assets Survey and Family Resources Survey

Great Britain

	%
Wealth and Assets Survey	
July 2012 to June 2014	
Any type of pension	35
of which	
Occupational	25
Personal pension only	6
July 2010 to June 2012	
Any type of pension	34
of which	
Occupational	24
Personal pension only	6
Family Resources Survey	
2013-14	
Any type of pension	29
of which	
Occupational	16
Personal pension	4
2012-13	
Any type of pension	26
of which	
Occupational	14
Personal pension	4
2011-12	
Any type of pension	27
of which	
Occupational	15
Personal pension	5
2010-11	
Any type of pension	27
of which	
Occupational	15
Personal pension	5

Source: Wealth and Assets Survey, Office for National Statistics and Family Resources Survey, Department for Work and Pensions

Notes:

1. FRS annual survey captures the financial year from April to March the following year.

The data from the FRS showed that pension membership increased following the introduction of automatic enrolment (2012-13). There was also an increase between the period July 2010 to June 2012 and the period July 2012 and June 2014 in the Wealth and Assets Survey but it was less pronounced. As the FRS is conducted annually, the increase in pension membership is more clearly seen than for WAS where an increase is averaged over 2 years. Overall, the FRS data indicates a similar pattern of pension membership to the one found within the Wealth in Great Britain analysis.

9 . Sensitivity analysis and the effect of annuity rates on Defined Benefit and Pension in Payment wealth

In this section the period July 2010 to June 2012 will be referred to as Wave 3 and the period July 2012 to June 2014 is referred to as Wave 4. The use of this notation simplifies the technical discussion in the following section.

The Wealth and Assets Survey is unique in that it allows comparison of wealth in Defined Contribution (DC) pensions with wealth in Defined Benefit (DB) pensions. To achieve this comparison, a methodology has been developed to convert DB pension wealth into a DC pension equivalent (see Chapter 7 Wave 2 for more details).

Historically, the money in a DC pension pot was used to buy an annuity on retirement (an annual income until death). The amount of annual income that can be bought with a certain pot size can be calculated using annuity rates[1]. In WAS the size of the DC pension pot (wealth) is provided directly by the respondent.

For DB pensions, WAS collects information on the annual income that an individual can expect upon retiring and receiving their pension. Using this expected income value, we can estimate the equivalent DC wealth that an individual would need to buy an equivalent income using annuity rates and other data such as sex and age at retirement.

The annuity rates that are used in the calculation of DB wealth are collected from financial markets and change over time. The higher the annuity rate the greater the annual retirement income that can be bought with a fixed amount of DC pension wealth (pension pot). If annuity rates increase then the DB wealth calculated using those annuity rates will decrease. The opposite is also true, if annuity rates decrease, then the DB wealth calculated using those annuity rates will increase. Annuity rates have generally decreased between Wave 3 and Wave 4 (see Table 6.19) and as a consequence we would expect to see DB wealth increase, which was observed. The methodology was designed to reflect that, with a fall in annuity rates, the relative value of a DB pension would increase compared to equivalent DC wealth.

It is of interest to try to isolate the effect of annuity rates and other financial assumptions so that underlying trends in the data may be observed. To get an estimate of the change in DB pension wealth, excluding the effect of changing annuity rates and discount rates, a sensitivity analysis was conducted. In the calculations of DB pension wealth, annuity rates are converted to annuity factors (the inverse of the annuity rate). In the analysis, annuity factors and discount rates were fixed at average Wave 3 values. These average annuity factors and discount rates were applied to Wave 3 and Wave 4 data at record level. DB wealth was then recalculated for Wave 3 and Wave 4. Table 6.18 shows the median current DB wealth with fixed annuity factors and as presented in Table 6.2.

Table 6.18: Sensitivity analysis of wealth in current occupational DB pensions and amount of wealth (£) held in such pensions with fixed annuity factors and discounts rates, by sex

Great Britain

£

	Men		Women		All	
	% with	Median	% with	Median	% with	Median
Wave 3 original annuity factors	19	62,100	21	32,200	20	43,300
Wave 3 fixed annuity factors	19	57,100	21	29,800	20	39,500
Wave 4 original annuity factors	17	87,700	20	52,500	18	64,900
Wave 4 fixed annuity factors	17	55,700	20	34,700	18	42,800
Change wave 3 to wave 4 original annuity factors (A)	N/A	25,600	N/A	20,300	N/A	21,600
Change wave 3 to wave 4 annuity factors fixed (B)	N/A	-1,300	N/A	4,900	N/A	3,300
Change wave 3 fixed wave 3 original (C)	N/A	5,000	N/A	2,400	N/A	3,800
Estimated change due to annuity factors (A)-(B)-(C)	N/A	21,900	N/A	12,900	N/A	14,400

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Fixed annuity factors here are used to refer to the fixing of both annuity rates and SCAPE rates within the sensitivity analysis.

2. Estimated change of annuity factors aims to capture an estimation of the effect annuity factors are having on wealth rather than to quantify the change in absolute terms. Comparing medians for changes between Waves with fixed rates offer this.

3. An annuity factor is the inverse of the annuity rate, which is 1/ the annuity rate.

Table 6.18 shows that the change observed between Wave 3 and 4 with fixed annuity factors (change B) is small compared to the change in wealth observed when the original annuity factors (change A). Compared to original analysis, fixing the annuity rates at average levels for Wave 3 also led to a drop in DB pension wealth (change C).

To estimate the change caused by varying annuity rates between Wave 3 and Wave 4 we can subtract the change in DB wealth with fixed annuity rates (change B and change C) from the original increase in DB wealth (change A).

Table 6.18 indicates that the overall median of DB wealth attributed to change in the annuity factors (rather than a change in respondent data) was £14,400. The estimate of DB wealth attributable to changes in annuity factors and discount rates was larger for men than for women (£21,900 and £12,900, respectively).

DB pension wealth is not the only type of pension wealth that uses annuity factors in its calculation. Pension in payment wealth (see section pension in payment) is also calculated using annuity factors[2]. It should be noted that the annuity rates used to calculate the Pensions in Payment are assigned differently from those used to calculate DB wealth. As annuity rates have decreased (meaning annuity factors have increased) from Wave 3 to Wave 4, we would expect to see an increase in the valuation of pensions in payment wealth that was observed.

Table 6.19:Change in mean annuity factors for pension in payment wealth and defined benefit wealth not yet in payment, by sex

Great Britain

Annuity factor

	Wave 4			Wave 3			Change Wave 3 to Wave 4		
	Men	Women	All	Men	Women	All	Men	Women	All
Pensions in payment average annuity factor	23.6	22.6	23.1	19.8	20.9	20.3	3.8	1.7	2.8
Defined benefit wealth not yet in payment average annuity factor	34.9	35.3	35.1	29.5	31.4	30.5	5.4	4.0	4.7

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. An annuity factor is the inverse of the annuity rate, which is 1/the annuity rate.

Table 6.19 shows the change in average annuity factors from Wave 3 to Wave 4 for those who have some of the corresponding pension wealth. There has been an increase in average annuity factors for both pensions in payment and DB wealth. The increase in annuity factors between Wave 3 and Wave 4 was larger for men than women in both Pensions in Payment (3.8 compared to 1.7) and DB wealth (5.4 compared to 4.0). This may help explain why the increases in pension wealth were larger for men than women in Pensions in Payment and DB wealth (see reference table).

So why have annuity rates changed?

There are likely to be many factors contributing to changes annuity rates. One such factor is likely to be that a change to regulations around annuity rates has occurred since Wave 3. The legal change has meant that men and women must be offered the same rates (unisex rates) which should be reflected in the Wave 4 data. Annuity rates have decreased from Wave 3 to Wave 4 for both men and women, increasing DB and pension in payment wealth as calculated in WAS. The change to unisex annuity rates was predicted to affect men and women differently[3] and may help explain why there has not been an equal increase in pensions in payment wealth and DB pension wealth for men and women (see reference table).

Notes for sensitivity analysis and the effect of annuity rates on Defined Benefit and Pension in Payment wealth

1. An annuity rate converts a sum of money to a regular income over a defined period (often until death). An individual with a pension pot of £100,000 offered an annuity rate of 0.05 could get £5000 a year as an annual income for the duration of the agreed period.

2. Discussion of pension methodology is not warranted here, for an overview of how pension in payment and DB wealth are calculated see Wealth in Britain, Wave 2 Chapter 5.

3. An analysis of unisex annuity rates, pension policy institute, 2004.

10. Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

   These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.

Compendium

Chapter 7: Extended Analyses, Wealth in Great Britain, 2012 to 2014

Contact:
Elaine Chamberlain
elaine.chamberlain@ons.gsi.gov.uk

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Table of contents

1 . Introduction

This chapter looks in a little more detail at a few specific areas previously analysed on separate occasions for earlier periods of the survey: Wealth and income; Wealth of the wealthiest; Debt burden including personal well-being.

The aim of producing this chapter is to put into the public domain, data which we are regularly asked to produce, as well as highlighting some of the main results from the survey. Therefore the reference tables published alongside this chapter contain much more detail than has been included in the main chapter.

All estimates are presented as current values (i.e. the value at time of interview) and have not been adjusted for inflation.

Due to the complexity of the data, for example, the use of imputed values and complex weighting, only a very limited amount of high level significance testing has been undertaken, which is presented in the Technical chapter of this report (335.5 Kb Pdf). None of the estimates commented on in this chapter have been tested for significance.

2 . Wealth and income

Table 7.1 illustrates summary statistics for both total household wealth and household total net equivalised income.

Comparing estimates for total household wealth with income allows us to understand more about their relative size. Estimates for total household wealth were notably larger than income at the 25th percentile, median and 75th percentile points. Focusing on the median value, half of all households had total wealth estimated at £225,100 or more in July 2012 to June 2014. In comparison, half of all households received net equivalised annual income of £24,900 or more. Median total household wealth was therefore about 9 times larger than median total household net equivalised income.

