

# Assets, Debts, and Wealth in California

## Highlights

- ▶ Households in California typically have more wealth than those in other states, despite holding more debt. Estimated median household net worth in California is \$288,000, compared to \$180,000 elsewhere.
- ▶ Variation across households is substantial. Those near the top of the wealth distribution have net worth over 100 times more than those near the bottom, about \$1.3 million compared to \$12,000.
- ▶ About half of households have some home equity—typically their highest value asset. Home equity is largest and most common among older, college-educated, white, and Asian households. Latino households, who are younger and less likely to include college graduates—factors that drive down homeownership—have lower rates. Homeownership and equity are low for Black/other households even after accounting for age, income, education, and other factors.
- ▶ Credit card debt is the most common type of unsecured debt—that is, debt unrelated to a tangible asset such as a house or car. About four in ten California households report carrying balances on credit cards. Only one in six households have educational debt, but student loans are the largest amount of unsecured debt.

## How Much Do Californians Own—and Owe?

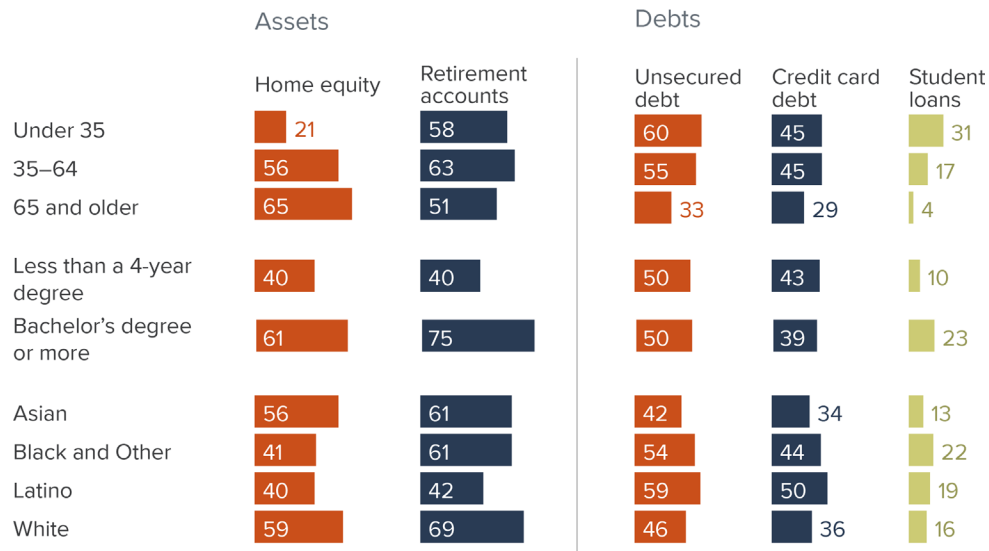
Wealth, or net worth, refers to what you own minus what you owe. While the term wealth may evoke the idea of considerable financial resources, it is a basic aspect of economic security and mobility, providing a critical buffer when financial circumstances change, and allowing for investments in the future like education and entrepreneurship.

At the median, household assets in California add up to \$494,000—about 60% higher than in the rest of the country. Key assets include checking and savings accounts, vehicle equity, retirement accounts, and home equity. Asset values and rates of ownership vary widely across demographic groups. Retirement accounts and home equity are the largest assets that are commonly held, and their typical value is highest among households that are older, college-educated, white, or Asian.

Three in four households in California and the rest of the US hold some form of debt including home mortgages and car loans, an estimated \$103,000 at the median among those with any debt. About half owe money on unsecured debts, including credit cards, student loans, and medical bills. California households are slightly less likely than those in other states to hold any type of unsecured debt (50% vs. 53%).

As with assets, debt varies widely across demographic groups. While data restrictions limit the ability to note specific amounts, it is possible to track the rate of debt across groups. Credit card debt is more common for Latino households and less common for older households over age 65. Student loan debt is less common for older, white, Asian, and immigrant households.

## Major sources of assets and debts vary across groups



Sources: US Census Bureau, Survey of Income and Program Participation (SIPP), 2022.

Notes: Differences in asset holding rates are statistically significant for retirement accounts across educational attainment, between middle-aged and older households, and across race/ethnicity with the exception of between Black/other and Asian households; for home equity they are significant across age and educational attainment, and between white and Asian households as compared to Black/other and Latino households. Differences in holding any unsecured debt are statistically significant for households 65 and older compared to younger households, and for Latino households compared to white households; in holding any student loans they are statistically significant across age groups, education, and for Latino and Black/other households compared to white and Asian households at the 10% level; in holding credit card debt they are significant statistically significant for households 65 and older compared to younger households, and for Latino compared to white and Asian households.

## How Is Wealth Distributed in California?

California—like the US as a whole—has wide gaps between rich and poor. California households in the top 25 percent of the wealth distribution are much more likely to hold multiple types of assets.

Estimated gaps in median net worth are notable across key characteristics:

- ▶ Older households (over 65) have a median net worth of \$614,000, compared to \$54,000 among households under age 35.
- ▶ Households with bachelor's degrees have \$582,000, compared to \$76,000 among those without.
- ▶ White and Asian households have similar medians, around \$530,000; Black/other households have \$180,000, and Latino households have \$62,000.
- ▶ US-born households have \$379,000, while immigrant households have \$149,000.
- ▶ Women-headed households have \$255,000, while men-headed households have \$339,000.

## How Does California Encourage Wealth-building?

State and local policies aim to help Californians build assets and manage debts in a variety of ways, from providing assistance to first-time home buyers to seeding savings accounts, increasing financial literacy, expanding access to credit, and reducing unsecured debt. Most programs in these areas show some promise, but they need more robust evaluation to confirm their effectiveness at supporting long-term wealth-building, especially across different groups and contexts.

Supported with funding from Blue Shield of California Foundation and the James Irvine Foundation.

Source: Adapted by Lynette Ubois from [Assets, Debts, and Wealth in California](#), by Tess Thorman and Shannon McConville.