15 May 2014

Office for National Statistics

Chapter 1: Introduction and Demographics, Wealth in Great Britain 2010-12

Coverage: **GB**
Date: **15 May 2014**
Geographical Area: **Region**
Theme: **Economy**

This report

This is the main report covering the third wave of the Wealth and Assets survey (WAS), the fieldwork period for which was July 2010 – June 2012. Over the two-year period the WAS achieved a sample size of 21,451 private households.

The measure of household wealth is split into four components for this report: property, physical, financial, and private pension wealth. Chapter 2 brings together all four 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, artworks or stamps), 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: 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 key concepts. The technical chapter will

A number of changes have been introduced with the publication of wave 3 data. Some are methodology changes specific to wave 3 (e.g. the weighting strategy), some affect waves 2 and 3 only (e.g. the imputation strategy), and some affect all three waves (e.g. the financial assumptions used in the calculation of pension wealth). Details of the changes to the financial assumptions used in the calculation of pension wealth are also given in this chapter.

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, among other things, level of savings and debt, saving for retirement, how wealth is distributed across households and factors that affect financial planning.

Methodological considerations

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 (e.g. the Family Resources Survey), the Census, HMRC data on ISA holdings and house purchase data from the Land Registry.

Measures of Central Tendency - Outliers exist in WAS data; they reflect the highly skewed nature of wealth. All outliers were checked for supporting evidence from interviewers. Where appropriate, edits were made to ‘correct’ outliers. In many cases, interviewer notes supported the validity of outliers and these remain in the WAS datasets. Given the skewed nature of wealth data, and the impact that outliers can have on parametric estimates, Wealth in Great Britain 2010/12 does not report on any mean values. All wealth estimates are reported on using median and/or deciles for Wealth in Great Britain 2010/12. Mean values, particularly when exploring change across waves, can lead to the reporting of spurious change with the inclusion of extreme outliers.

Equivalisation - Equivalisation is a standard methodology that adjusts measures to account for different demands on resources, by considering the household size and composition. Estimates

within Wealth in Great Britain 2010/12 have not been equivalised and therefore do not account for differences in household size or composition.

Accounting for Inflation - All estimates within the Wealth in Great Britain 2010/12 report are presented as current values (i.e. the value at time of interview) and have not been adjusted for inflation.

Significance Testing - No statistical significance testing was performed within the Wealth in Great Britain 2010/12 report.

Wave 1 half-sample - A methodological decision at wave one (2006-08) 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 for 2006/08. 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 for 2006/08 are therefore based upon data from this half-sample of 17,316 households. To estimate aggregate total wealth for 2006/08 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. At wave two and subsequent waves, each household were asked the full suite of questions on the components of net wealth. Consequentially 2008/10 and 2010/12 estimates of total household and aggregate total wealth are both based upon the full responding sample.

What's new for Wave 3

The third wave of the WAS will provide data on three new topics:

Individual and Household Estimates of Income – Up to now it has not been possible to consider individual or household income alongside data on household wealth derived from the WAS. Consequentially the majority of research on financial inequalities has been forced to consider only income despite the commonly held view that wealth is considered by some to be a more appropriate measure of inequality. The possibility of considering wealth and income alongside each other has been a long awaited research tool.

Subjective Well-being – A set of questions developed to measure subjective well-being were added to the survey for the second year of wave 3 and will allow, for the first time, this topic to be analysed alongside wealth measures.

Financial Acuity – Some individuals and households are far more pro-active than others when it comes to their finances. This new measure takes into account whether individuals take active measures to manage their finances as well as their understanding and opinions on financial products.

Since it is the first time these topics are available they are still undergoing quality assurance. Therefore these data will be published in separate reports over the next few months.

Characteristics of the Sample (demographics)

This chapter illustrates some summary characteristics of the households and household members responding in Wave 3 (2010/2012) of the Wealth and Assets Survey (WAS).

In total, 21,451 households across Great Britain were interviewed, encompassing 40,396 individuals aged 16 or over.

Households have been categorised by their 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/individuals

Table 1.1(a): WAS sample, by region of residence: Great Britain, 2010/12

Individuals 16+

Region of residence[1]	Frequency	Percentage (%)
North East	1,928	5
North West	4,690	12
Yorkshire & Humber	3,778	9
East Midlands	3,393	8
West Midlands	3,568	9
East of England	3,957	10
London	3,836	9
South East	5,834	14
South West	3,491	9
England	**34,475**	**85**
Wales	2,115	5
Scotland	3,806	9
Great Britain	**40,396**	**100**

Table source: Office for National Statistics

Table notes:

1. The region in which respondents main residence lies.

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Table 1.1(b): WAS sample by region of residence: Great Britain, 2010/12

Households

Region of residence[1]	Frequency	Percentage (%)
North East	1,041	5
North West	2,511	12
Yorkshire & Humber	2,035	9
East Midlands	1,777	8
West Midlands	1,882	9
East of England	2,090	10
London	2,008	9
South East	3,036	14
South West	1,880	9
England	**18,260**	**85**
Wales	1,123	5
Scotland	2,068	10
Great Britain	**21,451**	**100**

Table source: Office for National Statistics

Table notes:

1. The region in which respondents main residence lies.

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Table 1.1 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.

Household Type

Table 1.2 shows the distribution of households by household type. Households were categorised into one 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 1.2: WAS sample by household type: Great Britain, 2010/12

Households

Household Type	Frequency	Percentage (%)
Single person over SPA	3,488	16
Single person below SPA	2,706	13
Couple over SPA	3,264	15
Couple below SPA	2,584	12
Couple, one over one below SPA	968	5
Couple and dependent children	4,163	19
Couple and non-dependent children only	1,246	6
Lone parent and dependent children	1,335	6
Lone parent and non-dependent children only	679	3
More than 1 family, other household types	1,018	5
All Households	**21,451**	**100**

Table source: Office for National Statistics

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Gender and marital status

Table 1.3 demonstrates the marital status and gender of individuals living in Great Britain based on the WAS sample. In 2010/12, 45% of the sample were married. Over a tenth of the sample were widowed or divorced (11%).

Table 1.3: Individuals by gender and marital status: Great Britain, 2010/12

Gender and Marital Status	Frequency			Percentage (%)		
	Men	Women	All persons	Men	Women	All persons
Married[1]	11,011	11,017	22,028	46	43	45
Cohabiting[2]	1,833	1,834	3,667	8	7	7
Single	9,152	8,415	17,567	38	33	36
Widowed	826	1,950	2,776	3	8	6
Divorced	931	1,700	2,631	4	7	5
Separated[3]	338	440	778	1	2	2
All households	**24,091**	**25,356**	**49,447**	**49**	**51**	**100**

Table source: Office for National Statistics

Table notes:

1. Includes civil partnerships
2. Includes same sex couples
3. Includes persons of any age

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Age

Table 1.4 represents the distribution of the sample by age. The largest group were individuals aged 65 and above (22%). Half of the sample were aged 45 years or older.

Table 1.4: Individuals by age: Great Britain, 2010/12

Age	Frequency	Percentage (%)
Under 16	9,051	18
16-24	4,673	9
25-34	4,573	9
35-44	6,375	13
45-54	6,854	14
55-64	7,107	14
65+	10,814	22
All Persons	**49,447**	**100**

Table source: Office for National Statistics

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Education Level

The majority of eligible adults had qualifications that were below degree level (57%). More than a quarter (27%) of the sample had achieved degree level or above qualifications and 16% did not have any qualifications.

Table 1.5: Individuals by education level: Great Britain, 2010/12

Education Level	Frequency	Percentage (%)
Degree level or above	10,162	27
Other qualifications	21,754	57
No qualifications	6,198	16
All Persons	**38,114**	**100**

Table source: Office for National Statistics

Table notes:

1. Includes only eligible adults who gave their education level

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Economic Status

Economic activity can be significant in determining individual and household wealth. Table 1.6 details the samples economic activity and demonstrates that more than half of all eligible adults are employed. Of these, 14% were self employed. Economic inactivity represents 43% of the sample and includes those respondents that are looking after the family/home, sick, disabled or retired. The majority of respondents that were economically inactive were retired (31%).

Table 1.6: Individuals by economic activity

Economic Activity	Frequency	Percentage (%)
Economically Active		
Employee	17,513	46
Self Employed	2,859	8
Unemployed	1,256	3
Economically Inactive		
Student	748	2
Looking after family/home	1,554	4
Sick/Disabled[2]	1,699	5
Retired	11,556	31
Other Inactive	493	1
All Persons	**37,678**	**100**

Table source: Office for National Statistics

Table notes:

1. Includes only eligible adults who provided sufficient information in order to derive their economic activity
2. Data for temporarily sick or disabled has been combined with long term sick or disabled

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Socio-economic Group

For those individuals that were in work, the highest percentage were in the higher professionals classification (18%).

Table 1.7: Individuals by socio-economic classification: Great Britain, 2010/12

Socio-economic Classification	Frequency	Percentage (%)
Large employers and higher managerial	3,670	10
Higher professional	6,772	18
Lower managerial and professional	3,388	9
Intermediate occupations	2,340	6
Small employers and own account workers	1,799	5
Lower supervisory and technical	3,771	10
Semi-routine occupations	2,750	7
Routine occupations	817	2
Never worked/long term unemployed	12,344	33
All Persons	**37,651**	**100**

Table source: Office for National Statistics

Table notes:

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

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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

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Chapter 2: Total Wealth, Wealth in Great Britain 2010-12

Coverage: **GB**
Date: **15 May 2014**
Geographical Area: **Region**
Theme: **Economy**

Key Points

In 2010/12:

- Aggregate total wealth of all private households in Great Britain was £9.5 trillion.
- The wealthiest 10% of households owned 44% of total aggregate household wealth.
- The least wealthy half of households combined 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 £218,400 or more.
- Households in the South East had the highest median wealth (£309,700).

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 four components: 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.

Aggregate total wealth

Aggregate total wealth (including private pension wealth) of all private households in Great Britain in 2010/12 was £9.5 trillion, increasing from £9.0 trillion in 2008/10 and £8.4 trillion in 2006/08 (Table

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

Table 2.1: Breakdown of aggregate total wealth, by components: Great Britain, 2006/08 - 2010/12

£ billion

	2006/08	2008/10	2010/12
Property Wealth (net)	3,537	3,379	3,528
Financial Wealth (net)	1,043	1,091	1,299
Physical Wealth	961	1,016	1,102
Private Pension Wealth	2,886	3,470	3,586
Total Wealth (including Private Pension Wealth)	**8,426**	**8,955**	**9,515**
Total Wealth (excluding Private Pension Wealth)	5,540	5,485	5,929

Table source: Office for National Statistics

Table notes:

1. 2006/08 estimates for physical wealth are based on a half sample.

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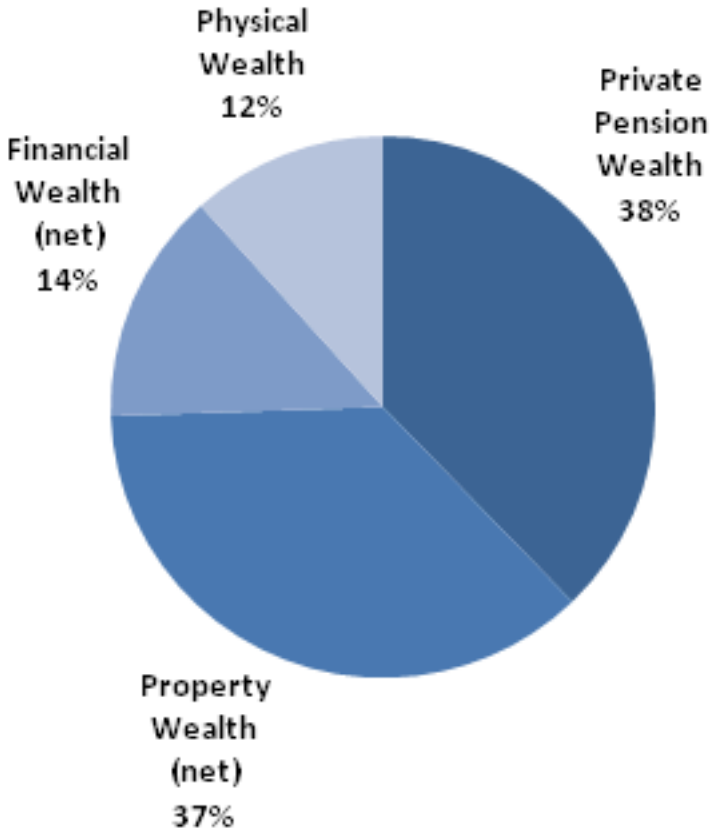
Figure 2.2 shows the relative contribution of each of the four wealth components to aggregate total wealth. In 2010/12, the two components making the largest contribution to aggregate total wealth were private pension wealth and net property wealth (accounting for 38% and 37% respectively). Financial wealth made up 14% of the total wealth in 2010/12 and physical wealth made the smallest contribution of the four components (12%).

The contribution of net financial wealth and physical wealth was the most stable across the three waves; net financial wealth and physical wealth accounted for 12% and 11% of aggregate total wealth in both 2006/08 and 2008/10 respectively. However the contributions of net property wealth and private pension wealth were less stable. In 2006/08, net property wealth made up 42% of aggregate wealth and private pension wealth made up 34%. The contribution of net property wealth fell to 38% in 2008/10 and private pension wealth rose to 39%. Although in 2008/10 and 2010/12 private pension wealth accounted for the largest share of aggregate total wealth, the difference between this and the net property wealth component was far smaller.

Figure 2.2: Breakdown of aggregate total wealth, by components: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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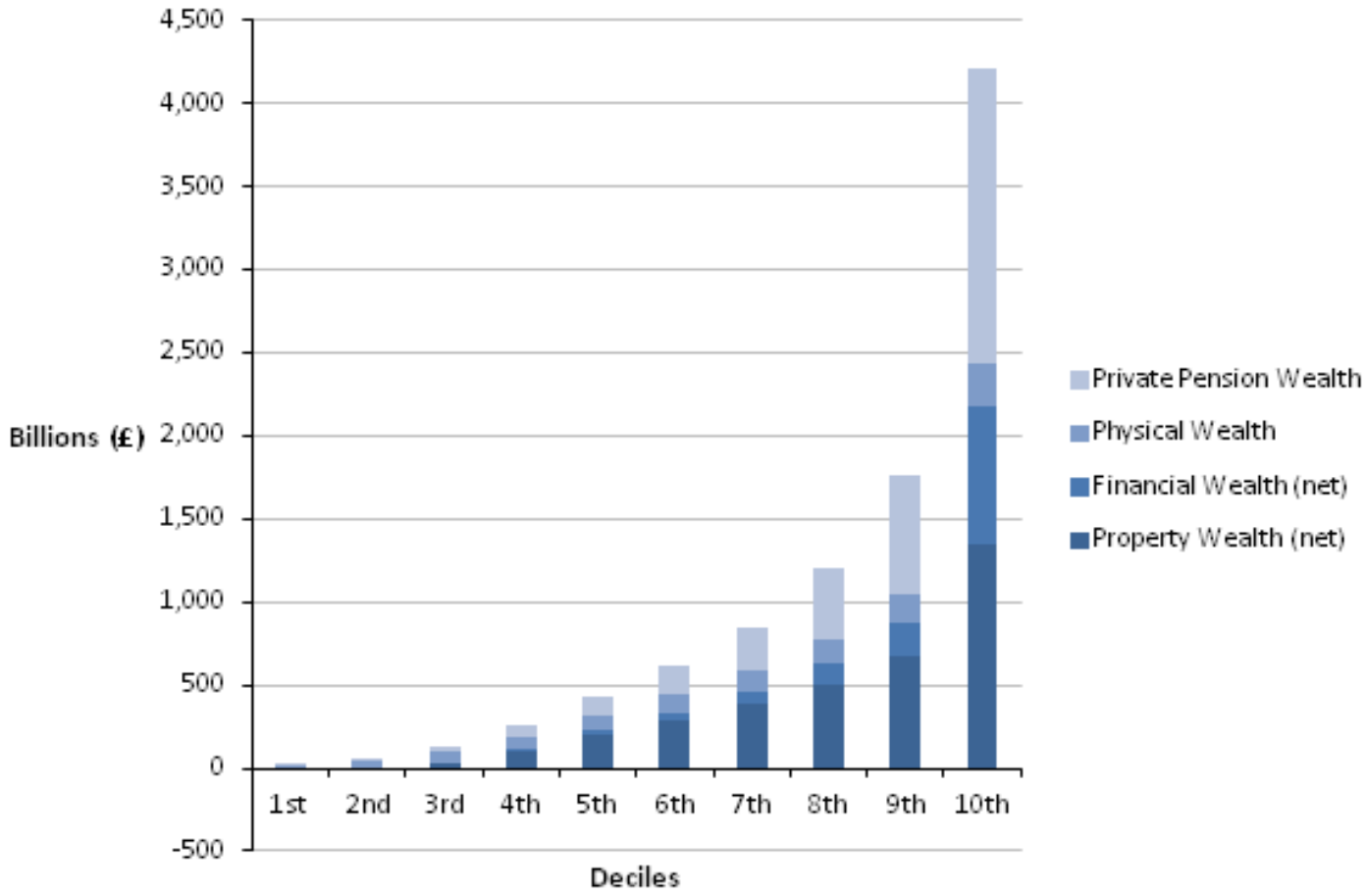
Figure 2.3 shows aggregate total wealth (including private pension wealth) by deciles and the breakdown of each decile into its components. Deciles divide the data, sorted in ascending order, into ten equal parts so that each part contains 10% (or one tenth) of the wealth distribution – from the least wealthy households in the 1st decile to the wealthiest in the 10th decile.