Figure 7.1: Total household wealth ans total net equivalised income, summary statistics

Great Britain

£

	1st Quartile	Median	3rd Quartile
Total Household Wealth	85,700	225,100	541,400
Total Household Net Equivalised Income	17,400	24,900	35,900

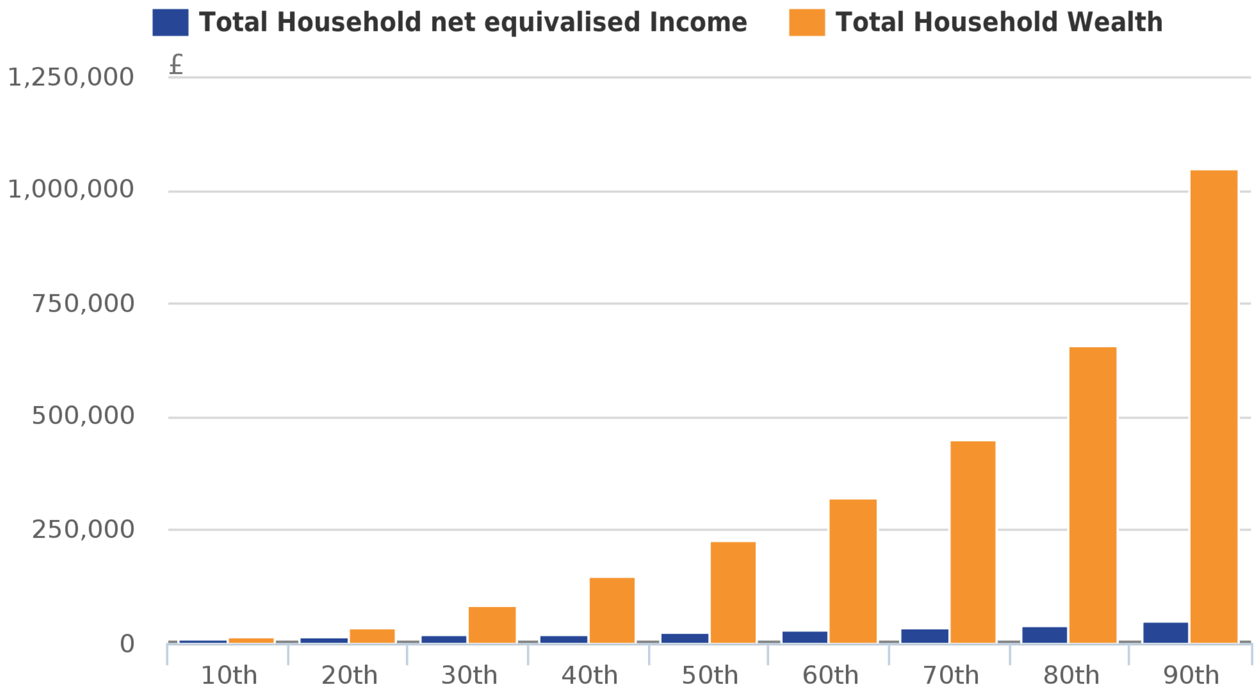
Source: Wealth and Assets Survey, Office for National Statistics

Figure 7.2 looks in more detail at the distribution of total household wealth and income, broken down by selected percentile points.

Apart from the lowest percentile point shown, where total household wealth and total household net equivalised annual income were almost identical (£12,600 and £12,100 respectively), the value of total household wealth was larger than the value of household net equivalised annual income. In July 2012 to June 2014, the value of the 20th percentile for total household wealth was just over twice the value of the 20th percentile point for total household net equivalised annual income (£34,600 compared with £15,700). Moving up the distribution, the gap between the percentile values shown for total household wealth and income widens. The 90th percentile value for total household wealth was £1,048,500; nearly 21 times larger than the 90th percentile value for total household net equivalised annual income which stood at £50,400.

Figure 7.2: Distribution of total household wealth and equivalised income, by percentile points

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. Bottom 10% of households have total wealth of £12,600 of less.
2. Median total household wealth is £225,100.
3. Top 10 % of households have total wealth of £1,048,500 or more.
4. Top 1% of households have total wealth of £2,872,600 or more.

Household wealth more unequally distributed than income

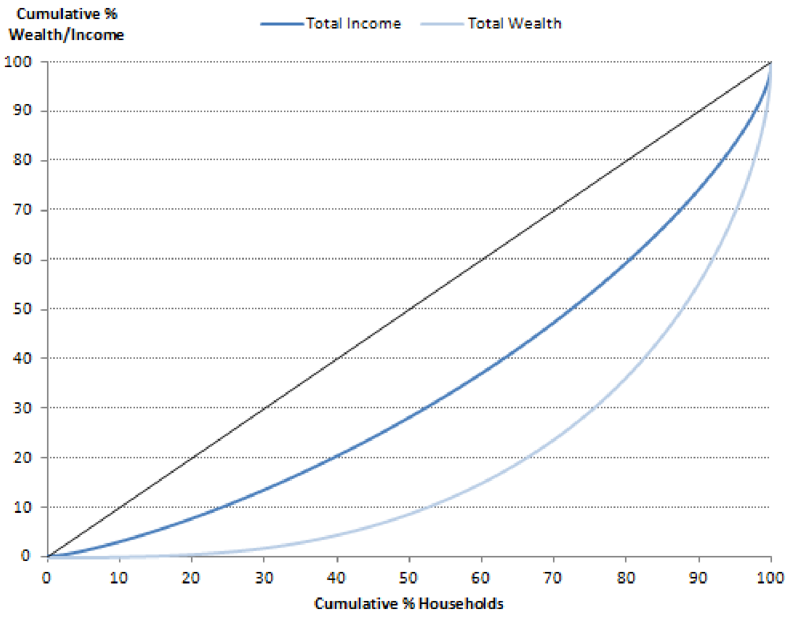
One way of comparing inequality in the distributions of household wealth and income is to see what proportion of total wealth is held by the wealthiest fifth (20%) of households, and compare this with the proportion of income received by the income richest fifth of households. In July 2012 to June 2014, the wealthiest fifth of households owned 62% of all private household wealth in Great Britain. The richest fifth of households according to their income, received 48% of total household net equivalised annual income. This indicates that there is a higher degree of inequality in household wealth than total household net equivalised income.

Another widely used measure of inequality is the Gini coefficient. The Gini coefficient takes a value between 0 and 1, with 0 representing a perfectly equal distribution and 1 representing maximal inequality. The Gini coefficient for total household wealth is 0.63 compared with 0.33 for total household net equivalised annual income , which again shows that the distribution of household wealth is less equal than the distribution of total household net equivalised income.

Differences in inequality between the distributions of total household wealth and income can also be illustrated using Lorenz curves. Lorenz curves provide a graphical representation of the inequality of a distribution; with the diagonal 45 degree line representing a perfectly equal distribution. Figure 7.3 shows the distribution of total household wealth was more unequal than total household net equivalised income, with the Lorenz curve for wealth a further distance away from the line of perfect equality than for income.

Figure 7.3: Distribution of total household wealth and total household net equivalised income

Great Britain, July 2012 to June 2014



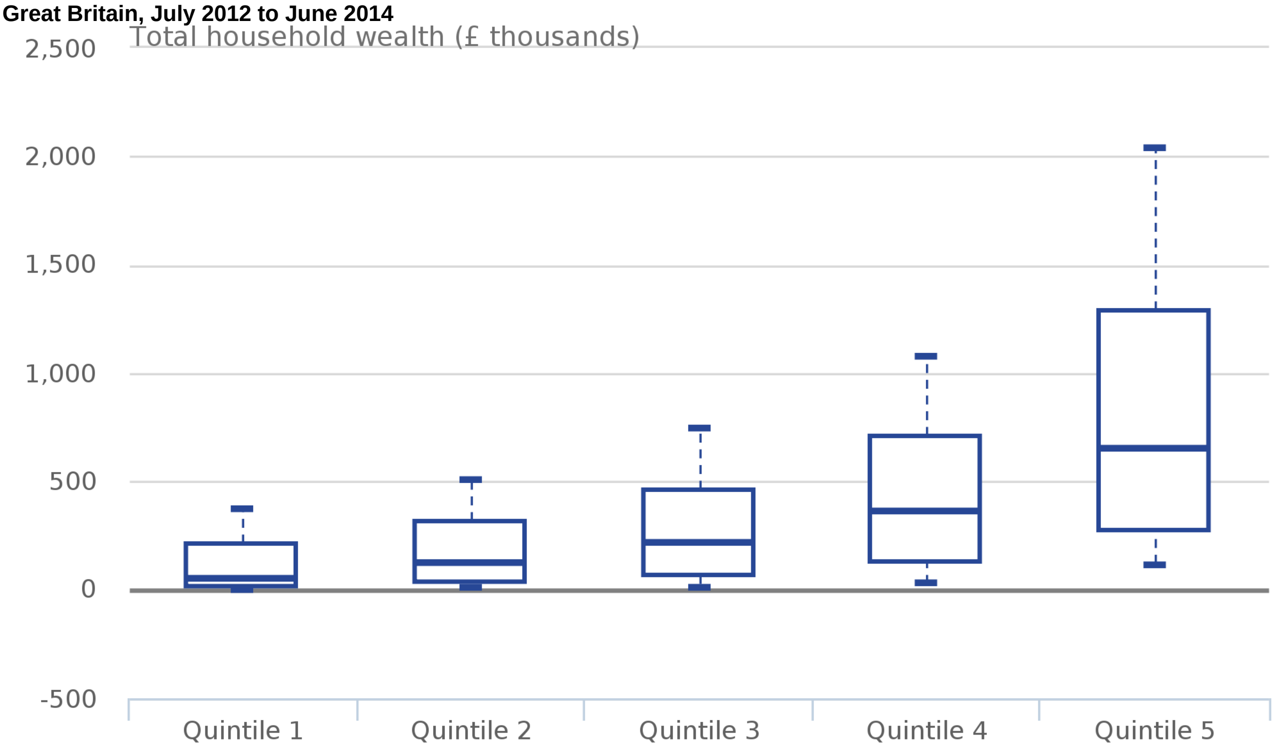
Households with higher levels of income tend also to have higher wealth

Households with high levels of income often have high levels of wealth. Nevertheless, there are exceptions to this rule. For instance, some young individuals might be on high levels of income but have yet to accumulate comparably high levels of wealth, and conversely some retired people may have relatively low incomes but high levels of wealth.

Figure 7.4 is a box plot which graphically presents the distribution of total household wealth, by total household net equivalised income quintiles. Quintiles here split households into five equally sized groups based upon their total household net equivalised income. The first quintile represents the fifth of households with the lowest income and the fifth quintile represents the fifth of households with the highest income. The boxes in the graph represent the wealth of the middle 50% of households in each income group; the area covered by the lighter coloured area on the right side of the boxes represents the third quartile and the darker coloured area on the left side of the boxes represents the second quartile for each of the quintiles. The median value for each quintile lies where the lighter and darker shaded areas meet. The horizontal lines on either side of the boxes are known as whiskers, with the end of the whisker to the right representing the 90th percentile and the end of the whisker to the left the 10th percentile.

Figure 7.4: Total household wealth, by total household equivalised income quintile

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. Quintile 1 = Lowest income; Quintile 5 = Highest income.

The median value of total household wealth rises as we move through the income groups from lowest to highest. Households in the bottom income group (with total household net equivalised annual income less than £15,700) had median total wealth of £56,500. Households in the highest income group (with total household net equivalised annual income of £39,400 or more) had median total wealth of £656,700. However, there were households with low levels of income but high wealth, and there were also households with high levels of wealth but low income. The whisker (the 90th percentile) on the far right for the first income group represents a value of total household wealth which is higher than the median total wealth value (£372,000) for all but the top income group. Conversely, the whisker (10th percentile) on the far left in the highest income group was £116,000, which is lower than the median total household wealth value for all but the lowest income quintile. Households with low income and high wealth, and those with high income and low wealth are explored further in Figure 7.5.

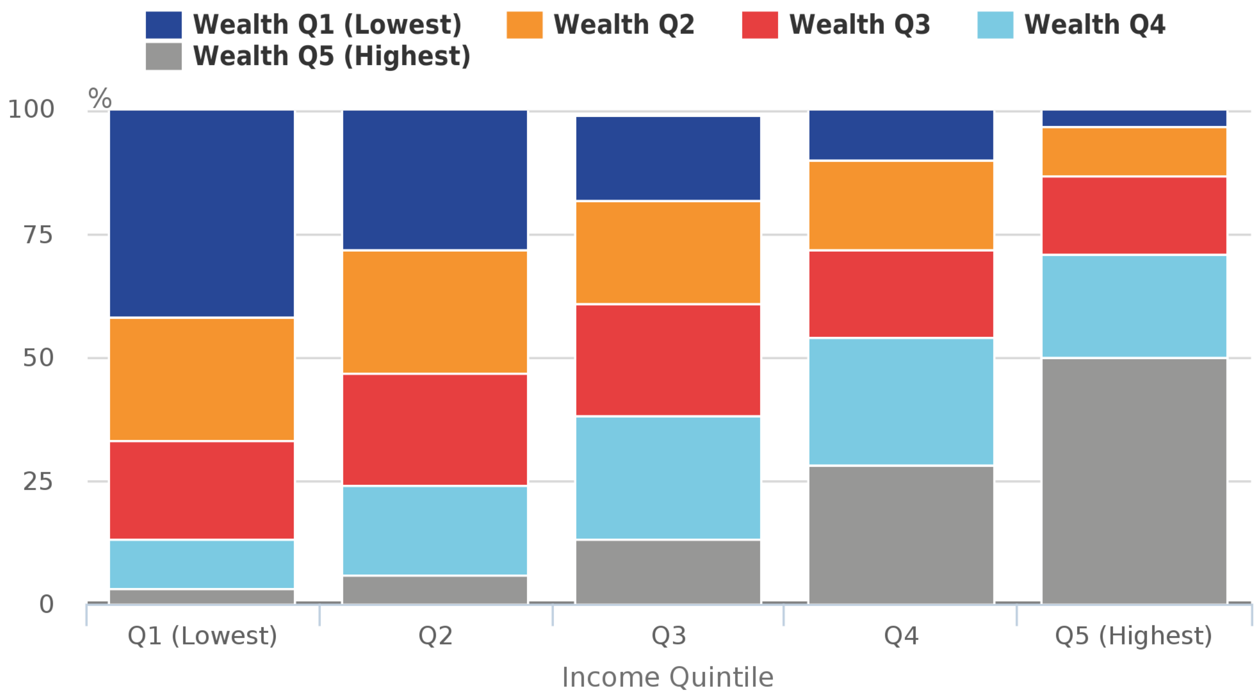
Box plots also tell us something about the distribution of total household wealth within the income groups. The box plot for the lowest quintile of total household income is not as long as the other quintiles, indicating that the values of total household wealth in this quintile were less widely distributed than for other quintiles. The box plot for the fifth quintile of total household income is the longest, which suggests that the distribution of total household wealth in this quintile is more varied than it is for households in the lower groups of total household income. Additionally, the whisker stretches a lot further to the right of the median value for the highest income group, indicating that there are more extreme values of total household wealth and bunching in the lower end of the distribution.

Some households with higher levels of income do not also have higher wealth

Figure 7.5 explores the relationship between the income and wealth quintiles that a household belongs to. A higher percentage of households in the top income quintile also found themselves in the top wealth quintile than any other income group (50%). Similarly, a higher percentage of households in the lowest quintile of total household income found themselves in the lowest quintile of total household wealth than any other income group (42%). The distribution of households across the different wealth quintiles was most even for the middle income group.

Figure 7.5: Distribution of total household wealth, by total household net equivalised income quintile

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

3 . Wealth of the wealthiest

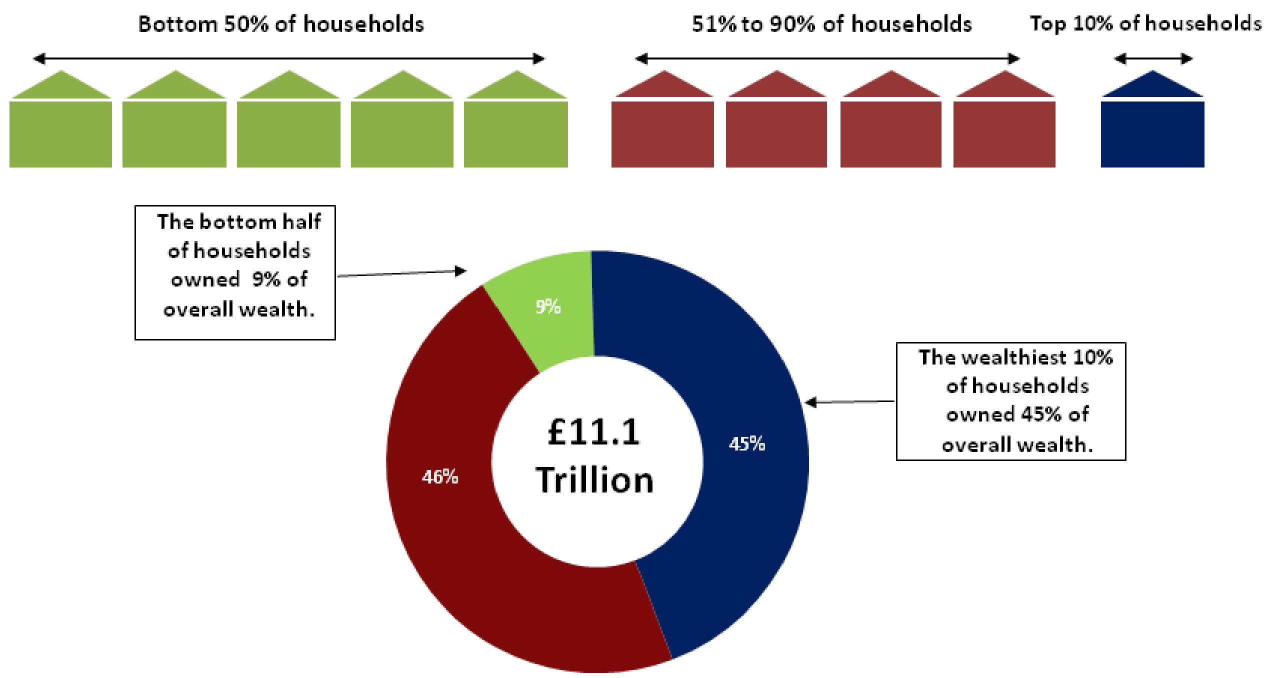
Chapter 2 – Total Wealth - presented figures for aggregate total wealth; the combined net wealth of all private households within Great Britain, estimated as £11.1 trillion in July 2012 to June 2014. The wealth held by the richest 10% of households combined was just under £5 trillion and represented a 45% share of aggregate total wealth.

This section looks in a little more detail at the wealthiest 10% of households and makes comparisons with households with lower wealth.

Figure 7.6 shows how the wealth of the top 10% of households compares to the bottom half of all households. The combined wealth of the bottom half of households in the distribution was less than £1.0 trillion; a value which accounted for just 9% of aggregate total wealth.