In all three waves of the survey, the wealthiest 10% of households were 2.4 times wealthier than the second wealthiest 10%. In 2010/12, the wealthiest 10% of households were 4.8 times wealthier than the bottom 50% of households (the bottom five deciles combined). The bottom 50% of households combined owned 9% of aggregate total wealth.

By combining the top two deciles, and the bottom two 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 2010/12 the wealthiest 20% of households had 105 times more aggregate total wealth than the least wealthy 20% of households. In comparison, the wealthiest 20% of households had 92 times more aggregate total wealth than the least wealthy 20% of households in 2008/10.

The wealthiest 20% of households owned 63% of total aggregate household wealth in 2010/12; a share which has increased slightly from 62% in 2006/08 and 2008/10.

Figure 2.3: Breakdown of aggregate total wealth, by deciles and components: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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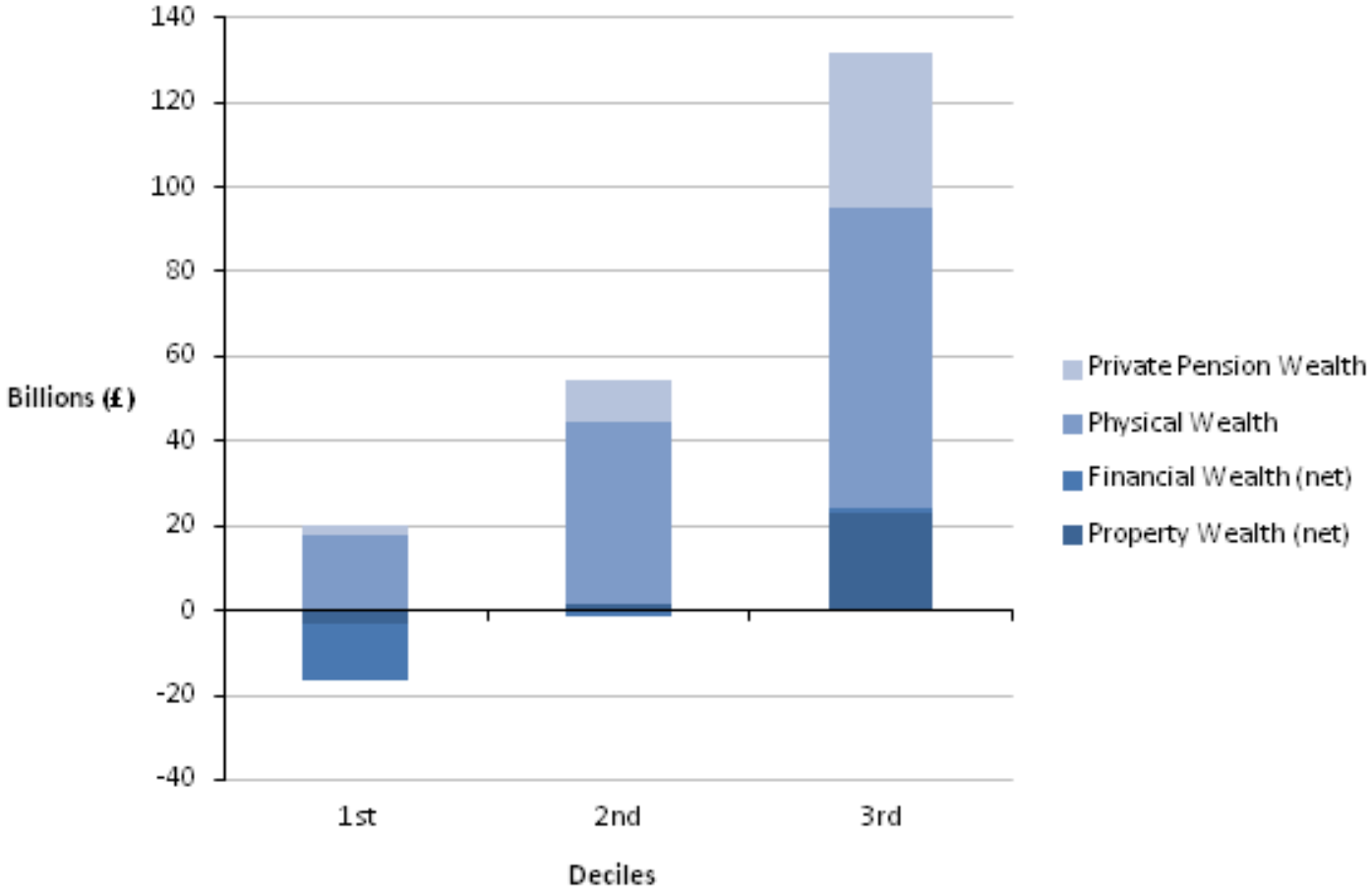
In 2010/12, physical wealth made the largest contribution to total wealth for the lowest three deciles. Net property wealth made the largest contribution towards total wealth for the 4th through to the 8th deciles. Private pension wealth made the largest contribution to total wealth for the top two wealth deciles.

Figure 2.4 illustrates the breakdown of total wealth for the lowest three deciles in more detail. The first thing to note is that the bars for the lowest two deciles straddle the x-axis. This highlights the fact that the sums of certain wealth components are negative for these groups.

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 (e.g. rent their home), have negative property wealth (i.e. 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 wealth decile, all components of wealth apart from net financial wealth were positive. Similarly to decile 1, physical wealth made the largest contribution overall. In the 3rd decile, all components of aggregate total wealth were positive with physical wealth again making the largest contribution.

Figure 2.4: Breakdown of aggregate total wealth, by lowest three deciles and components: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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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, 2006/08 - 2010/12

Gini Coefficient

	2006/08	2008/10	2010/12
Property Wealth (net)	0.63	0.63	0.64
Financial Wealth (net)	0.89	0.89	0.92
Physical Wealth	0.46	0.45	0.45
Private Pension Wealth	0.77	0.76	0.73
Total Wealth	**0.61**	**0.61**	**0.61**

Table source: Office for National Statistics

Table notes:

1. 2006/08 estimates for physical wealth are based on a half sample.

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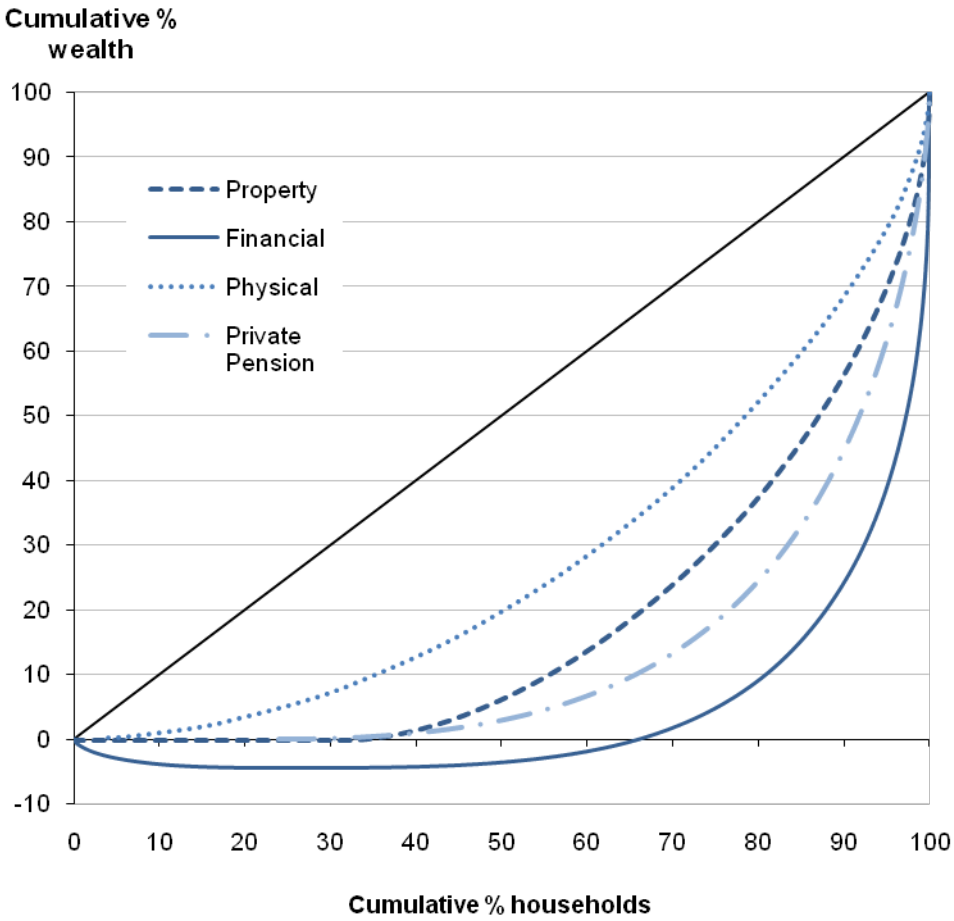
Of the four wealth components, inequality remains lowest for physical wealth, with a Gini coefficient 0.45 in 2010/12. Unlike the other wealth components, every household has some physical assets (i.e. a positive wealth value). Similarly, inequality remains highest for the net financial wealth component, with a Gini coefficient 0.92 in 2010/12. However, although the order in which the four components display inequality remains the same, inequality has worsened for both property wealth and financial wealth (i.e. the Gini coefficients have increased slightly over time), but improved for pension wealth and physical wealth (i.e. the Gini coefficients have decreased slightly over time).

Figure 2.6: Lorenz Curves for individual wealth components: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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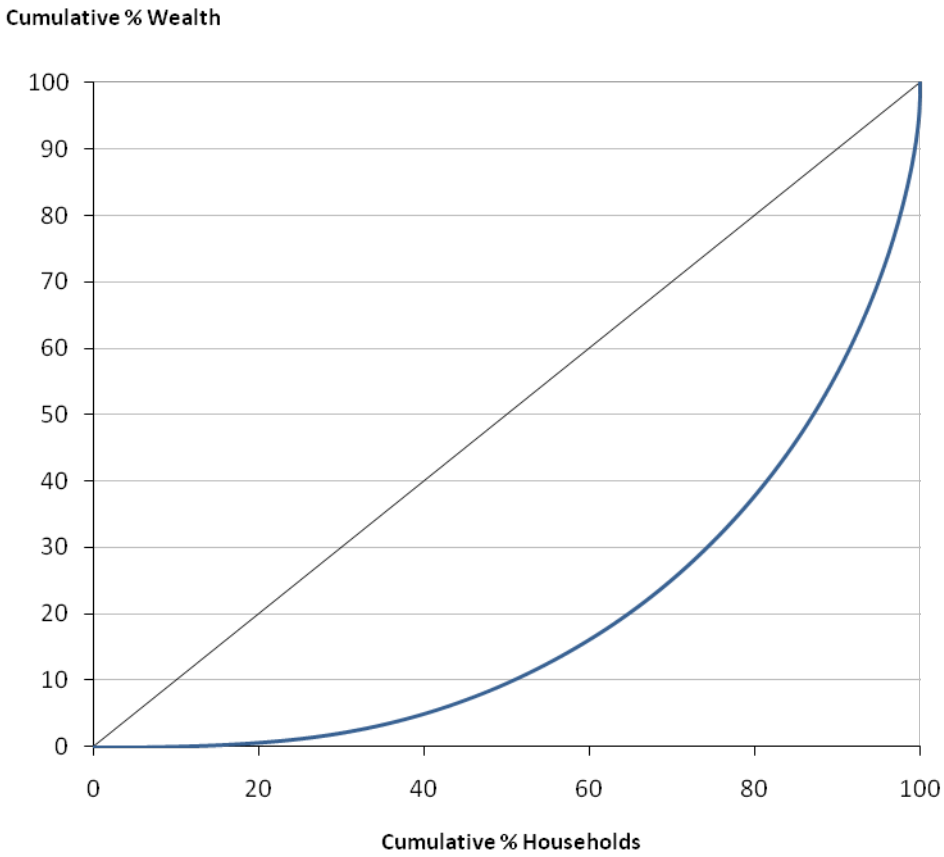
The difference in inequality between each of the four wealth components is illustrated in Figure 2.6, which shows the Lorenz curves[1] for the wealth components in 2010/12. Lorenz curves are a graphical representation of the inequality of distribution; where the diagonal 45 degree line illustrates a 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 2010/12. Since there was so little difference in the distribution of aggregate total wealth between the waves, the curves for the first two waves have not been included.

Figure 2.7: Lorenz Curve for total wealth including private pension wealth: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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Notes

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

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, 2006/08 - 2010/12

£

	2006/08	2008/10	2010/12
Median household wealth including pension wealth	196,700	204,300	218,400
Median household wealth excluding pension wealth	146,600	144,500	146,200

Table source: Office for National Statistics

Table notes:

1. 2006/08 estimates are based on a half sample.

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Including private pension wealth, half of all households had total wealth of £218,400 or more in 2010/12. If private pension wealth is excluded, half of all households had total net wealth of £146,200 or more in 2010/12.

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. The breaks were broadly based on the decile points observed in 2008/10, but heavily rounded. The characteristics of individuals living in households with these net financial wealth bands are considered later in the chapter. Note that the lowest band of household total wealth (<£12,500) will include some households with negative total wealth.

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 i.e. ‘less than £12,500’ 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 £12,500 was £4,800 in 2010/12. 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): Great Britain, 2006/08 - 2010/12

	Percentage of households (%)			Median (£)		
	2006/08	2008/10	2010/12	2006/08	2008/10	2010/12
Less than £12,500	12	10	10	4,200	4,600	4,800
£12,500 but < £40,000	12	11	11	23,500	24,200	23,700
£40,000 but < £100,000	12	12	12	66,600	66,400	65,300
£100,000 but < £150,000	8	8	8	125,900	125,000	125,100
£150,000 but < £250,000	14	14	13	199,000	196,700	197,100
£250,000 but < £300,000	6	6	6	275,200	273,400	273,800
£300,000 but < £450,000	13	13	12	364,900	364,000	365,800
£450,000 but < £600,000	8	8	8	515,700	517,700	513,600
£600,000 but < £1 million	9	10	11	745,800	748,000	750,900
£1 million or more	6	7	9	1,382,800	1,390,300	1,394,700

Table source: Office for National Statistics

Table notes:

1. 2006/08 estimates are based on a half sample.