Figure 7.6: Distribution of total household wealth

Great Britain, July 2012 to June 2014

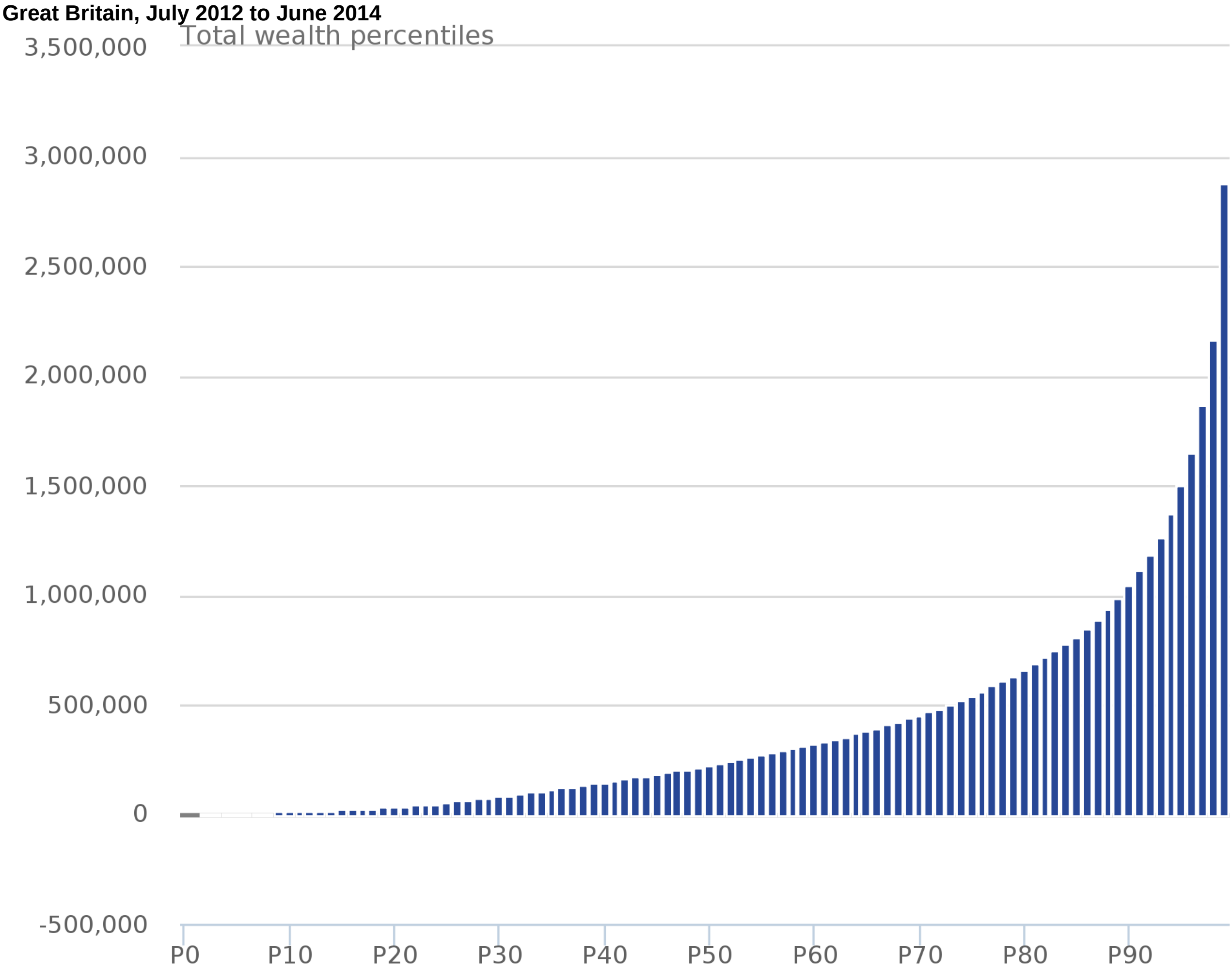


The wealth held by the top 10% of households was around 5 times greater than the wealth of the bottom half of all households combined and, over 875 times greater than that of the least wealthy 10% of households.

Figure 7.7 shows the percentile points for total household wealth (these are the boundary values for total household wealth if the population is split into 100 groups). The median value for household total wealth was £225,100 i.e. half of all households had total wealth less than this and half of all households had total wealth more than this. Belonging to the wealthiest 10% of households required total wealth greater than £1,048,500. To be in the bottom 10% of the distribution, a household's value of total wealth needed to be less than £13,000.

Figure 7.7: Distribution of total household wealth, percentile points

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

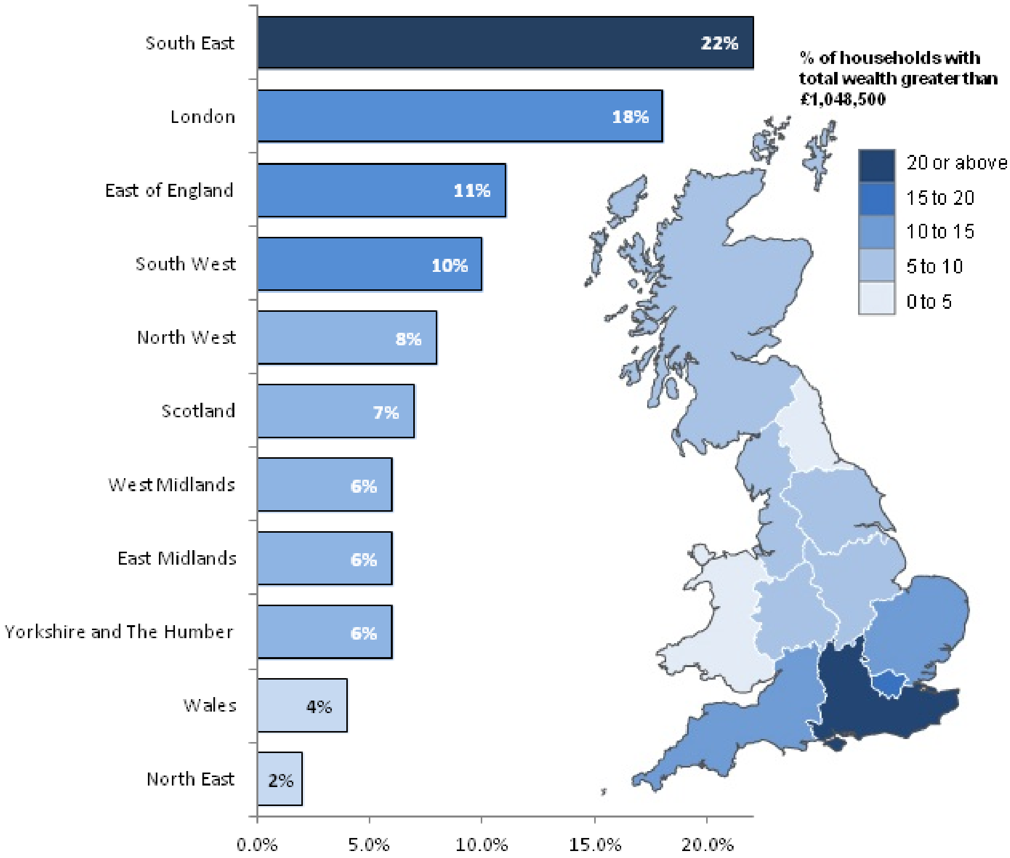
1. Bottom 10 % of households have total wealth of £12,600 or less.
2. Median total household wealth is £225,100.
3. Top 10% of households have total wealth of £1,048,500 or more.
4. Top 1% of households have total wealth of £2,872,600 of more.

Wealth by region

Considering the nine regions of England and the countries of Wales and Scotland, the South East had the highest percentage of ‘wealthy’ households. Of all the households in this particular region, 21.1% had a value of total wealth greater than £1,048,500; enough to belong to the wealthiest tenth of households in Great Britain. In comparison, only 2.5% of households in the North East held wealth greater than £1,048,500.

Figure 7.8: Percentage of wealthy households by region

Great Britain, July 2012 to June 2014



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Source: Office for National Statistics licensed under the Open Government Licence v.3.0.

The components of wealth

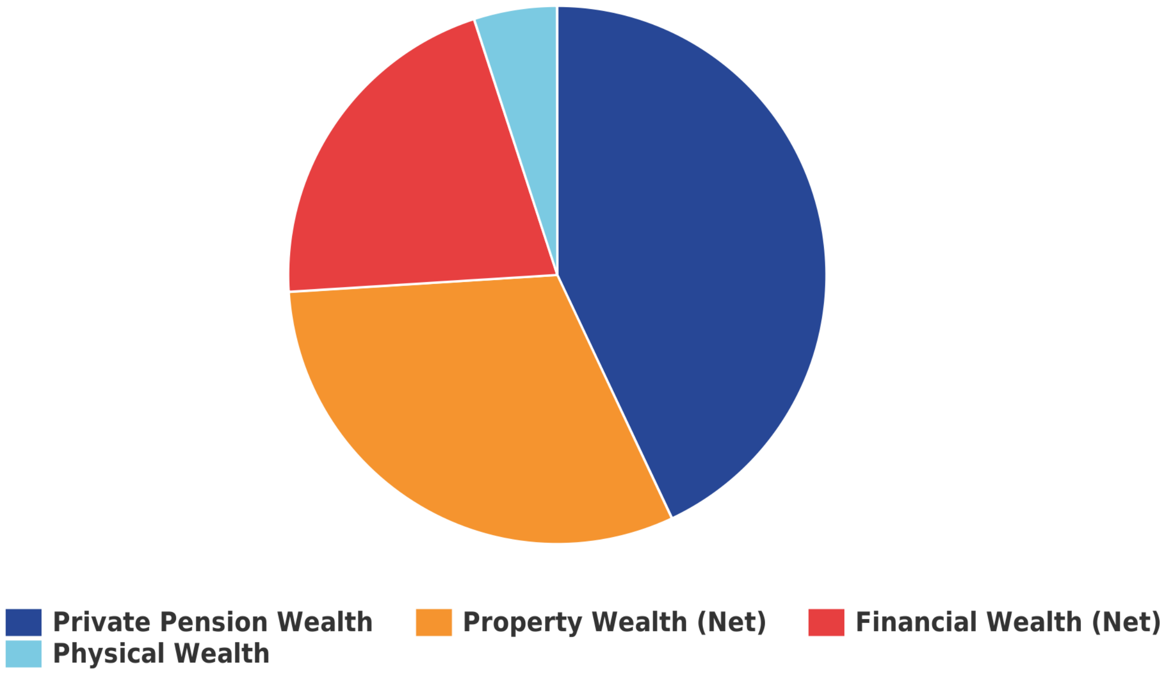
Of the total wealth held by those households in the top decile, over half (43%) comprised private pension wealth. Nearly all households in this top wealth decile had private pension wealth (98%) and the median value of private pension wealth for these households was £749,000. Private pension wealth contributed only 29% to the wealth held by the least wealthy half of households. More than two out of five households (43%) in the least wealthy half of the distribution had no private pension wealth at all and the median value of private pension wealth held by this group was £2,800.

The contribution of property wealth (net) to the combined total wealth of the top 10% of households was 31% with a median value of £420,000. Property wealth made the largest contribution to total wealth for the least wealthy half of households (34%) even though only 40% of households in this group had any value of property wealth.

Net financial wealth contributed 21% of overall wealth held by the wealthiest tenth of households; the median value of this wealth was £153,900. For the least wealthy half of households, net financial wealth accounted for 4% of the overall wealth held by this group with a median value of £400.

Figure 7.9a: Breakdown of household total wealth by components

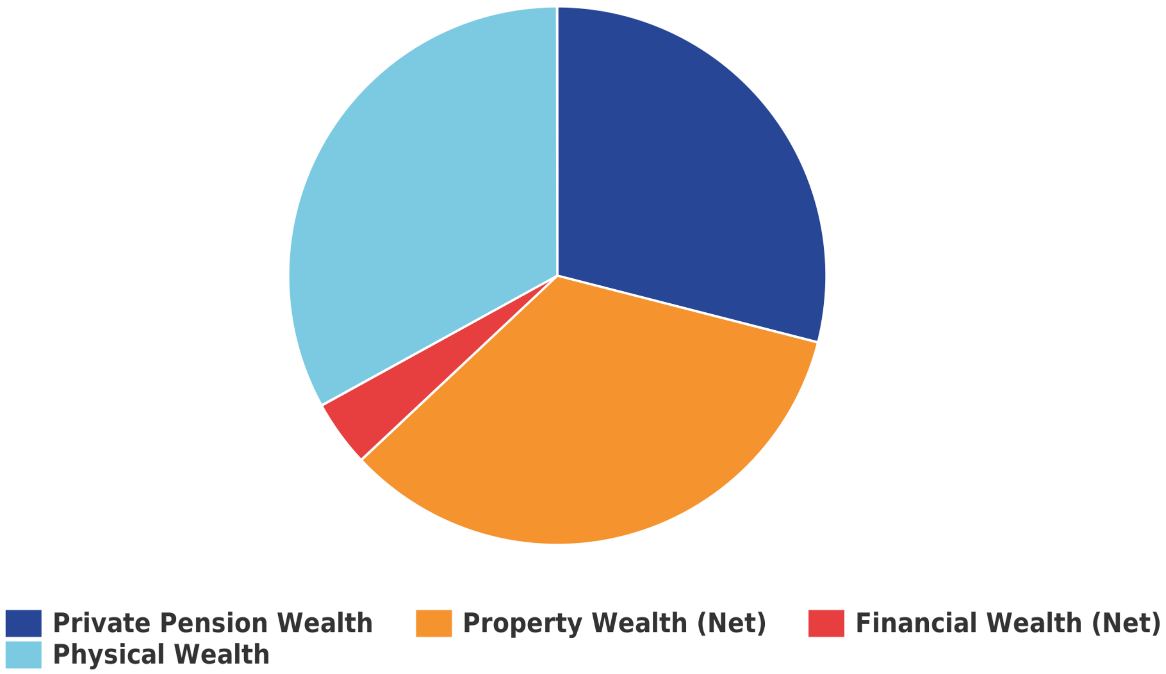
Wealthiest 10% - Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Figure 7.9b: Breakdown of household total wealth by components

Least Wealthy 50% - Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Physical wealth (the value of a household's possessions, valuables etc.) made a far greater contribution to the combined wealth holdings of the least wealthy half of households (33%) than to the most wealthy tenth of households (5%). Nevertheless, the median value of physical wealth was lower for those households in the bottom half of the distribution (£18,150) than those in the top tenth (£74,300).

Some main comparisons

In July 2012 to June 2014

- median household private pension wealth was £749,000 for households in wealthiest 10% compared to £2,800 for households in the least wealthy 50%
- median net property wealth was £420,000 for households in wealthiest 10% compared to £0 for households in the least wealthy 50%
- median net financial wealth was £154,000 for households in wealthiest 10% compared to £400 for households in the least wealthy 50%
- 96% of households in the wealthiest 10% owned at least one car compared to 58% for households in the least wealthy 50%
- 14% of households in the wealthiest 10% owned a personalised number plate compared to 2% for households in the least wealthy 50%

4 . Debt burden

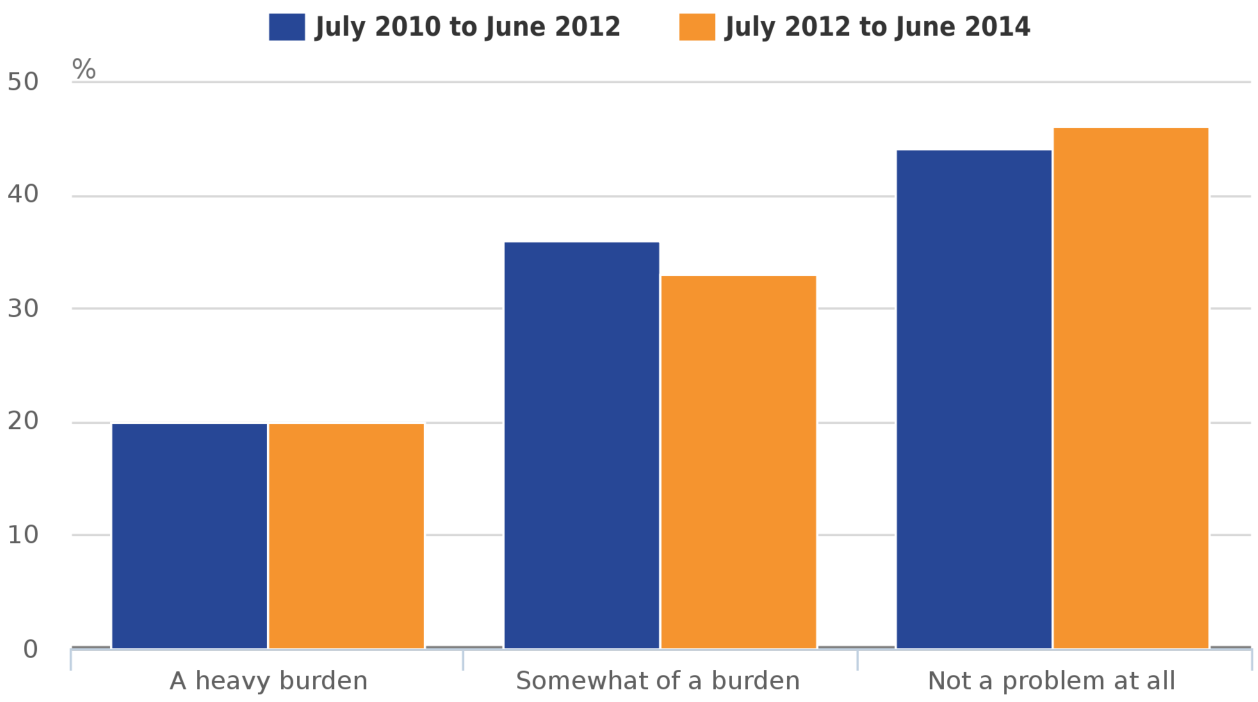
There are two components of wealth which are presented as a “net” measure (i.e. assets minus liabilities) – net financial wealth and net property wealth. In addition to asking about the value of any personal and household liabilities, respondents who are responding in person are asked how much of a burden they feel these debts are. This section considers self reported debt burden for financial liabilities. Some additional tables looking at property debt are included in the reference tables.

Financial debt burden

Chapter 5 – Financial Wealth - presented figures for both financial assets and financial liabilities held by households. Financial assets include savings, shares, insurance products and bonds. Financial liabilities include non-mortgage borrowing such as credit cards, loans and overdrafts. As reported in chapter 5, in July 2012 to June 2014 aggregate household financial liabilities for all private households in Great Britain was estimated to be £101 billion – slightly lower than the £105 billion figure of July 2010 to June 2012. Additionally, the percentage of households with financial liabilities fell from 51% in July 2010 to June 2012 to 48% in July 2012 to June 2014, as did the median value of household financial liabilities from £3,500 to £3,400 over the same period. Whilst no one of these statistics could be said to show an improvement in household debt, Figure 7.10 below also indicates an improvement. Whilst there was no change in the percentage of individuals reporting their debt a heavy burden between July 2010 to June 2012 and July 2012 to June 2014, there was a slight decrease in the percentage reporting their debt somewhat of a burden and a slight increase in the percentage reporting their debt as not a problem at all.

Figure 7.10: Self- reported burden of financial debt

Great Britain, July 2006 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Table 7.11 shows the median household financial debt by household total wealth decile. For those with financial debt, with the exception of the lowest wealth decile, financial debt levels increase as total wealth decile increases. Median financial debt is lowest for households in the second total wealth decile.