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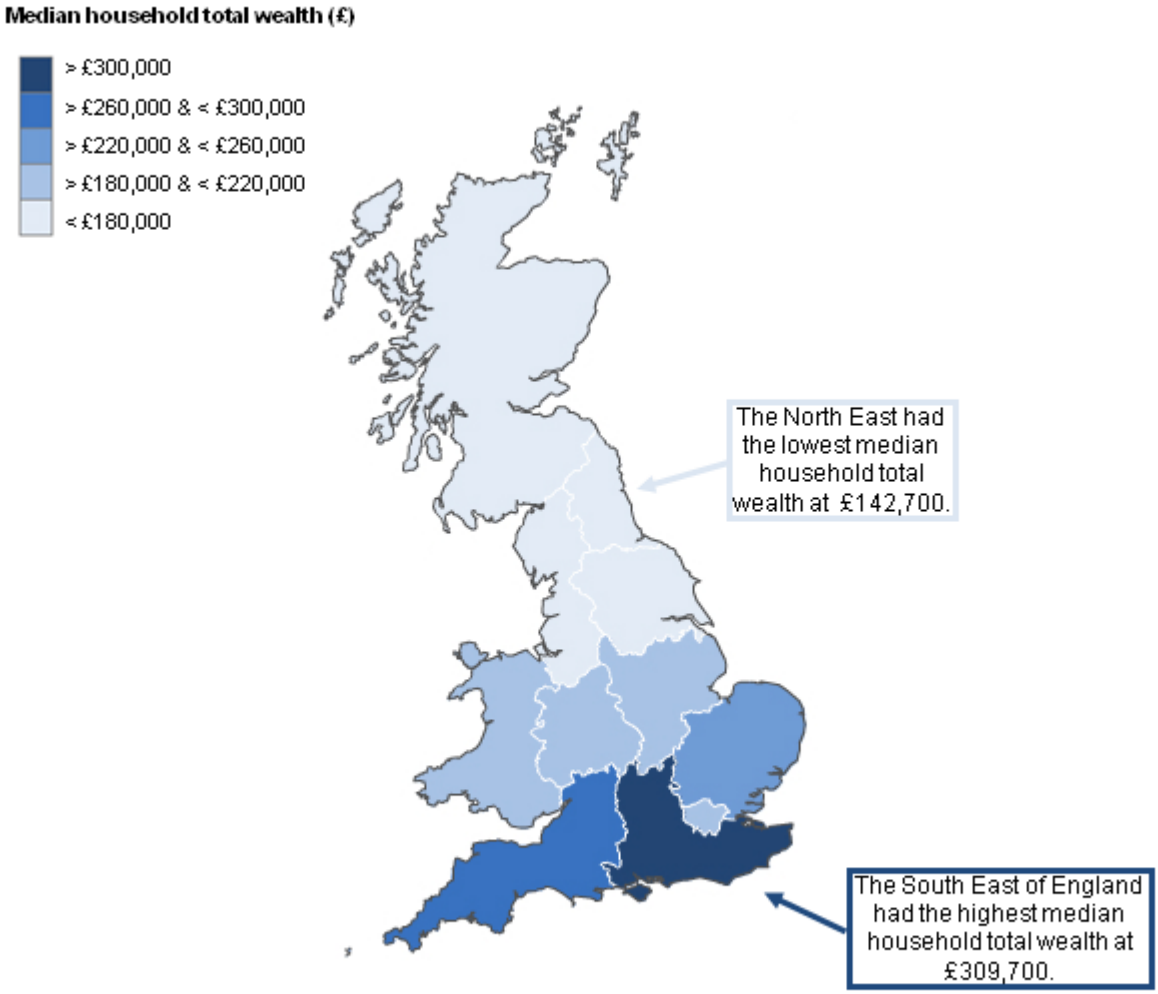
Household total wealth by key household characteristics

Total wealth by region

Figure 2.10 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 nine English regions (with London shown separately; the figures for the South East exclude London).

Figure 2.10: Median household total wealth, by region: Great Britain, 2006/08 - 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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Across all three waves of the survey the South East was the wealthiest; median household total wealth stood at £309,700 in 2010/12. The South East was followed by the South West and the East of England in 2010/12, with median household total wealth of £288,300 and £259,900 respectively. Households located in London demonstrated the largest proportional increase in median household total wealth between 2008/10 and 2010/12 of 19%. Households in the South West saw the second largest proportional increase in median household total wealth of 11%.

Scotland had the lowest median household total wealth in 2006/08 with a value of £149,700. However, the North East had the lowest median household total wealth in 2008/10 and 2010/12, with values of £143,700 and £142,700 respectively. The median household total wealth in Scotland remained low for 2008/10 and 2010/12, at £155,000 and £165,500 respectively. Households in the North East saw the only decrease in median household total wealth between 2008/10 and 2010/12, with a proportional fall of 1%.

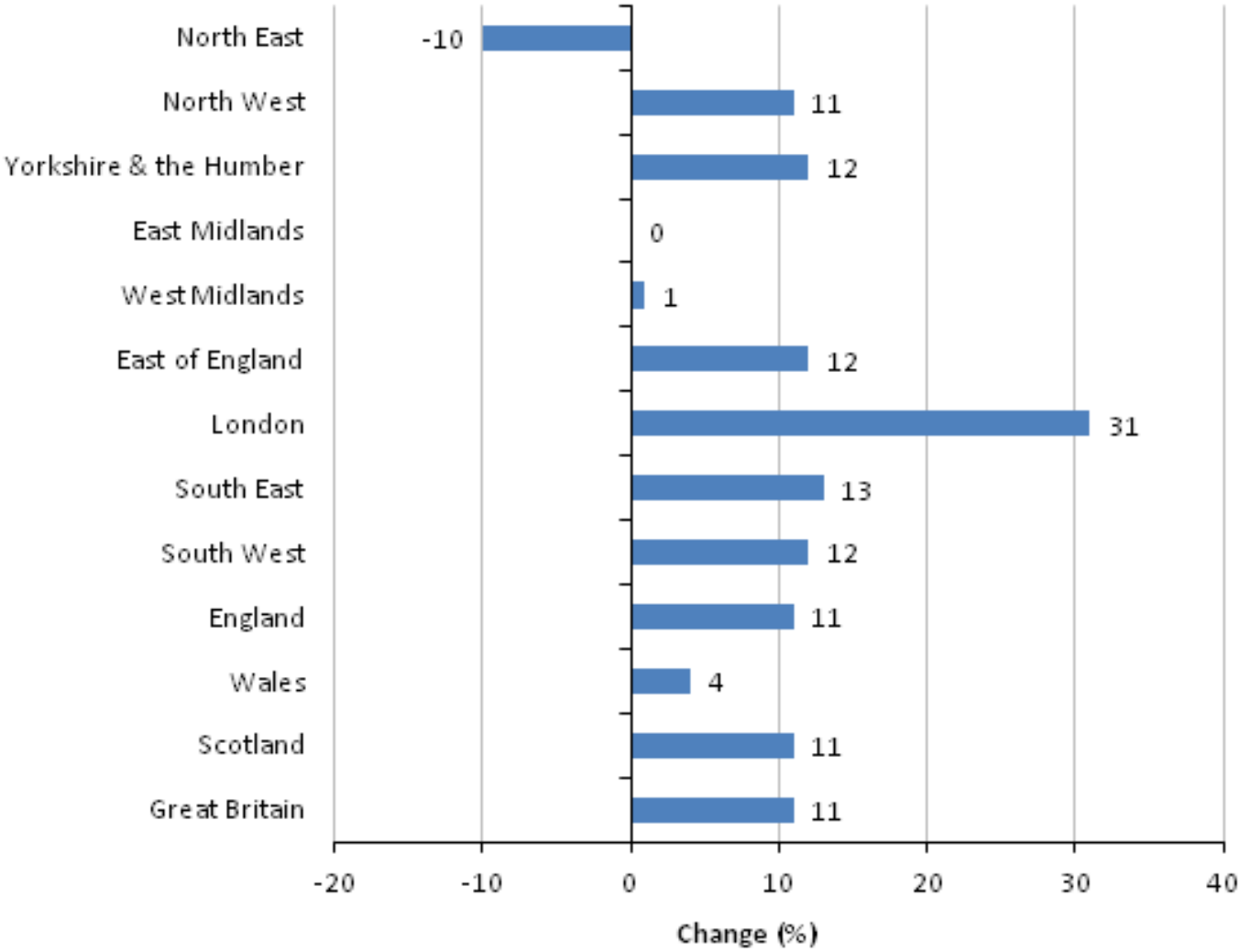
The median household total wealth for the whole of England rose by 6% to £224,300 in 2010/12. In comparison, the median household total wealth for Scotland increased by 7% to £165,500 and the median household total wealth for Wales increased by 4% to £207,400 from 2008/10. However, the median household total wealth for Scotland is a fifth (20%) lower than the corresponding value for Wales and over a quarter (26%) lower than the value for England.

Figure 2.11 presents the change in median household total wealth between 2006/08 and 2010/12 for all households by English region, Scotland and Wales. Eight of the nine regions of England saw an increase in median household total wealth, with households in London demonstrating the largest proportional rise – an increase of 31% in median household total wealth between 2006/08 and 2010/12. Referring back to the component wealth chapters, median household wealth in London increased for all components between 2006/08 and 2010/12 but was most considerable for private pension wealth and net financial wealth (with rises of 48% and 26% respectively).

In contrast, the North East saw the only fall in median household total wealth, with a proportional fall of 10% between 2006/08 and 2010/12. Considering the individual wealth components, despite a rise of 12% in median private pension wealth and a rise of 10% in median physical wealth, the financial wealth of households in the North East was the same in 2010/12 as in 2006/08 and median property wealth was 10% lower.

Scotland saw a proportional rise of 11% in median household total wealth between 2006/08 and 2010/12, while Wales saw a proportional rise of 4%. Great Britain, as a whole, saw an 11% proportional increase in median household total wealth.

Figure 2.11: Percentage change in household median total wealth, by region: Great Britain, 2006/08 - 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. 2006/08 estimates based on half sample.

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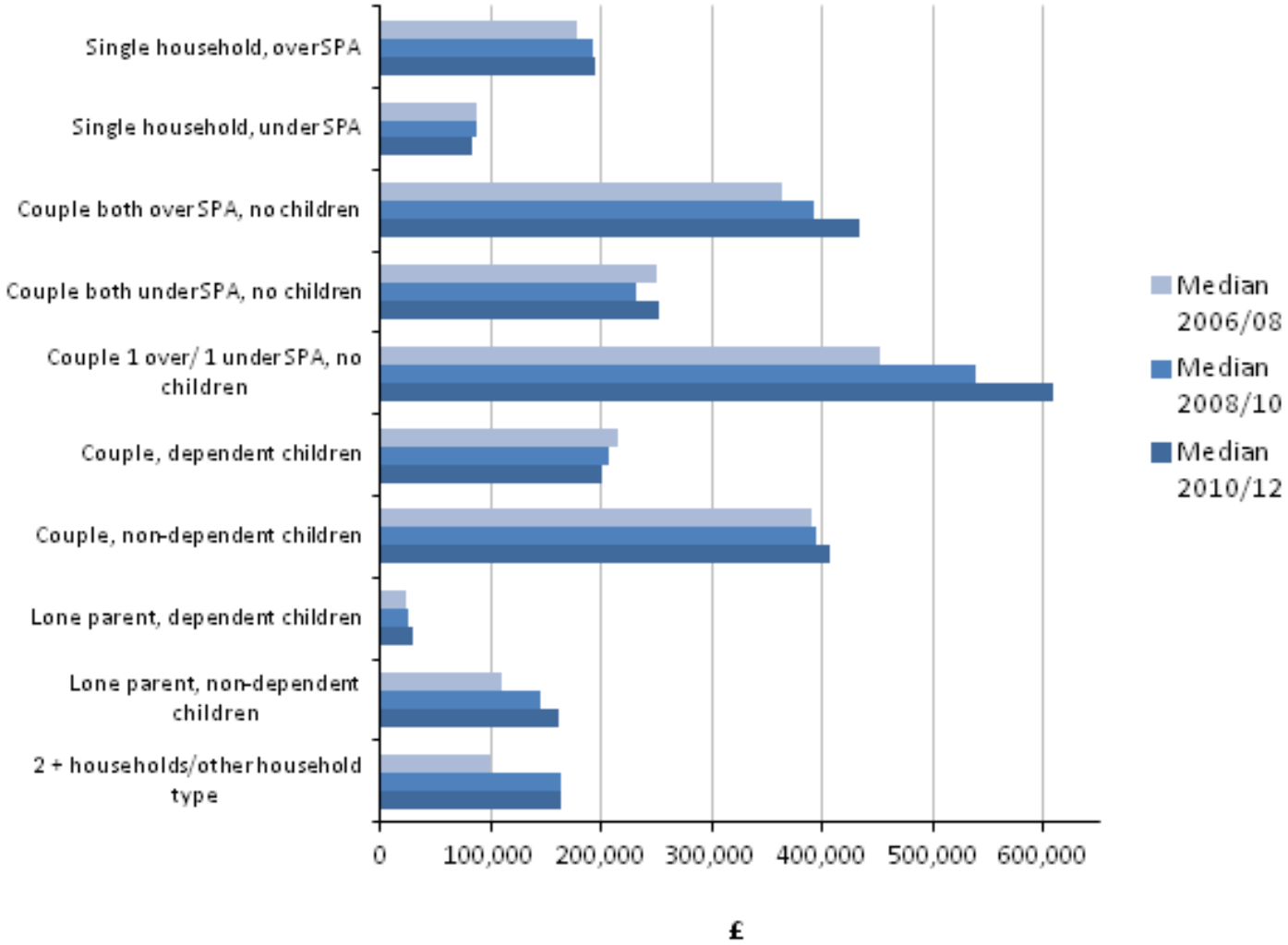
Total wealth by household type

Figure 2.12 shows the distribution of total household wealth (including private pension wealth) by the composition of the household. It shows the ten 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 one 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 2.12: Median household total wealth by household type: Great Britain, 2006/08 - 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. 2006/08 estimates are based on a half sample.

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The median value of household total wealth was the highest for couple households without children, where one person is over and the other under the state pension age[1], at £607,800. Similarly this household type demonstrated the highest median total wealth in 2006/08 and 2008/10 (£452,000 and £538,000 respectively).

There were two other household types with considerable median total household wealth in 2010/12. These were couple households where both adults were over the state pension age with no children (£434,100) and couple households with non-dependent children (£406,200).

The type of household with the lowest median household total wealth across all three waves was ‘lone parent with dependent children’ with a median value of £23,900 in 2006/08, £26,500 in 2008/10 and £28,800 in 2010/12.

The most common household type comprised couple households with dependent children, accounting for 19% of all households. These households had median total wealth of £199,900 in 2010/12, a fall of 3% from 2008/10.

The household type with the largest proportional increase in median household total wealth between 2008/10 and 2010/12 was for couple households who have no children, where one person is over and the other under the state pension age, at 13%. The household type with the largest proportional decrease between 2008/10 and 2010/12 was for single adult households where the individual was under the state pension age, a fall of 6%.

Notes

1. State Pension Age - the age at which an individual can draw their state pension. The same definition of SPA has been used for all waves of WAS, i.e. SPA for men is 65 and SPA for women 60. SPA started to change for women in April 2010, with SPA increasing monthly so that by November 2018 women’s SPA will be the same as that for men, 65. SPA will be increased for both men and women to 66 by October 2020, with further increases announced by the government but not yet approved by parliament.

Household total wealth by individual characteristics

This section looks at some key 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.

Gender and Marital Status

Table 2.13 shows the distribution of individuals by gender and marital status, across the bands of household total wealth. Separated men and women were the most likely to live in households with total wealth of less than £12,500 (23% and 21% respectively), while married men and women were the most likely to live in households with total wealth of £1 million or more (14% and 13% respectively). 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.