Table 7.11: Median financial debt by household total wealth decile

Great Britain

£

	Median Household Financial Debt[1]	
	July 2012 to June 2014	July 2010 to June 2012
1st decile (lowest)	1,900	2,600
2nd decile	1,600	1,700
3rd decile	3,300	3,500
4th decile	4,500	4,500
5th decile	4,100	4,200
6th decile	4,100	3,900
7th decile	3,500	4,100
8th decile	4,100	3,800
9th decile	4,800	4,500
10th decile (highest)	4,900	4,800
All households	3,400	3,500

Source: Wealth and Assets Survey - Office for National Statistics

Notes:

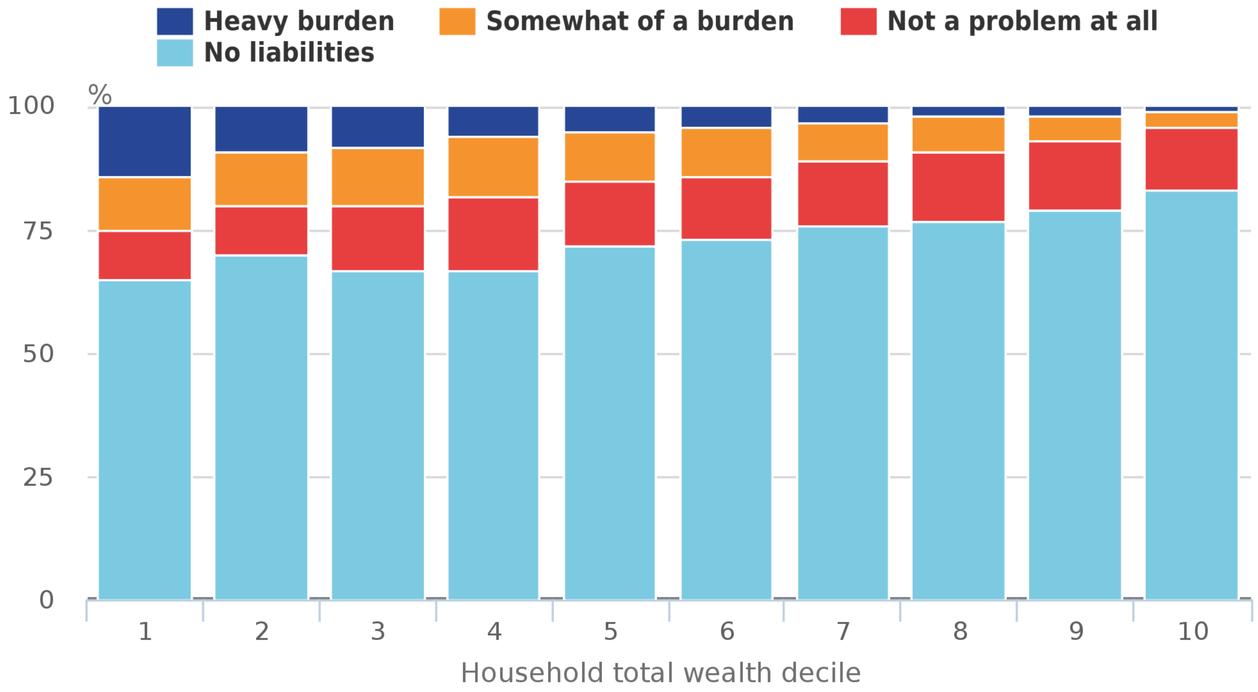
1. Includes only households with financial liabilities.

Figure 7.12 below demonstrates the disparity between those individuals living in households in the highest wealth decile and the lower wealth deciles when asked whether they have any financial liabilities and, if so, when asked if their financial debts were a burden.

In July 2012 to June 2014, 65% of individuals living in households in the lowest total wealth decile had no financial liabilities. This generally increased as the wealth deciles increased – with 83% of individuals living in households in the top wealth decile reporting no financial liabilities. For those with financial debts, those in the higher wealth deciles were a lot less likely to report debt a burden compared to those in the lower wealth deciles. For individuals living in the bottom wealth decile 14% reported they were in financial debt and that they felt the debt “a heavy burden” - this compares to just 1% of individuals living in top wealth decile households.

Figure 7.12: Median financial debt by household total wealth decile

Great Britain, July 2010 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

The remainder of this section addresses only those households and individuals who have financial liabilities.

Table 7.13 shows the median household financial debt by household total net equivalised income decile. For those with financial debt the median value increases as total income decile increases. For those with financial debt, the median value for those in the highest income decile is around 5 times the value for those in the lowest income decile.

Figure 7.13: Median financial debt by household total net equivalised annual income decile

Great Britain

	£
	Median Household Financial Debt[1]

	July 2012 to June 2014	July 2010 to June 2012
1st decile (lowest)	1,300	1,500
2nd decile	1,500	1,700
3rd decile	1,600	1,800
4th decile	2,500	2,800
5th decile	3,600	3,200
6th decile	3,700	3,700
7th decile	4,400	5,100
8th decile	5,700	5,800
9th decile	6,200	6,500
10th decile (highest)	6,500	6,900
All households	3,442	3,500

Source: Wealth and Assets Survey - Office for National Statistics

Notes:

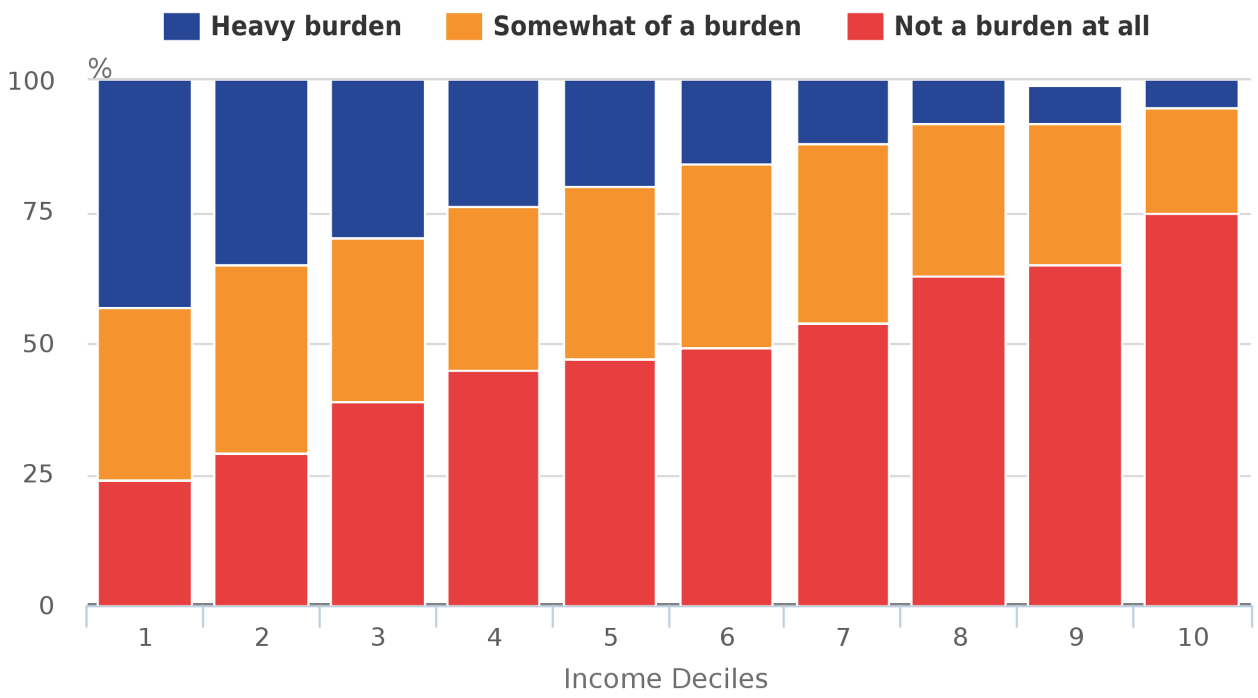
1. Includes only households with financial liabilities.

Figure 7.14 illustrates that individuals in the tenth (highest) net equivalised income decile are least likely to find their financial debt a heavy burden, at 5%. Whereas individuals in the first (lowest) net income decile were more likely to find their financial debt a heavy burden, at 43% and somewhat of a burden, at 33%.

Fewer Individuals report having a heavy burden as the net income decile gets higher. In the third decile, 30% of individuals reported a heavy burden; 20% of individuals in the fifth decile reported a heavy burden and 8% in the eighth income decile.

Figure 7.14: Individual financial debt burden by household net equivalised income decile

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

The South East had largest amount of financial debt in July 2012 to June 2014, estimated at £4,000. This is followed by the East of England accumulating up to £3,900 in median financial debt. Overall, individuals in England are estimated to have a median of £3,500 in July 2012 to June 2014, which is a small decrease from £3,600 in July 2010 to June 2012. Wales is shown to have had the lowest financial debts with of a median of £2,800 – though this has increased from previous levels of £2,000. Scotland had a median value of financial debts of £3,500 in July 2012 to June 2014, the same as the level in July 2010 to June 2012.

Figure 7.15: Median financial debt by region

Great Britain

£

	Median Household Financial Debt[1]	
	July 2012 to June 2014	July 2010 to June 2012
North East	3,180	3,650
North West	3,100	3,100
Yorkshire & the Humber	3,750	3,800
East Midlands	3,350	3,000
West Midlands	2,900	2,829
East of England	3,870	4,081
London	3,430	3,746
South East	4,000	4,591
South West	3,730	3,796
All England Regions	3,473	3,636
Wales	2,830	2,000
Scotland	3,480	3,500
Great Britain	3,442	3,500

Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. Includes only households with financial liabilities.

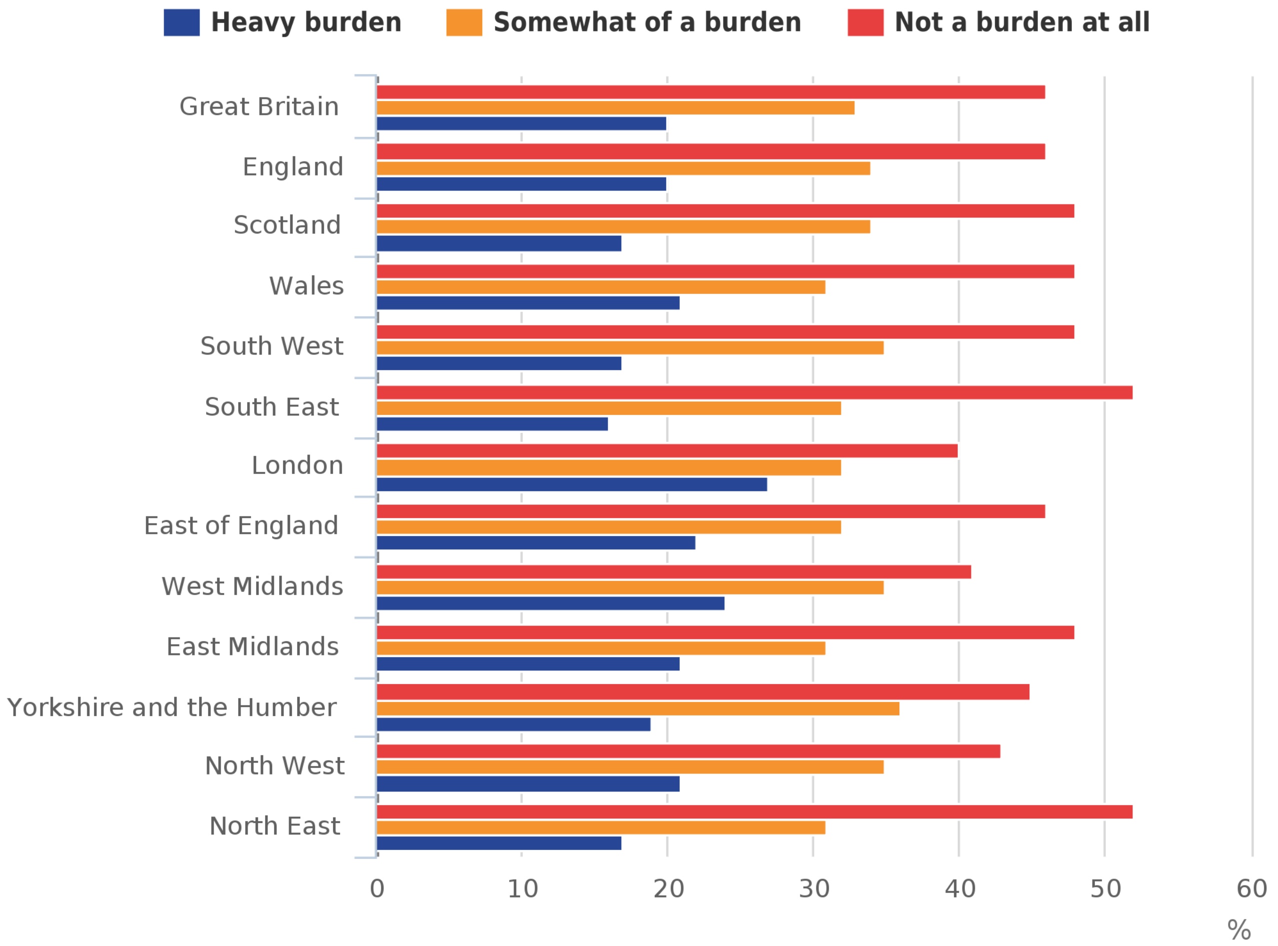
Figure 7.16 illustrates that 27% of individuals in London reported their financial debt was a heavy burden, closely followed by the North West with 24%. London was least likely to find their debt not a problem at all, at 40%; overall indicating the highest levels of burden debt among individuals living in London.

The South East reported the highest amount of individuals finding their financial debt not a problem at all. The South East, along with Scotland and the North East were the least likely to report financial debt a heavy burden (17%).

Overall, 20% of England found their financial debt a heavy burden, compared to 34% reporting somewhat of a burden and 46% defining their burden as not a problem at all.

Figure 7.16: Financial debt burden by region

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Figure 7.17 illustrates individuals by age by the median financial debt of the household in which they live. This shows that those in the age band 25 to 34 tend to live in households with a higher level of debt than individuals in other age groups. Individuals aged 65 and over tend to live in households with the lowest value of financial debt.

Figure 7.17: Median financial debt by age

Great Britain

£

	July 2012 to June 2014	July 2010 to June 2012
16 to 24	2,552	3,000
25 to 34	2,820	2,978
35 to 44	2,343	2,575
45 to 54	2,000	2,400
55 to 64	1,950	1,638
65 and over	1,134	924

Source: Wealth and Assets Survey - Office for National Statistics

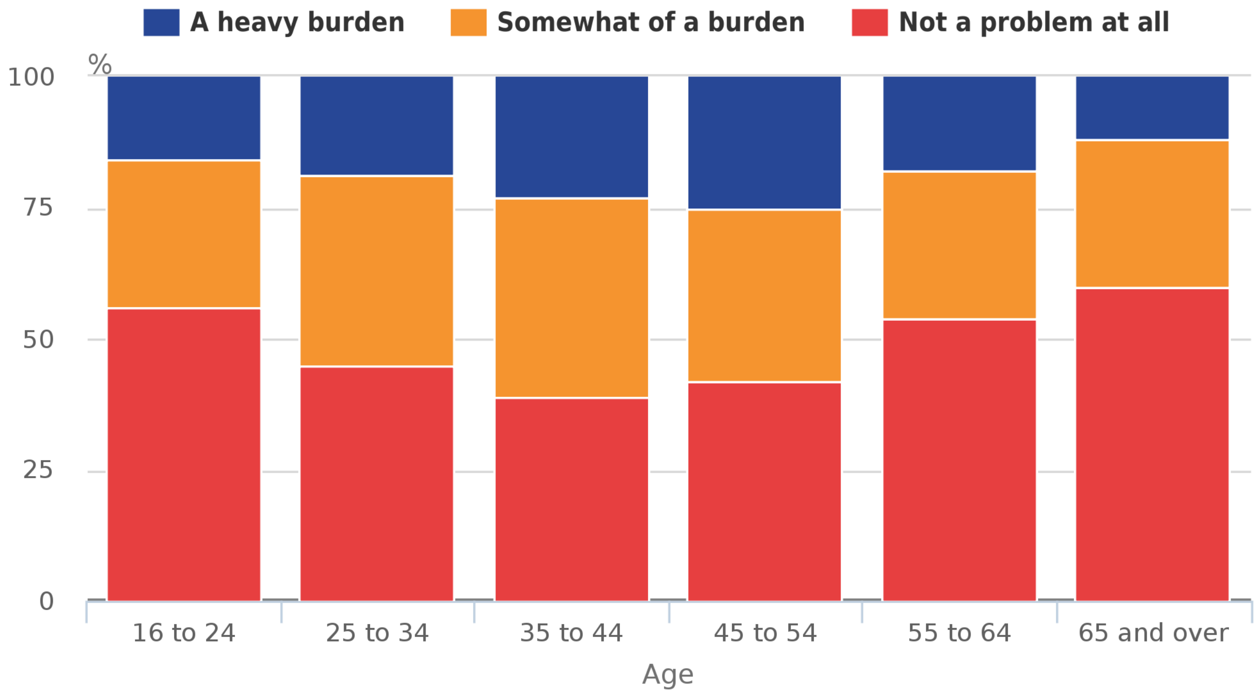
Notes:

1. Includes only households with financial liabilities.

Around a quarter of individuals aged "35 to 44" or "45 to 54" indicating that they have the heaviest debt burden (24% and 25% respectively) and those aged "35 to 44" report the highest levels of debt considered to be "somewhat of a burden" (38%). The age group "65 and over" are least likely to have debt burden, with Figure 7.18 illustrating that 12% have a heavy debt burden and 28% stated somewhat of a burden. They are also more likely to report their financial debt not a problem at all (60%).

Figure 7.18: Financial debt burden by age

Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey, Office for National Statistics

Debt burden and personal well-being

The following analysis explores the relationship between self-reported debt burden and personal well-being, providing insights into the possible impact such debts may have on people's thoughts and feelings about their own quality of life.

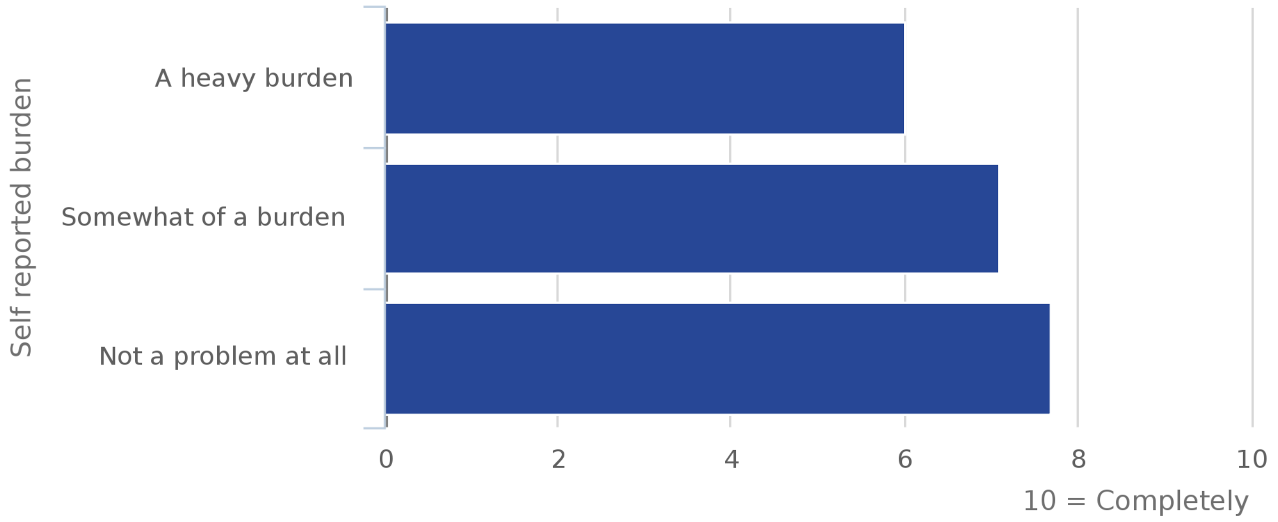
Personal well-being questions form part of the wider National Well-being programme which aims to produce accepted and trusted measures of the well-being of the nation. Four measures of the personal well-being of individuals were developed as part of this programme and are now being used across a large number of surveys including the Annual Population Survey (APS) and WAS.