Table 2.13: Individuals by gender and marital status, by household total wealth: Great Britain, 2010/12

Percentage (%)

Gender and Marital Status	Less than £12,500	£12,500 but < £40,000	£40,000 but < £100,000	£100,000 but < £150,000	£150,000 but < £250,000	£250,000 but < £300,000	£300,000 but < £450,000	£450,000 but < £600,000	£600,000 but < £1 million	£1 million or more
Men										
- Married	3	6	9	7	13	6	15	11	15	14
- Cohabiting	14	14	18	9	13	5	9	6	7	4
- Single	13	14	14	8	12	5	11	7	9	6
- Widowed	7	10	10	8	18	8	14	10	9	6
- Divorced	15	14	13	7	15	6	11	8	8	4
- Separated	23	18	14	8*	12	2*	7	6*	6*	5
All men	9	10	12	8	13	6	12	9	11	9
Women										
- Married	3	6	9	7	13	7	15	11	15	13
- Cohabiting	14	14	19	9	13	5	9	6	7	4
- Single	15	14	13	8	13	5	10	7	9	6
- Widowed	6	13	11	8	16	7	16	9	10	5
- Divorced	13	19	14	9	15	4	11	6	6	2
- Separated	21	20	16	8	14	4*	7	4*	5	1*
All women	9	11	12	8	13	6	12	9	11	9

Gender and Marital Status	Less than £12,500	£12,500 but < £40,000	£40,000 but < £100,000	£100,000 but < £150,000	£150,000 but < £250,000	£250,000 but < £300,000	£300,000 but < £450,000	£450,000 but < £600,000	£600,000 but < £1 million	£1 million or more
All persons	**9**	**11**	**12**	**8**	**13**	**6**	**12**	**9**	**11**	**9**

Table source: Office for National Statistics

Table notes:

1. * indicates a data point based on a small sample - such data points should be treated with some caution.

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Age

Table 2.14 shows the distribution of individuals living in households with varying degrees of total wealth according to their age.

Individuals in the lowest age groups, i.e. under the age of 35, were most likely to live in households with the lowest amounts of total wealth. In 2010/12, 13% of 0-15 year olds and 14% of 16-24 year olds and 25-34 year olds were living in households with a total wealth of less than £12,500. Conversely, 4% of individuals who were aged 55-64 years, or, 65 or older lived in households in the lowest total wealth band.

Now considering the highest total wealth band, 22% of all 55-64 year olds were living in households with total wealth of £1 million or more in 2010/12. 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 25-34 years old were the least likely to live in households in the top total wealth band (3%).

Table 2.14: Individuals by age, by household total wealth: Great Britain, 2010/12

Percentage (%)

Age	Less than £12,500	£12,500 but < £40,000	£40,000 but < £100,000	£100,000 but < £150,000	£150,000 but < £250,000	£250,000 but < £300,000	£300,000 but < £450,000	£450,000 but < £600,000	£600,000 but < £1 million	£1 million or more
Under 16	13	15	15	10	14	6	10	7	7	4
16-24	14	13	12	7	10	5	11	8	10	9
25-34	14	16	21	12	14	3	7	4	5	3
35-44	8	10	14	10	17	7	12	9	8	4
45-54	6	7	8	6	12	7	16	12	15	12
55-64	4	5	5	4	10	5	14	10	19	22
65+	4	8	7	6	14	7	17	11	15	11
All persons	**9**	**11**	**12**	**8**	**13**	**6**	**12**	**9**	**11**	**9**

Table source: Office for National Statistics

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Education Level

Table 2.15 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 £12,500 (4%) and the most likely to live in households with total wealth of £1 million or more (20%), of all the education level groups in 2010/12. The highest percentage of individuals living in households in the lowest band was amongst those with no formal educational qualifications (14%).

Table 2.15: Individuals by education level, by household total wealth: Great Britain, 2010/12

Percentage (%)

Education Level	Less than £12,500	£12,500 but < £40,000	£40,000 but < £100,000	£100,000 but < £150,000	£150,000 but < £250,000	£250,000 but < £300,000	£300,000 but < £450,000	£450,000 but < £600,000	£600,000 but < £1 million	£1 million or more
Degree level or above	4	5	9	7	11	5	12	10	16	20
Other qualifications	8	10	12	8	13	6	13	9	12	7
No qualifications	14	16	12	7	15	7	13	7	7	3
All persons[1]	**8**	**10**	**11**	**8**	**13**	**6**	**13**	**9**	**12**	**10**

Table source: Office for National Statistics

Table notes:

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

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Economic Activity

Table 2.16 considers the economic activity of individuals living across the different household total wealth bands. Of individuals who were economically inactive, 26% who gave their reasons for inactivity as ‘sick or disabled’ were from households in the lowest total wealth band of less than £12,500. The second highest percentage of individuals living in households within the lowest total wealth band were those who reported their economic activity to be unemployed (22%). 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 (4%).

As the values of the total wealth bands increase, the percentage of individuals in the different economic activity groups varies. In 2010/12, the percentage of all individuals in the top total wealth category of ‘£1 million or more’ was 10%. Individuals who were self-employed, retired or who reported their economic activity as being an inactive student were the most likely to live in households in the top wealth band of £1 million or more (14%). In comparison, 1% of economically inactive sick/disabled individuals were living in households in this top total wealth band.

Table 2.16: Individuals by economic activity, by household total wealth: Great Britain, 2010/12

Percentage (%)

Economic Activity	Less than £12,500	£12,500 but < £40,000	£40,000 but < £100,000	£100,000 but < £150,000	£150,000 but < £250,000	£250,000 but < £300,000	£300,000 but < £450,000	£450,000 but < £600,000	£600,000 but < £1 million	£1 million or more
Economically Active	7	9	13	9	14	6	13	9	12	9
In Employment	6	8	12	9	14	6	13	9	12	10
Employee	6	9	13	9	14	6	13	9	12	9
Self Employed	4	7	9	8	13	6	13	11	15	14
Unemployed	22	21	16	7	10	5	6	4	7	4
Economically Inactive	10	11	9	6	12	6	13	9	13	11
Student	17	11	10	7	8	4*	9	8	10	14
Looking after family/ home	20	18	13	8	11	4	9	5	6	6
Sick/ Disabled[1]	26	23	13	7	11	3	6	5	5	1
Retired	4	8	7	5	13	7	16	11	16	14
Other Inactive	16	9	11	5	11	3	12	9	13	11
All persons[2]	**8**	**10**	**11**	**8**	**13**	**6**	**13**	**9**	**12**	**10**

Table source: Office for National Statistics

Table notes:

1. Data for temporarily sick or disabled has been combined with long term sick and disabled.
2. Only includes eligible adults who gave their economic activity.
3. * indicates a data point based on a small sample - such data points should be treated with some caution.

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Socio-economic Group

Table 2.17 shows the distribution of individuals across their socio-economic classifications and by the household total wealth band in which they lived. In 2010/12, 1% of individuals who were classified as ‘Large employers and higher managerial’ (the highest socio-economic group) were living in households with a total wealth of less than £12,500, but 23% were living in households with a total wealth of £1 million or more.

Individuals working in routine occupations were the most likely to live in households in the lowest band of total wealth (26%) and individuals working in semi-routine occupations were the least likely to live in households with the highest band of total wealth (2%).

Table 2.17: Individuals by socio-economic classification, by household total wealth: Great Britain, 2010/12

Percentage (%)

Socio-economic Classification	Less than £12,500	£12,500 but < £40,000	£40,000 but < £100,000	£100,000 but < £150,000	£150,000 but < £250,000	£250,000 but < £300,000	£300,000 but < £450,000	£450,000 but < £600,000	£600,000 but < £1 million	£1 million or more
Large employers and higher managerial	1	3	8	6	11	5	13	11	19	23
Higher professional	4	6	9	7	12	6	14	11	17	14
Lower managerial and professional	4	7	11	8	14	7	16	11	14	9
Intermediate occupations	6	8	11	8	13	7	14	10	12	11
Small employers and own account workers	7	12	14	9	17	7	13	9	9	3
Lower supervisory and technical	11	14	14	9	15	6	12	7	9	4
Semi-routine occupations	15	18	14	9	14	6	11	5	5	2
Routine occupations	26	19	11	7	10	5	7	5	6	3
Never worked/ long term unemployed	19	12*	12	8*	10*	3*	10	8*	9	10
All persons[1]	**8**	**10**	**11**	**8**	**13**	**6**	**13**	**9**	**12**	**10**

Table source: Office for National Statistics

Table notes:

1. Only includes eligible adults who gave their economic activity.
2. * indicates a data point based on a small sample - such data points should be treated with some caution.

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Notes

1. www.ons.gov.uk/ons/rel/census/2011-census-analysis/how-have-living-arrangements-and-marital-status-in-england-and-wales-changed-since-2001-/STY-living-arrangements-and-marital-status.html#tab-Age-and-sex-distribution-by-marital-status-

2. www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2013-provisional-results/stb-ashe-statistical-bulletin-2013.html#tab-Earnings-by-age-group

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

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Chapter 3: Property Wealth, Wealth in Great Britain 2010-12

Coverage: **GB**
Date: **15 May 2014**
Geographical Area: **GB**
Theme: **Economy**

Key Points

- Aggregate net property wealth for all private households in Great Britain increased by £149 billion (4%) to £3,528 billion in current prices between 2008/10 and 2010/12.
- However, aggregate net property wealth was still lower than the value seen in 2006/08 (£3,532 billion).
- In 2010/12, half of all households had net property wealth of £150,000 or more.
- The highest median value of net property wealth was seen amongst households in London, where half of all households had net property wealth of £239,000 or more.
- Half of all households with a mortgage on their main residence owed £80,000 or more in 2010/12.

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 (e.g. region of residence) and individual level (e.g. age) characteristics.

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.

Property Ownership

Home Ownership

Table 3.1 presents estimates of ownership of main residence in each two-year period covered by the separate waves of the survey. Just over two-thirds of households interviewed in each wave owned their main residence (either outright or buying it with a mortgage); a percentage which has seen little change between the three waves of the survey. However, the proportion of households who owned their home outright increased slightly across the waves (rising from 30% in 2006/08 to 31% in 2008/10 to 32% in 2010/12). Around one-third of households did not own their main residence, a consistent percentage across the three waves of the survey.

Table 3.1: Ownership of main residence: Great Britain, 2006/08 - 2010/12

Percentage (%)

	2006/08	2008/10	2010/12
Owned	68	67	68
of which owned outright	30	31	32
of which owned with mortgage	38	37	36
Not owned (rent or rent free)[1]	32	31	32
All households[2]	**100**	**100**	**100**

Table source: Office for National Statistics

Table notes:

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

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Ownership of other property

Some households own property other than their main residence . There was a small increase in the percentage of households who owned some form of other property, from 10% in 2008/10 to 11% in 2010/12 (Table 3.2).

It should be noted that ‘other property’ includes property types with a wide range of values compared to the values of main residence e.g. 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.

Table 3.2: Ownership of other property: Great Britain, 2006/08 - 2010/12

Percentage (%)

	2006/08	2008/10	2010/12
Other houses/flats in UK[1]	6	Not available	Not available
Second Homes	Not available	3	3
Buy-to-lets	Not available	4	4
Other buildings	1	1	1
Land in the UK	1	1	1
Land or property overseas	3	3	3
All Property[2]	**10**	**10**	**11**

Table source: Office for National Statistics

Table notes:

1. In wave 1, 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.

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Household Gross Property Wealth

In 2010/12, half of all households who owned their main residence valued their home at £190,000 or more (Table 3.3). Although this value has risen by £10,000 compared to 2008/10, it is the same as the median gross property wealth estimated at wave one of the survey.

Half of all households who owned other property valued this at £140,000 or more in 2010/12, an increase from £130,000 in 2008/10, and from £125,000 in 2006/08. 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 £195,000 or more in 2010/12, compared to £190,000 in 2008/10, and £197,000 in 2006/08.

Table 3.3: Median household gross property wealth: Great Britain, 2006/08 – 2010/12

£

	2006/08	2008/10	2010/12
Main Residence	190,000	180,000	190,000
Other Property	125,000	130,000	140,000
All Property	**197,000**	**190,000**	**195,000**

Table source: Office for National Statistics

Table notes:

1. Results are for property owners only.

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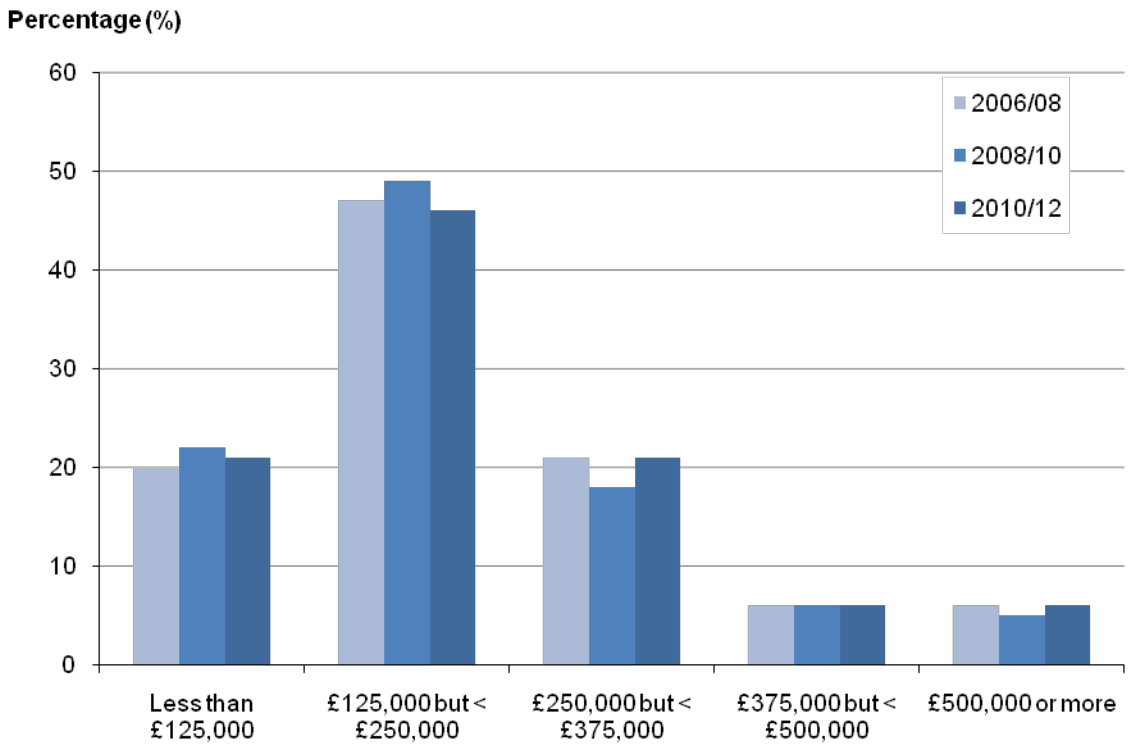
Figure 3.4 presents the distribution of gross values of main residences across five property value bands. In all of the waves, the most common valuation band was “£125,000 but less than £250,000”. In 2010/12, 46% of households owning their main residence valued their property within this band. The value of two in every three main residences in 2010/12 fell into the bottom two bands, i.e. less than £250,000 (67%).

Comparing the data over time provides evidence of a fall, and subsequent rise in the value of main residences across the three waves of the survey. The percentage of property owners, who valued their main residence in the lowest two bands, i.e. less than £250,000, was 67% in 2006/08. This percentage increased by 4 percentage points between 2006/08 and 2008/10 to 71%, but decreased by 4 percentage points between 2008/10 and 2010/12 back to 67%.

In 2006/08, nearly one in every three main residences – or 33%, were valued at £250,000 or more; enough to fall into one of the upper three valuation bands. Between 2006/08 and 2008/10, this percentage decreased by 4 percentage points, as more main residences were valued in the lower bands. In 2010/12, 33% of main residences were valued in the top three bands – an increase of 4 percentage points compared with 2008/10.

Figure 3.4: Gross value of main residence, by property value bands: Great Britain, 2006/08 - 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. Based on only those households who own (with or without a mortgage) or part own their main residence.

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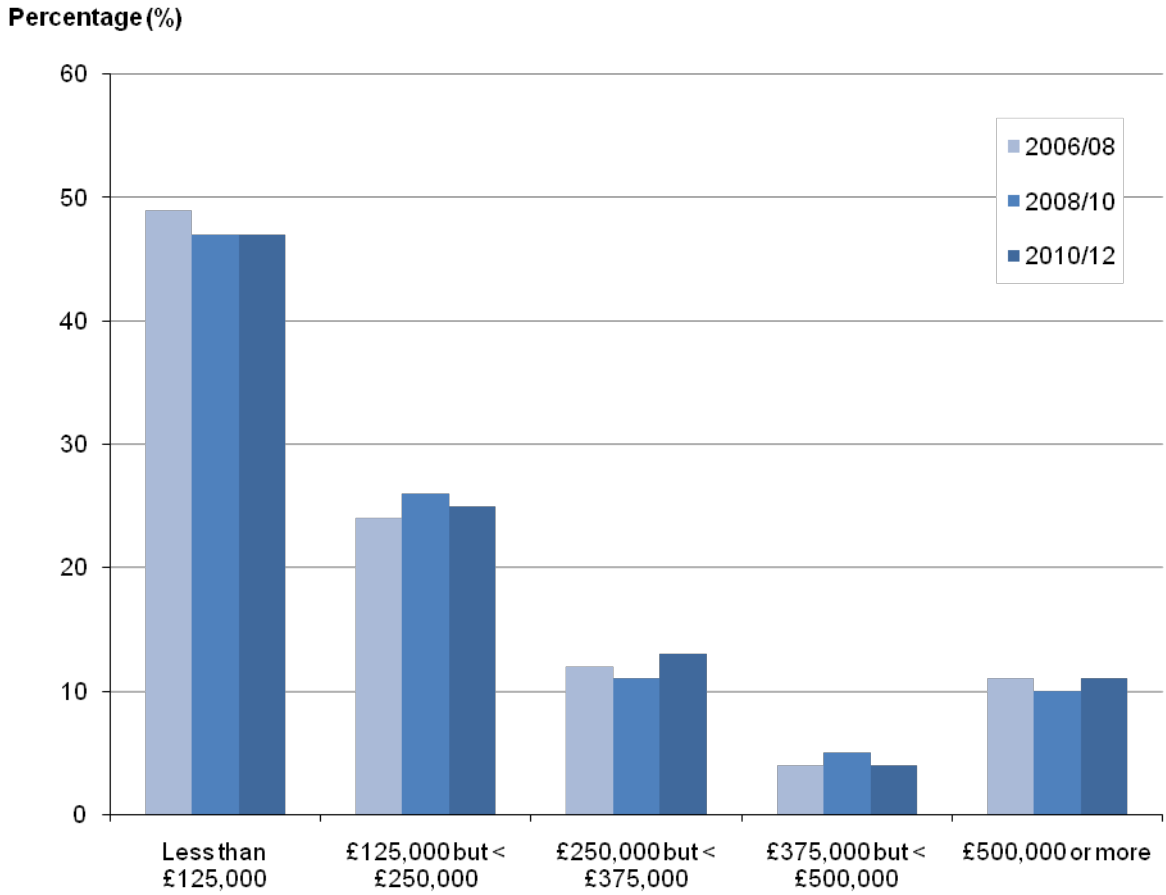
Figure 3.5 presents the distribution of gross values of other properties by wave and across five property value bands. It is important to reiterate that 'other property' includes property types with a wide range of values. The propensity to buy and sell other property – notably lower valued property - 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. In 2010/12, 47% of other properties were valued in the lowest band; lower than the corresponding percentage in 2006/08 (49%).

The percentage of other properties valued in the lowest two bands, i.e. less than £250,000, was 73% in 2006/08. The percentage was the same in 2008/10 at 73%, but decreased by 1 percentage points between 2008/10 and 2010/12. The percentage of other properties valued at '£250,000 or more' varied little between waves one and two of the survey (27% in 2006/08 and 26% in 2008/10).

The percentage of households valuing their other property in one of the upper three valuation bands, i.e. '£250,000 or more', rose to 28% in 2010/12.

Figure 3.5: Gross value of other property, by property value bands: Great Britain, 2006/08 - 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. Based on only those households that own a property other than their main residence.

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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 2006/08, 37% in 2008/10 and 36% in 2010/12. 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 4% across all three waves of the survey.

In WAS, mortgage debt is recorded as the total outstanding on mortgages on a residence. The median value of mortgage debt increased by 14% between wave one and wave three of the survey. In 2010/12, half of households owning their main residence with help from a mortgage owed at least £80,000 (Table 3.6). This value is £5,000 higher than in 2008/10 and £10,000 higher than in 2006/08.

The median value of mortgages on other property also increased between 2006/08 and 2008/10, from £80,000 to £84,000, but remained unchanged for 2010/12.

Table 3.6: Median value of mortgages: Great Britain, 2006/08 - 2010/12

£

	2006/08	2008/10	2010/12
Households with mortgage on main property	70,000	75,000	80,000
Households with mortgage on other property	80,000	84,000	84,000

Table source: Office for National Statistics

Table notes:

1. Households may have one or more mortgages.
2. Results exclude households without a mortgage.

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Notes

1. There are two 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 one pot so the mortgage, current account, any savings, credit card and loans are all combined, resulting in one overall account with one 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.

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 two 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. Across each of the waves, less than 2% of all households reported involvement in equity release schemes.

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 2010/12, half of all property owning households had net property wealth of £150,000 or more.

Table 3.7: Median household net property wealth: Great Britain, 2006/08 - 2010/12

£

	2006/08	2008/10	2010/12
Median household net property wealth	150,000	148,000	150,000

Table source: Office for National Statistics

Table notes:

1. Results for property owners only.

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Table 3.8 shows the aggregate values for property wealth for all private households in Great Britain. Based on respondents' estimates of their property value, total net property wealth fell 4% from £3,532 billion to £3,379 billion between 2006/08 and 2008/10, but rose to £3,528 billion between 2008/10 and 2010/12 reaching an aggregate total similar to where it was prior to the most recent economic downturn.

Table 3.8: Aggregate estimates of property wealth: Great Britain, 2006/08 - 2010/12

£ billion

	2006/08	2008/10	2010/12
Aggregate household gross property wealth	4,492	4,359	4,538
Aggregate mortgage debt	960	980	1,010
Aggregate household net property wealth	3,532	3,379	3,528

Table source: Office for National Statistics

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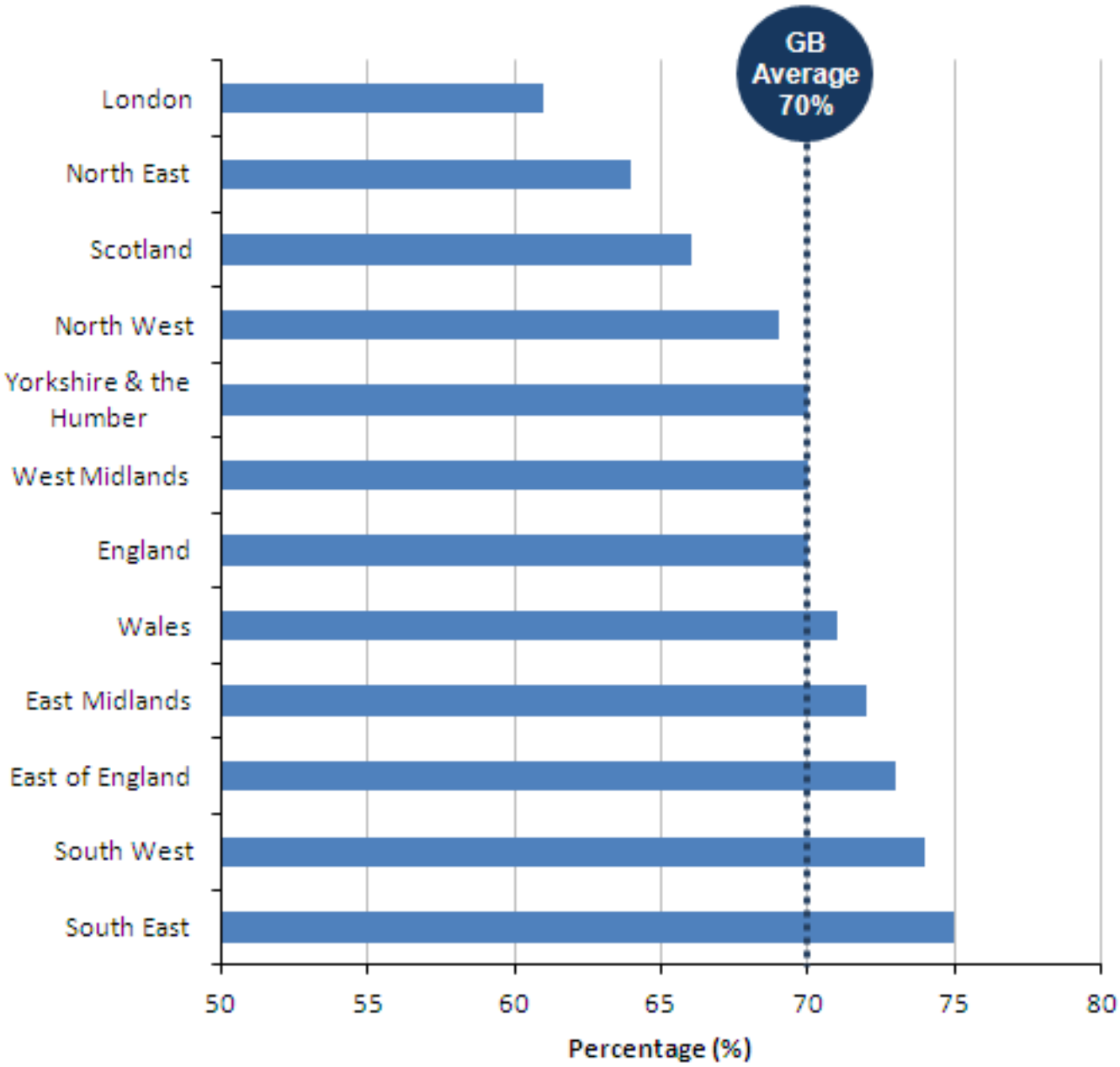
Household Net Property Wealth by Household Characteristics

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.

Region of residence

Seven in ten households (70%) in Great Britain owned their main residence and/or other property in 2010/12 (Figure 3.9). The lowest ownership rate in each of the waves was amongst households in London, where in 2010/12, 61% of households owned their main residence and/or other property of some kind. Some reasons why London contained fewer owner occupier households include higher house prices (the average house price in London in 2011 was about £353,000, which was 2.5 times that of the North East – the region with the lowest average house price at £139,000)[1] and a younger age demographic compared with other regions of Great Britain (about 23% of the population of London was within the age group 16 -29, the highest across the regions). Younger people earning relatively less than older and more experienced people are less likely to be able to afford to buy houses). The region with the highest ownership rate in each of the waves was the South East – where three-quarters (75%) of households were property owners in 2010/12.

Figure 3.9: Property ownership rates, by region of residence: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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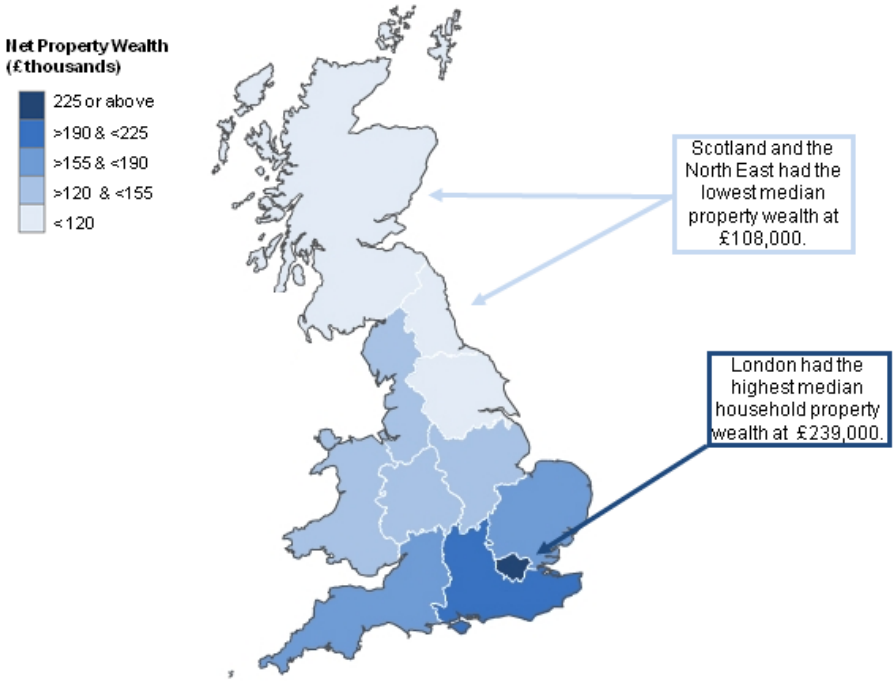
Figure 3.10 shows median household property wealth according to the location of the main residence of the household. It shows Scotland, Wales and the nine English regions (with London shown separately; the figures for the South East exclude London).

Median household net property wealth for Great Britain as a whole stood at £150,000 in wave three. In each of the waves, the wealthiest parts of Great Britain in terms of median net household property wealth were London and the South East (Figure 3.10), with values of £239,000 and £200,000 respectively in 2010/12. The regions of Scotland and the North East had the lowest value of net property wealth at £108,000.

Figure 3.10: Household net property wealth, by region of residence: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

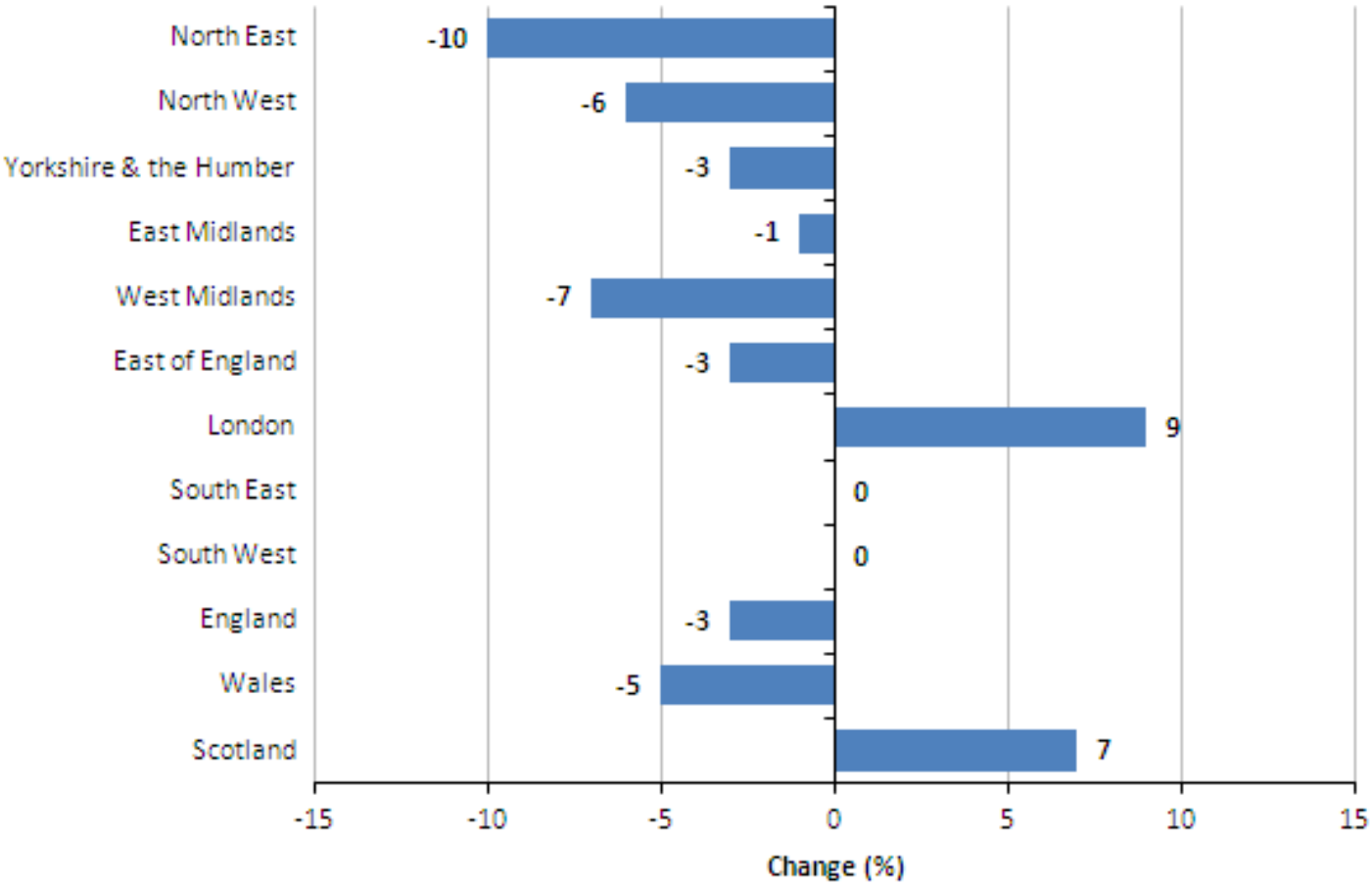
Notes:

1. Results are for property owners only.

Apart from Scotland, each region of Great Britain saw a fall in median household net property wealth between 2006/08 and 2008/10. Between 2008/10 and 2010/12, seven out of eleven regions had an increase in the median value of household net property wealth. The median household net property wealth in the North East, North West and the West Midlands were unchanged between 2008/10 and 2010/12. London had the largest increase in median household net property wealth between 2008/10 and 2010/12 (in both monetary and percentage terms), rising from £212,000 to £239,000 (a rise of 13%).