Life satisfaction, sense that things done in life are worthwhile and happiness all higher, and anxiety lower, for individuals not burdened by financial debt

The average ratings for each measure of personal well-being against the perceived burden of financial debt are shown in Figure 7.19. Those who considered their financial liabilities not to be a burden reported the highest average ratings of life satisfaction, sense that things they do in life are worthwhile and happiness compared with those who reported their financial debt a burden. Additionally, average ratings of anxiety were lowest for those individuals not considering their financial debt a burden.

Figure 7.19a: Average personal well-being ratings, by self reported financial debt burden

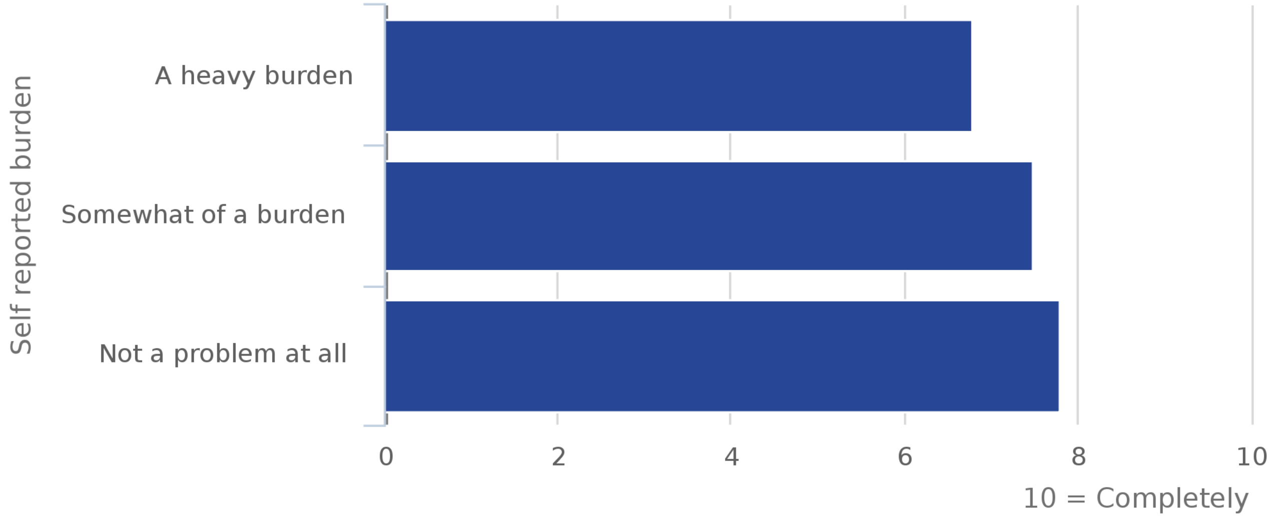
Life Satisfaction - Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Figure 7.19b: Average personal well-being ratings, by self reported financial debt burden

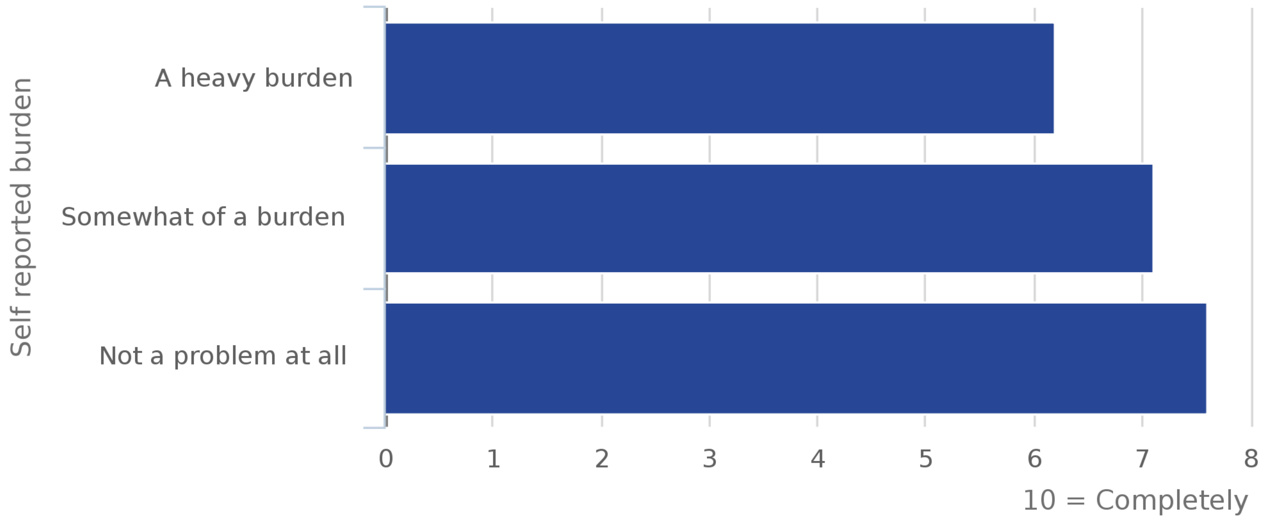
Worthwhile - Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Figure 7.19c: Average personal well-being ratings, by self reported financial debt burden

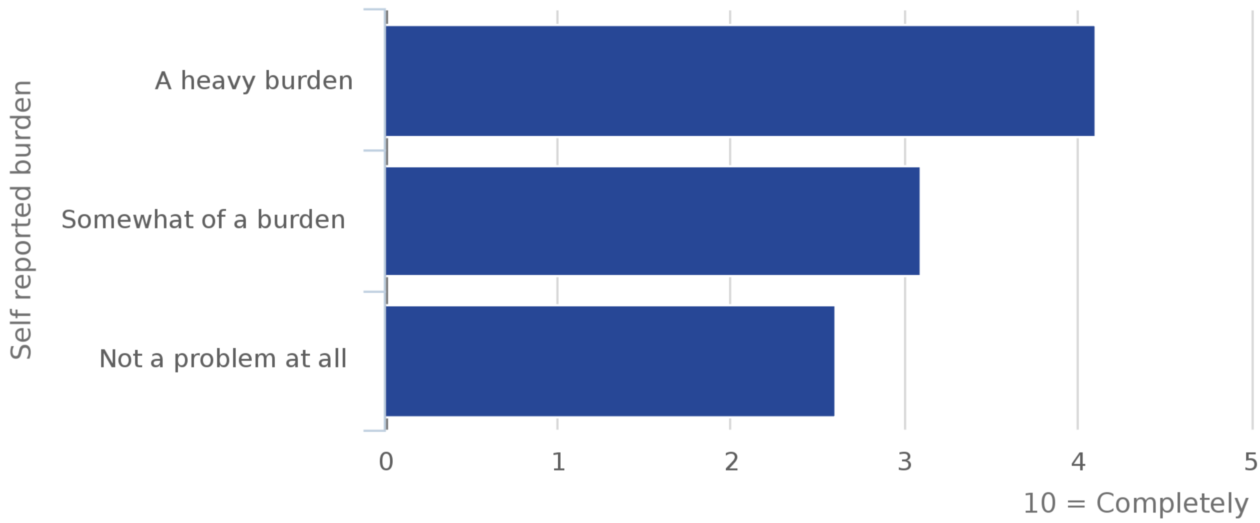
Happiness - Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Figure 7.19d: Average personal well-being ratings, by self reported financial debt burden

Anxiety - Great Britain, July 2012 to June 2014



Source: Wealth and Assets Survey - Office for National Statistics

Out of the four personal well-being questions, life satisfaction displayed the largest difference in average ratings across the debt burden groups. Those considering their financial debt not to be a burden reported an average life satisfaction rating of 7.7. This was 0.6 points higher compared with those considering their debts somewhat of a burden (7.1), and 1.8 points higher compared with those who considered their debts a heavy burden (6.0).

Considering the other 3 personal well-being questions:

- average worthwhile ratings were highest for those appraising their financial debts not a burden (7.8), compared with those reporting them as somewhat of a burden (7.5), or a heavy burden (6.8)
- reporting of ‘happiness yesterday’ was also highest amongst those considering their financial debts not a problem at all (7.6), compared with those considering them somewhat of a burden (7.1), or a heavy burden (6.2)

- average ‘anxiety yesterday’ ratings were lowest for the group perceiving their financial debt as not a problem at all (2.6), compared with those considering them somewhat of a burden (3.1), or a heavy burden (4.1)

There are notable limitations to this analysis. The results are not the outcome of regression analysis, trying to hold all other characteristics (e.g. age) equal. Results therefore do not they tell us how important self-reported debt burden matters to well-being ratings compared against other factors. Nevertheless, the results provide some evidence that feelings of being on top of financial liabilities have a positive effect on an individual’s personal well-being ratings. Further analysis of the relationship between debt and personal well-being is recommended.

Notes for debt burden

1. Adults aged 16 and over were asked: "Overall, how satisfied are you with your life nowadays?" "Overall, to what extent do you feel the things you do in your life are worthwhile?" "Overall, how happy did you feel yesterday?" "Overall, how anxious did you feel yesterday?" Where 0 is "not at all" and 10 is "completely".

5. Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

   These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.

6. Supporting information

Wealth in Great Britain Wave 3 - Main results from the Wealth and Assets Survey incorporating results from the third wave of the survey.

Measuring National Well-being - Measures of National Well-being. Drawing social and economic data from government and other organisations; painting a picture of UK society and how it changes. Get all the tables for this publication in the data section of this publication.