Seven of the eleven regions in 2010/12 still had a lower median household net property wealth value compared to 2006/08. However, the median household net property wealth in London in 2010/12 was 9% higher than in 2006/08 (Figure 3.11). Median household net property wealth was also higher in Scotland, increasing by 7% on the wave one value. The North East region had the largest decrease in household median net property wealth between 2006/08 and 2010/12, decreasing by 10%.

Figure 3.11: Percentage change in median household net property wealth between 2006/08 and 2010/12, by region of residence: Great Britain



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. Results are for property owners only.

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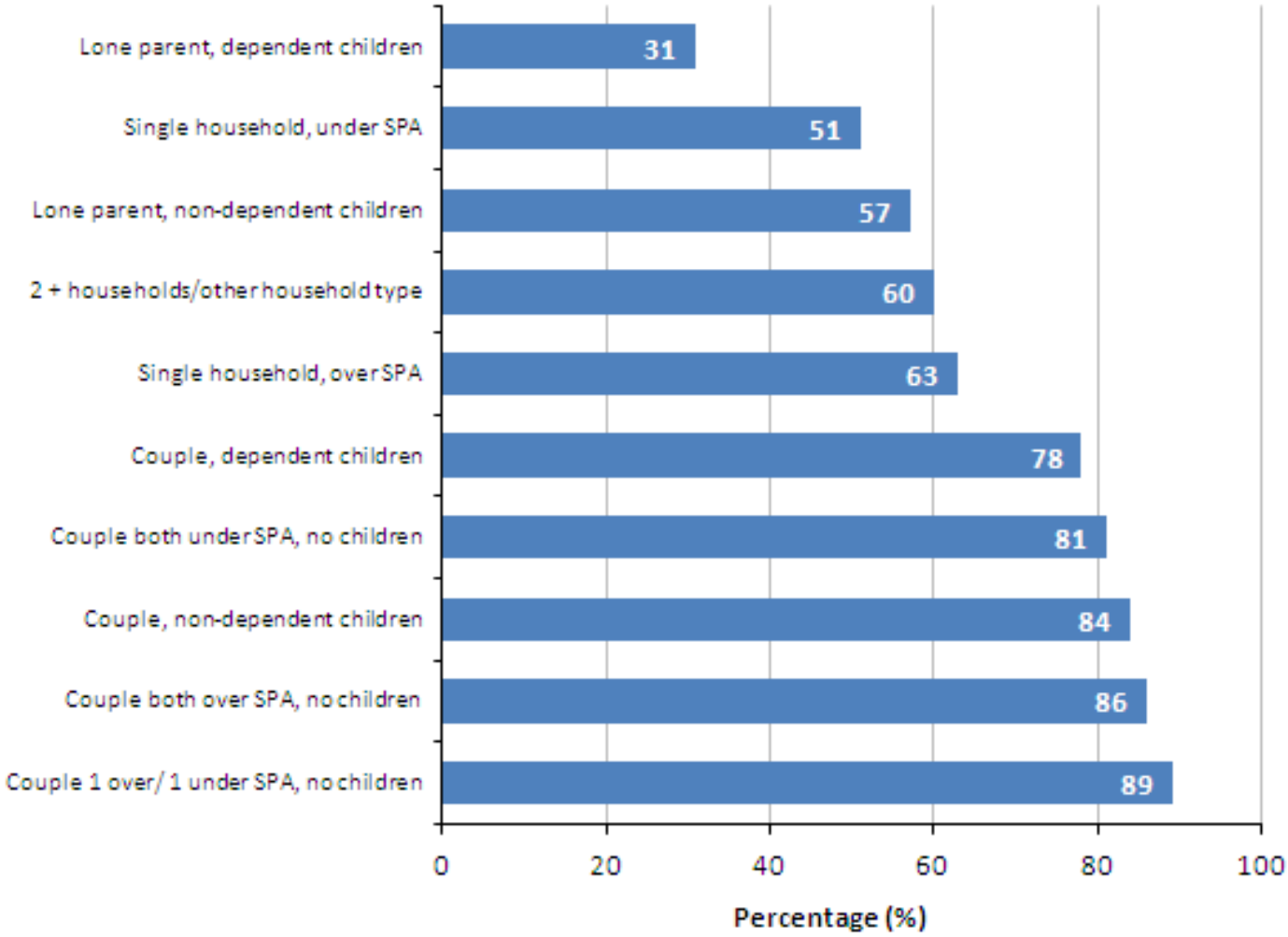
Household Type

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 (31%) owned their main residence and/or other property of some type in 2010/12 (Figure 3.12). The household type with the highest property ownership rate in each of the waves was ‘Couple 1 over/1 under SPA[2], no children’, where nearly nine in ten (89%) of such households were property owners.

Figure 3.12: Household ownership rates, by household type: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. SPA is State Pension Age (65 for men and 60 for women).

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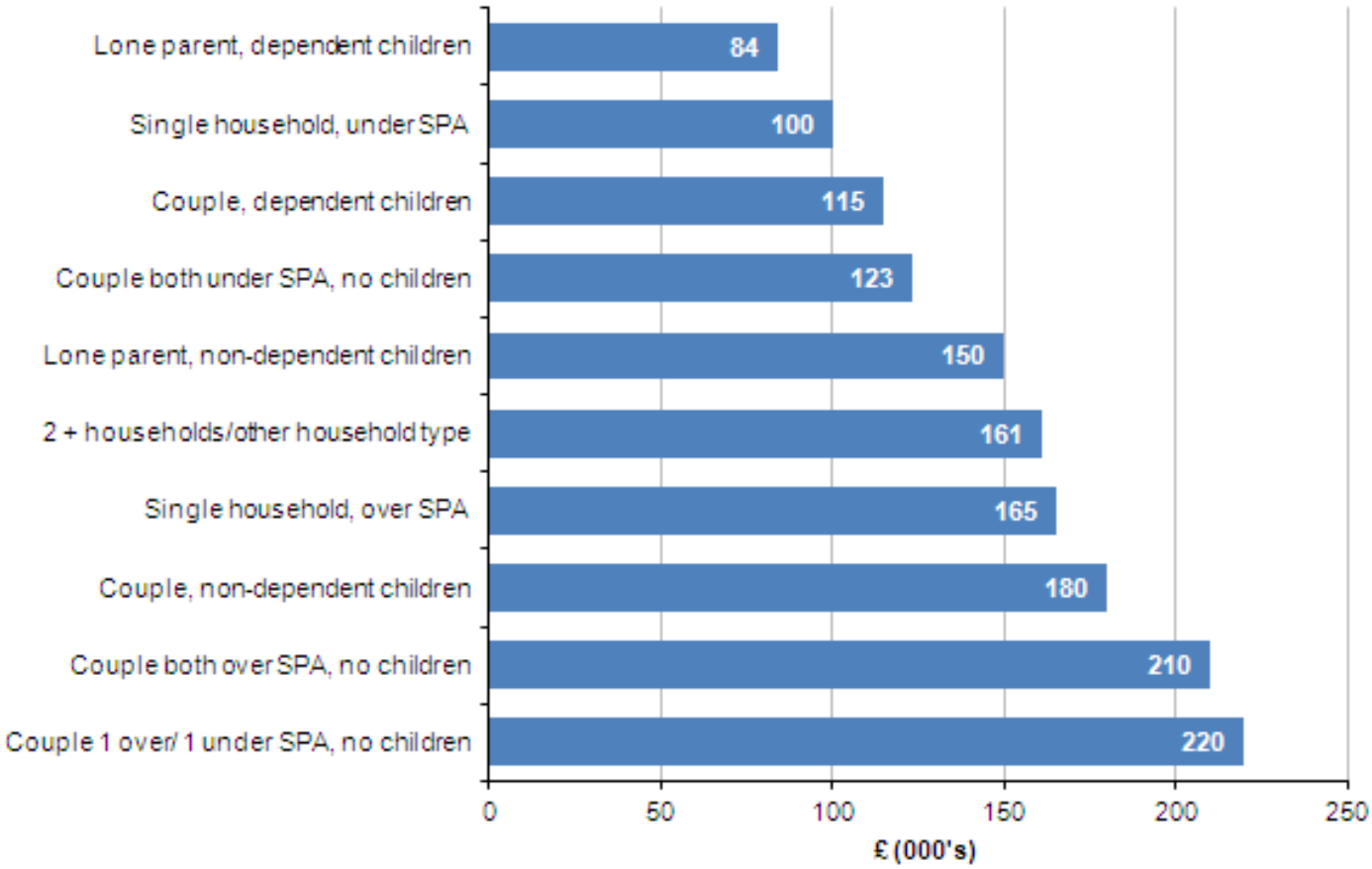
Older couples with no children had the highest median household net property wealth in each of the waves (Figure 3.13). Half of all property-owning households in the household type ‘Couple 1 over/1

under SPA, no children' had a net property wealth of £220,000 or more, and half of all property owning households in the household type 'Couple both over SPA, no children' had a net property wealth of £210,000 or more in 2010/12.

The household types with the lowest median household net property wealth in all waves were 'Lone parent, dependent children', with a value of £84,000 in 2010/12. 'Single household, under SPA' were the household type with the second lowest median household net property wealth (£100,000 in 2010/12).

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 £115,000 in 2010/12.

Figure 3.13: Median household net property wealth, by household type: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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Notes

1. Average regional house prices are from the House Price Index – mix-adjusted house prices - http://www.ons.gov.uk/ons/rel/hpi/house-price-index/february-2014/index.html

2. State Pension Age - the age at which an individual can draw their state pension. The same definition of SPA has been used for all waves of WAS, i.e. SPA for men is 65 and SPA for women 60. SPA started to change for women in April 2010, with SPA increasing monthly so that by November 2018 women's SPA will be the same as that for men, 65. SPA will be increased for both men and women to 66 by October 2020, with further increases announced by the government but not yet approved by parliament.

Household Net Property Wealth by Individual Characteristics

This section looks at some key 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.

Gender and Marital Status

Married individuals were the most likely to live in property-owning households. Just 14% of both married males and married females did not live in households which owned either their main residence or another property (Table 3.14). Living in a household which did not own any property was most common for individuals whose marital status was either separated (47% for men and 45% for women) or divorced (45% for men and 41% 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 (8% of both married males and 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 (19% of both cohabiting males and cohabiting females lived in households with net property wealth of £50,000 or less).

Table 3.14: Individuals by gender and marital status, by household net property wealth: Great Britain, 2010/12

Percentage (%)

Gender and Marital Status	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
Men							
- Married[2]	14	7	17	31	16	7	8
- Cohabiting[3]	32	19	19	19	6	2	2
- Single[4]	30	13	20	21	8	3	5
- Widowed	31	2*	18	26	15	4	3
- Divorced	45	8	19	16	7	2*	3
- Separated	47	13	15	13	7*	2*	3*
All men	28	12	19	23	10	4	5
Women							
- Married[2]	14	7	16	31	17	6	8
- Cohabiting[3]	32	19	20	17	6	3	2
- Single[4]	32	12	20	21	8	3	5
- Widowed	32	1*	16	30	14	4	4
- Divorced	41	5	17	25	8	2*	2
- Separated	45	4*	17	19	8*	3*	3*
All women	29	10	19	23	10	4	5
All persons	**28**	**11**	**19**	**23**	**10**	**4**	**5**

Table source: Office for National Statistics

Table 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. * = indicates a data point based on a small sample - such data points should be treated with some caution.

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Age

Living in a non-property owning household was nearly twice as common amongst individuals aged 16-24 years as it was for those aged 55-64. Nearly two in every five 16-24 year olds (37%) lived in a household without property wealth; the highest percentage across each of the age bands (Table 3.15). Younger people are likely to be earning less than older and more experienced people, and will have had less time to afford a deposit on a house and enter the property market. Nevertheless, over three in five individuals aged 16-24 (64%) lived in a household with property wealth, and 5% 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 55-64 years had the lowest percentage of individuals living in non-property owning households (19% lived in a household without net property wealth). Nearly one in ten (9%) individuals aged 55-64 lived in households with net property wealth of £500,000 or more; the highest of any age group. Many individuals in this age group could still find themselves in the wealth accumulation phase, and earnings from things such as employment enable opportunities to increase property equity. In contrast, individuals aged 25-34 and 35-44 have the lowest percentage living in households with net property wealth in the highest wealth band, at 3%.

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 3.15: Individuals by age, by household net property wealth: Great Britain, 2010/12

Percentage (%)

Age	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
Under 16[2]	34	16	21	17	6	2	4
16-24	37	9	16	21	9	4	5
25-34	36	24	19	13	4	2	3
35-44	27	16	26	19	7	3	3
45-54	22	8	21	28	11	5	6
55-64	19	3	15	31	16	6	9
65+	23	1	15	32	17	6	7
All persons[3]	**28**	**11**	**19**	**23**	**10**	**4**	**5**

Table source: Office for National Statistics

Table notes:

1. Includes all households – including those who rent their main accommodation.
2. Includes children.
3. Includes persons of any age.

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Education Level

Table 3.16 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 11% – 8 percentage points higher than individuals reporting no educational qualifications. Almost two in five individuals (39%) without qualifications lived in households that did not own property. This compared with 15% of individuals educated at degree level or above and 26% of individuals who reported other qualifications.

Table 3.16: Individuals by education level, by household net property wealth: Great Britain, 2010/12

Percentage (%)

Education Level	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
Degree level or above	15	13	17	23	14	7	11
Other qualifications	26	11	20	25	10	3	4
No qualifications	39	4	18	25	9	3	3
All persons[2]	**27**	**10**	**19**	**24**	**11**	**4**	**5**

Table source: Office for National Statistics

Table notes:

1. Includes all households – including those who rent their main accommodation.
2. Includes only eligible adults who gave their education level.

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Economic Activity

Table 3.17 shows the percentage of individuals living in households with different values of net property wealth by economic activity.

Almost one in eight self-employed individuals (13%) lived in households with net property wealth of £500,000 or more. This is 9 percentage points higher than employees and 11 percentage points higher than unemployed individuals living in households within the highest band of net property wealth. One in ten inactive students (10%) 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 (64% and 54% respectively). The percentage of individuals living in non-property owning households was lowest for those who were self-employed (16%).

Table 3.17: Individuals by economic activity, by household net property wealth: Great Britain, 2010/12

Percentage (%)

Economic Activity	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
Economically Active	24	14	21	23	9	4	5
In Employment	22	14	22	24	10	4	5
Employee	22	15	22	24	9	4	4
Self Employed	16	10	18	24	13	7	13
Unemployed	54	9	14	13	4	3	2
Economically Inactive	33	3	14	26	13	5	6
Student	36	8	13	18	11	5	10
Looking after family/ home	47	9	16	15	6	2	5
Sick/ Disabled[2]	64	5	13	13	3	1*	1*
Retired	22	1	14	33	18	6	7
Other Inactive	36	6	13	23	8	6	9
All persons[3]	**27**	**10**	**19**	**24**	**11**	**4**	**5**

Table source: Office for National Statistics

Table notes:

1. Includes all households – including those who rent their main accommodation.
2. Data for temporarily sick / injured was combined with long term sick and disabled.
3. Includes only eligible adults who gave their economic activity.
4. * indicates a data point based on a small sample - such data points should be treated with some caution.

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Socio-economic Group

Over half of individuals who had never worked or who were long term unemployed lived within a household without property assets (55%), compared with fewer than one in ten (9%) 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; 12% of such individuals lived within a household with net property wealth of £500,000 or more. The second highest percentage of individuals within households belonging to the highest net property wealth band were those working within higher professional occupations (11%).

Table 3.18: Individuals by socio-economic classification, by household net property wealth: Great Britain, 2010/12

Percentage (%)

Socio-economic Classification	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
Large employers and higher managerial	9	9	18	29	15	8	12
Higher professional	13	13	19	24	13	7	11
Lower managerial and professional	15	15	22	26	12	5	6
Intermediate occupations	18	14	23	27	11	3	4
Small employers and own account workers	18	10	18	25	13	6	10
Lower supervisory and technical	27	15	24	24	7	2	1
Semi-routine occupations	36	11	20	21	7	2	2
Routine occupations	42	11	21	19	4	1	2
Never worked/ long term unemployed	55	5	12	14	7	3*	3
All persons[2]	**23**	**13**	**21**	**24**	**10**	**4**	**5**

Table source: Office for National Statistics

Table 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.
3. * indicates a data point based on a small sample - such data points should be treated with some caution.

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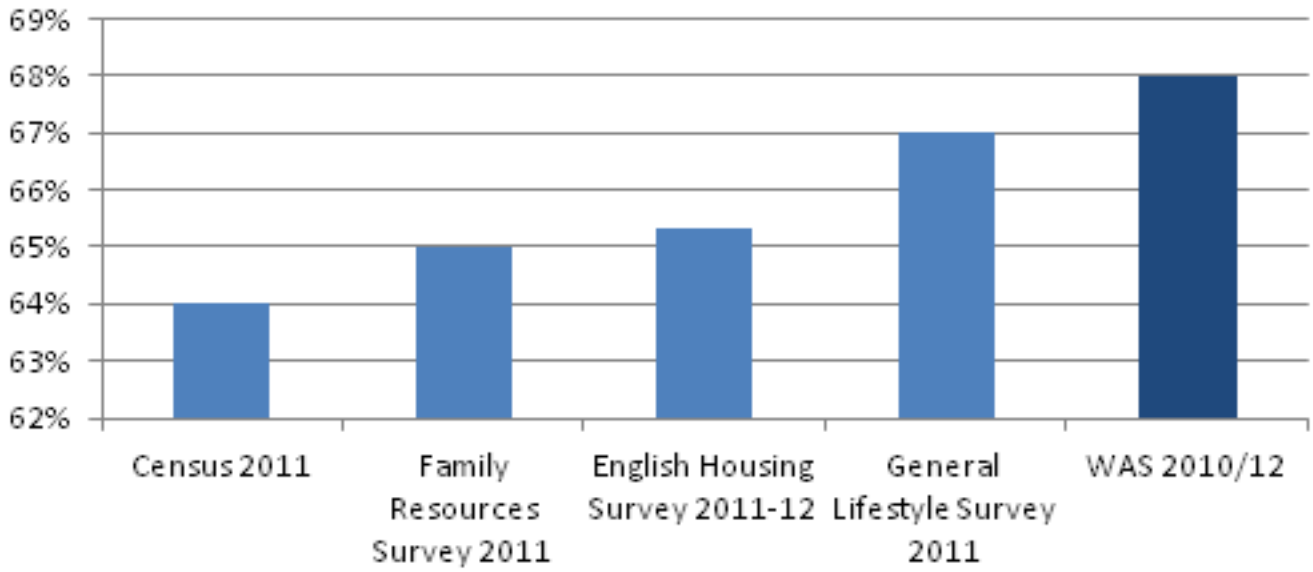
Quality Assuring Property Wealth Data

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 per cent in the 2011 Census (covering England and Wales only); 65 per cent from Family Resources Survey 2011/12 (covering Great Britain); 65.3 per cent from the English Housing Survey 2011-12 (covering England only); and 67 per cent in the General Lifestyle Survey 2011 (covering Great Britain). WAS is slightly higher than these for 2010/12, indicating an ownership rate of 68 per cent. These are presented in Figure 3.A.

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



Source: Census, Family Resources Survey, English Housing Survey, General Lifestyle Survey, Wealth and Assets Survey - Office for National Statistics

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A notable disparity in ownership rates is that those in London are lower. For London, Family Resources Survey 2011/12 data indicates an ownership rate of 53%, and the 2011 Census indicated an ownership rate of 49.5 per cent.

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

Table 3.B: Value of Main Residence by Dwelling Type: Great Britain, 2006/08 – 2010/12

£

	2006/08	2008/10	2010/12
Detached			
Land registry	266,000	247,000	255,000
Halifax	324,000	282,000	277,000
Nationwide	244,000	224,000	231,000
WAS	327,000	319,000	335,000
Semi-detached			
Land registry	166,000	151,000	153,000
Halifax	198,000	166,000	163,000
Nationwide	174,000	156,000	160,000
WAS	202,000	196,000	205,000
Terraced			
Land registry	137,000	123,000	123,000
Halifax	184,000	148,000	147,000
Nationwide	148,000	131,000	135,000
WAS	178,000	179,000	189,000
Flat			
Land registry	166,000	149,000	151,000
Halifax	189,000	154,000	158,000

	2006/08	2008/10	2010/12
Nationwide	135,000	131,000	127,000
WAS	173,000	166,000	182,000

Table source: Office for National Statistics

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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 2006/08 WAS results are very similar to or lower than the Halifax estimates, WAS is consistently higher than all three sources in 2008/10 and in 2010/12. This indicates 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 GB Housing Market

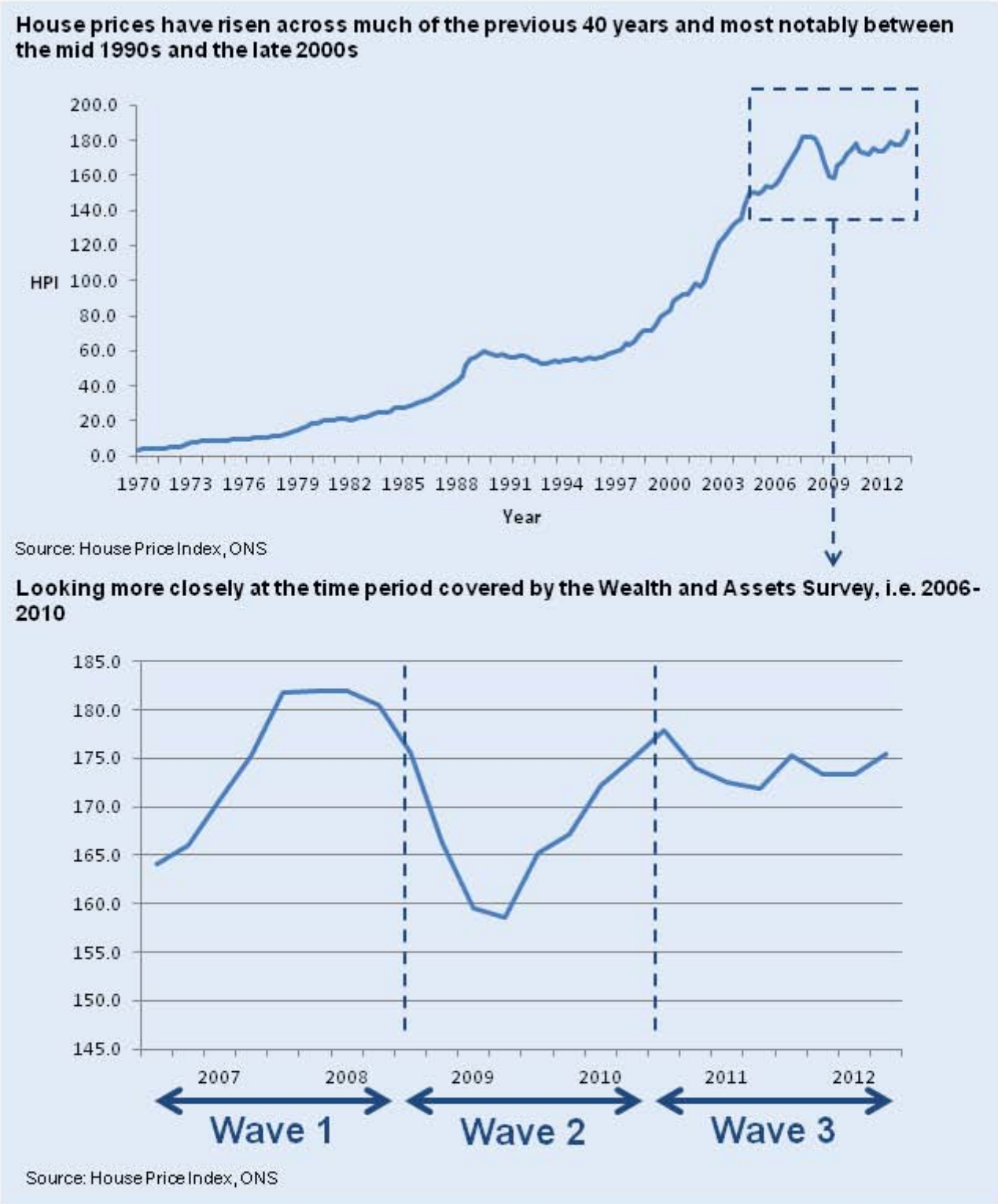
Figure 3.C presents the long term trend in the housing market in Great Britain using the ONS House Price Index. It then considers these trends in the context of the time period covered by the Wealth and Assets Survey.

Since the 1970s the housing market has been characterised by two sustained periods of rapid increase (in the 1980s, and between the mid 1990s and the late 2000s) and two 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 GB 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, GB 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 3.C: The Housing market over time: GB, 1970-2012



Source: Office for National Statistics

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The GB housing market since 2006

The WAS commenced its first wave in Q3 2006. The majority of wave one was characterised by a continued rise in house prices, although this tailed off and began to decline towards the end of the wave. The GB housing market experienced a decline throughout 2008 and including Q1 2009 i.e. 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 meant that higher-LTV and other higher-risk mortgages were not as readily available. From Q2 2009, house prices started rising again until Q2 2010, since when the market has been a little more volatile.

Background notes

1. When comparing WAS data with other sources, gross property wealth has been used (ie. 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.

2. 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. 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, see http://www.landregistry.gov.uk/.
    - 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

3. 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

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Chapter 4: Physical Wealth, Wealth in Great Britain 2010-12

Coverage: **GB**
Date: **15 May 2014**
Geographical Area: **Region**
Theme: **Economy**

Key Points

- Aggregate physical wealth for all households in Great Britain rose by £86 billion to £1,102 billion in current prices between 2008/10 and 2010/12 - an increase of 9%.
- Mean household physical wealth stood at £45,500, up from £41,100 in 2008/10.
- More than three-quarters of aggregate physical wealth (77%) comprised household goods and contents in household's main residences.
- Just over one in ten households (11%) owned collectables or valuables (such as antiques, artwork and stamps).
- Personalised number plates were owned by 7% of households.
- Households in the South East had the highest (£52,400) and households in the North West the lowest (£40,200) mean value of physical wealth.

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.

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 distribution of households across the banded values of household goods and contents . In 2006/08, 11% of households valued the goods and contents in their main residence in the lowest physical wealth band, i.e. less than £5,000. This percentage fell to 9% in 2008/10 and in 2010/12, 7% of households valued the goods in their main residence less than £5,000.

Three in every five households (61%) valued the goods in their main residence less than £30,000 in 2006/08. This percentage fell to 56% in 2008/10 and 52% in 2010/12.

Considering the other end of the distribution, 15% of households in 2006/08 placed a value of more than £50,000 on the contents of their main residence. This rose by 2 percentage points to 17% in 2008/10. In 2010/12, more than one in every five households (20%) valued the household goods and contents in their main residence at £50,000 or more. Across all three waves of the survey, 2% of households valued their household goods at £100,000 or more.

Table 4.1: Distribution of household goods in main residence, by banded values: Great Britain, 2006/08 - 2010/12

Percentage (%)

	Less than £5,000	£5,000 but < £10,000	£10,000 but < £20,000	£20,000 but < £30,000	£30,000 but < £40,000	£40,000 but < £50,000	£50,000 but < £75,000	£75,000 but < £100,000	£100,000 or more	All Households
2006/08	11	13	19	18	14	11	10	3	2	**100**
2008/10	9	12	17	18	15	12	12	3	2	**100**
2010/12	7	12	16	17	14	13	14	4	2	**100**

Table source: Office for National Statistics

Table notes:

1. 2006/08 estimates based on half sample.

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Notes

1. 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 one of ten 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 (e.g. 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.

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) . Inconsistencies in the way data were collected on goods and contents in other properties meant comparable estimates across the three waves were not available.

In 2010/12, 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, as a distribution across the value bands, is given in table 4.2. Due to the smaller numbers of households involved, some bands have been merged.

Nearly a quarter of households (23%) with goods or contents in properties other than their main residence valued these at less than £5,000. One in ten 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 residence1, by banded values: Great Britain, 2010/12

Percentages (%)

	Less than £5,000	£5,000 but < £10,000	£10,000 but < £20,000	£20,000 but < £30,000	£30,000 but < £50,000	£50,000 or more	All Households
2010/12	23	29	20	7	11	10	**100**

Table source: Office for National Statistics

Table notes:

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

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Notes

1. 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.

Collectables and valuables

The survey asks households about collectables and valuables they own, such as antiques, artwork and stamps. Table 4.3 shows that in 2006/08, 12% of all households owned collectables and valuables, which decreased in 2008/10 to 11%, remaining unchanged in 2010/12.

Table 4.3: Percentage of households with collectables or valuables: Great Britain, 2006/08 - 2010/12

	2006/08	2008/10	2010/12
Percentage with collectables and valuables (%)	12	11	11

Table source: Office for National Statistics

Table notes:
1. 2006/08 estimates based on half sample.

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Table 4.4 gives the distribution of households with collectables and valuables, across the value bands. Just over half of households with collectables or valuables (51%), estimated these to be valued at less than £5,000 in 2010/12. Over one in twenty households with collectables or valuables estimated their value to be enough to fall into the top band of £50,000 or more (6%) in 2010/12.

Table 4.4: Distribution of household collectables and valuables: Great Britain, 2006/08 - 2010/12

Percentage (%)

	Less than £5,000	£5,000 but < £10,000	£10,000 but < £25,000	£25,000 but < £50,000	£50,000 or more	All Households
2006/08	50	20	19	6	5	**100**
2008/10	51	19	19	6	5	**100**
2010/12	51	18	18	7	6	**100**

Table source: Office for National Statistics

Table notes:

1. Results exclude households without collectables or valuables.
2. 2006/08 estimates based on half sample.

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Vehicles and number plates

The survey asked households about ownership of vehicles including cars, vans and motorbikes. 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.

Households are first asked about any cars, vans or motorbikes that they own, after which they are asked about other vehicles they may own. During the first two waves (2006/08 and 2008/10), a filter question asking respondents whether they owned other vehicles was asked - 'Do you (or other members of your household) own any other type of vehicle, for example a caravan or boat?'. Bicycles were not specifically mentioned in this filter question, although bicycles were one of the options given. Therefore some households may not have responded to the initial question if they did not regard a bicycle as another vehicle. In 2010/12 this filter question was no longer asked. This has led to a step change in the percentage of households reporting other vehicles (see Table 4.5).

The percentage of households owning vehicles rose by 4 percentage points between 2008/10 and 2010/12, with over three-quarters of all households (79%) owning one or more vehicles (Table 4.5). This is largely driven by the increase in the number of households reporting 'other' vehicles between 2008/10 and 2010/12. Nevertheless, there was still a small rise in the percentage of households owning a car; from 73% in 2006/08 and 2008/10, rising to 74% in 2010/12.

Table 4.5: Percentage of households owning vehicles and personalised number plates: Great Britain, 2006/08 - 2010/12

Percentage (%)

	2006/08	2008/10	2010/12
Cars	73	73	74
Vans	4	4	4
Motorbikes	4	4	4
No car, van or motorbike	27	26	25
Other vehicles[3]	5	5	31
Personalised plates	5	6	7
All Vehicles[4]	**74**	**75**	**79**

Table source: Office for National Statistics

Table notes:

1. Households might own more than one vehicle.
2. 2006/08 estimates based on half sample.
3. Changes to the questionnaire at wave 3 had an impact on the recording of other vehicles – see Box 3 in chapter.
4. Includes personalised plates.

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Half of all households with at least one 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 three waves of the survey (Table 4.6). The questionnaire changes related to the recording of bicycles, help to explain the large fall in the median value of other vehicles between 2008/10 and 2010/12.

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 three waves of the survey, from 5% in 2006/08 to 6% in 2008/10 to 7% in 2010/12. Half of all households who owned personalised number plates valued them at £500 or more, a median value which is unchanged across the three waves of the survey.

Table 4.6: Median value of vehicles and personalised number plates: Great Britain, 2006/08 - 2010/12

£

	2006/08	2008/10	2010/12
Cars, vans, motorbikes	5,000	5,000	5,000
Other vehicles[3]	3,000	2,300	200
Personalised number plates	500	500	500
All vehicles[4]	**5,000**	**5,000**	**5,000**

Table source: Office for National Statistics

Table notes:

1. Results exclude households without this type physical asset.
2. 2006/08 estimates based on half sample.
3. Changes to the questionnaire at wave 3 had an impact on the recording of other vehicles.
4. Includes personalised number plates.

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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 from £39,100 in 2006/08, to £41,100 in 2008/10 and to £45,500 in 2010/12.

Table 4.7: Total household gross physical wealth: Great Britain, 2006/08 - 2010/12

£

	2006/08	2008/10	2010/12
Mean household gross physical wealth	39,100	41,100	45,500

Table source: Office for National Statistics

Table notes:

1. 2006/08 estimates based on half sample.
2. Only mean values are given. This is due to the way in which the data is collected.

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Table 4.8 gives the aggregate values for household physical wealth for all households in Great Britain (i.e. 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 £1,016 billion between 2006/08 and 2008/10. Between 2008/10 and 2010/12 the value increased, this time by 9% to £1,102 billion.

Table 4.8: Aggregate estimates of household gross physical wealth: Great Britain, 2006/08 - 2010/12

£ Billion

	2006/08	2008/10	2010/12
Aggregate household gross physical wealth	961	1,016	1,102

Table source: Office for National Statistics

Table notes:

1. 2006/08 estimates based on half sample and multiplied by factor of 1.76845.

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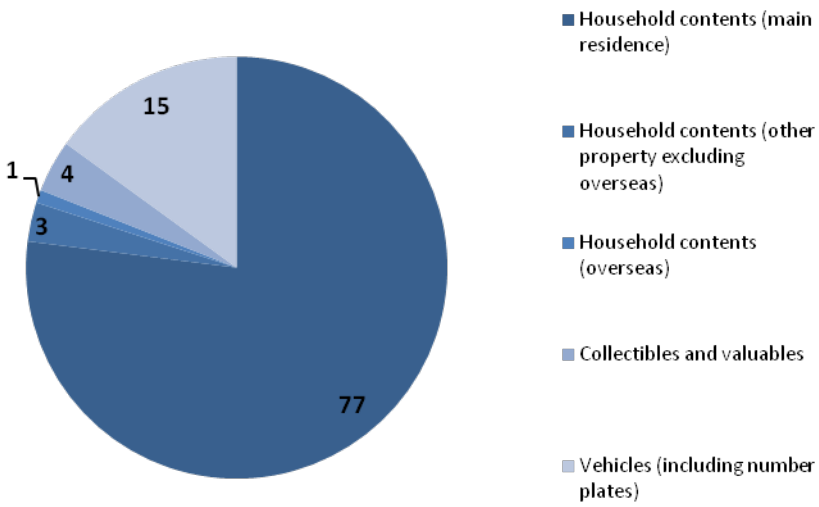
Figure 4.9 shows the breakdown of total household physical wealth into its five main components. In 2010/12, the value of the contents in the main residence accounted for over three quarters of the total (77%), while the value of vehicles made the second largest contribution (15%).

Figure 4.9: Breakdown of household gross physical wealth: Great Britain, 2010/12

Percentage (%)



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. It should be noted that this chart is not strictly comparable to the equivalent chart in Wealth in Great Britain 2008/10, as the value of contents in property overseas was not included for 2008/10.

Household physical wealth by key characteristics

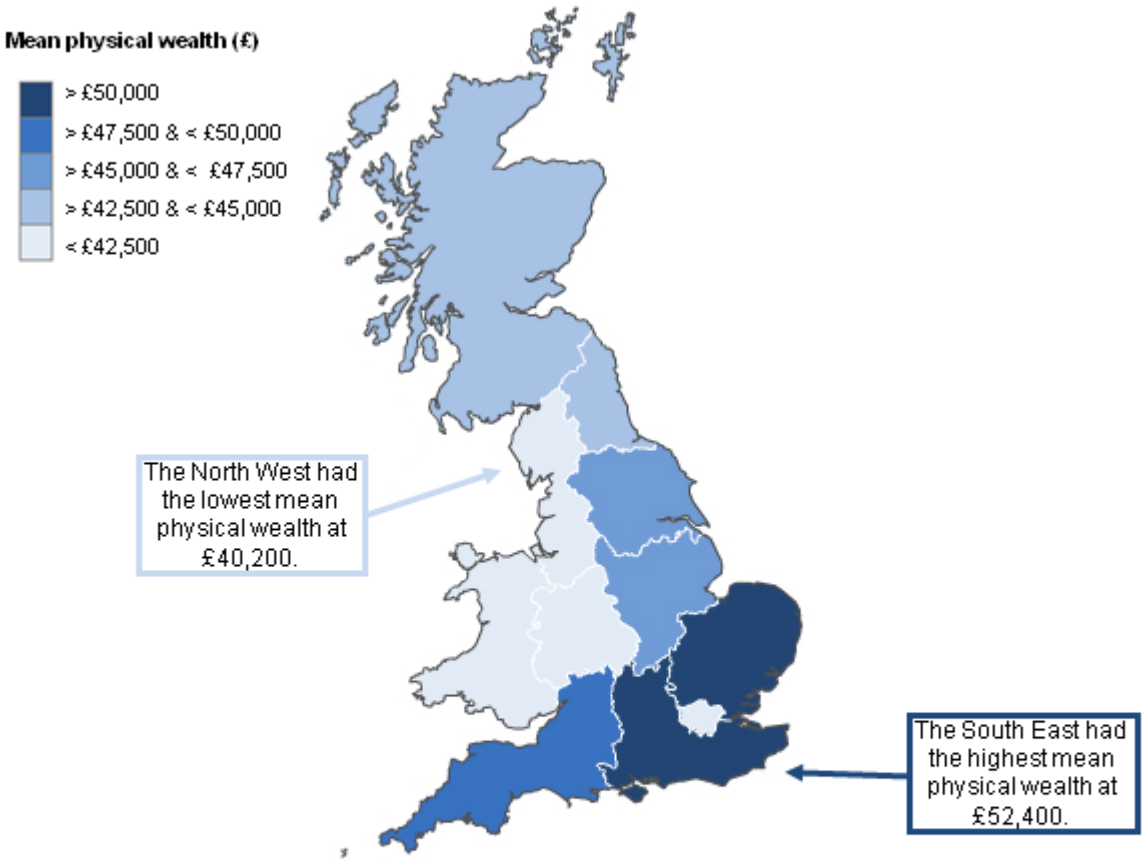
This section considers differences in total household physical wealth by region of residence and household type.

Physical Wealth by region

Figure 4.10 shows mean household physical wealth according to the location of the main residence of the household. It shows Scotland, Wales and the nine 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 £52,400 in 2010/12. The lowest mean values of gross physical wealth were for households in the North West and the West Midlands (£40,200 and £41,400 respectively).

Figure 4.10: Distribution of household gross physical wealth, by region of residence: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

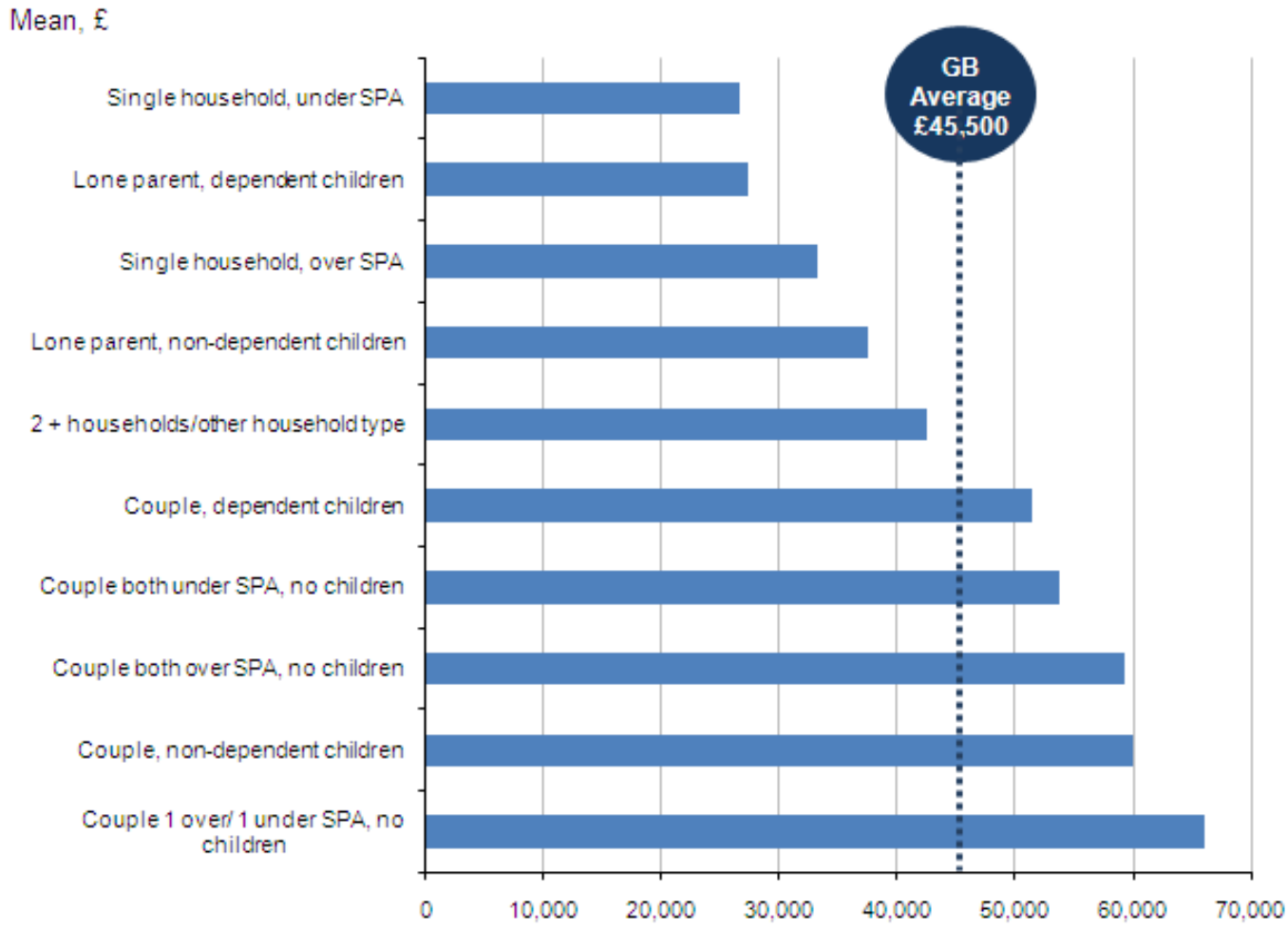
Physical wealth by household type

Figure 4.11 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 one person is over and the other under the state pension age had the highest household physical wealth, with a mean value of £66,000 in 2010/12. Couple households with non-dependent children had the second highest mean average physical wealth (£60,000).

Single person households where the householder was under the state pension age had the lowest mean average physical wealth (£26,600) in 2010/12. The second lowest value of mean household physical wealth was seen for lone parent households with non-dependent children (£27,400).

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 4.11: Distribution of household gross physical wealth, by household type: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

Notes

1. State Pension Age - the age at which an individual can draw their state pension. The same definition of SPA has been used for all waves of WAS, i.e. SPA for men is 65 and SPA for women 60. SPA started to change for women in April 2010, with SPA increasing monthly so that by November 2018 women's SPA will be the same as that for men, 65. SPA will be increased for both men and women to 66 by October 2020, with further increases announced by the government but not yet approved by parliament.

Household Physical Wealth by individual characteristics

This section looks at some key 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.

Gender and Marital Status

The percentage of married individuals living in households in the lowest physical wealth band in 2010/12 was lower than any other marital status group (4% of both men and women lived in households with physical wealth less than £8,000 - Table 4.12). 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 (e.g. single individuals). Also, married individuals are, on average, older than individuals who are cohabiting or single (please see demographic chapter), resulting in them earning relatively more than young individuals, and providing more opportunity for them to accumulate 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 (28% of men and 20% 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 £75,000 or more. Just over one in five married individuals lived in households with enough physical wealth to belong to the highest wealth band (21% for both married men and women). Individuals whose marital status was either divorced or separated were the least likely to live in households with physical wealth in the highest band (Separated – 5% of men and 9% of women; Divorced – 6% of men and women).

Table 4.12: Individuals by gender and marital status, by household physical wealth: Great Britain, 2010/12

Percentage (%)

Gender and Marital Status	Less than £8,000	£8,000 but < £12,000	£12,000 but < £16,000	£16,000 but < £25,000	£25,000 but < £30,000	£30,000 but < £40,000	£40,000 but < £50,000	£50,000 but < £60,000	£60,000 but < £75,000	£75,000 or more	Total
Men											
- Married[1]	4	2	4	8	9	13	14	9	16	21	**100**
- Cohabiting[2]	9	7	6	13	10	16	11	7	10	12	**100**
- Single[3]	13	5	7	10	10	13	11	6	11	14	**100**
- Widowed	16	5	9	9	13	12	13	3	11	8	**100**
- Divorced	22	9	10	12	10	10	9	5	7	6	**100**
- Separated[4]	28	11*	10*	7*	7*	12	10	2*	8*	5*	**100**
All men	9	4	6	9	10	13	12	7	13	16	**100**
Women											
- Married[1]	4	2	4	8	9	13	14	9	16	21	**100**
- Cohabiting[2]	9	7	6	13	10	16	11	7	10	11	**100**
- Single[3]	13	5	7	10	10	12	11	7	11	14	**100**
- Widowed	13	2	14	5	16	15	11	4	11	9	**100**
- Divorced	16	4	11	7	15	14	11	4	10	6	**100**
- Separated[4]	20	5*	11	10	17	10	11	3*	6	9	**100**
All women	9	4	7	9	10	13	12	7	13	16	**100**

Gender and Marital Status	Less than £8,000	£8,000 but < £12,000	£12,000 but < £16,000	£16,000 but < £25,000	£25,000 but < £30,000	£30,000 but < £40,000	£40,000 but < £50,000	£50,000 but < £60,000	£60,000 but < £75,000	£75,000 or more	Total
All Persons	9	4	6	9	10	13	12	7	13	16	100

Table source: Office for National Statistics

Table notes:

1. Includes civil partnerships.
2. Includes same sex couples.
3. Includes persons of any age.
4. Includes civil partnership separations/dissolutions.
5. * indicates a data point based on a small sample - such data points should be treated with some caution.

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Age

The highest percentage of individuals living in households in the lowest physical wealth band was amongst the 25-34 year old age group (11% of such individuals lived in households with physical wealth less than £8,000) (Table 4.13). This might be partly explained through younger people earning less than older and more experienced people, and therefore less able to purchase physical assets. Also, younger individuals will have had fewer years to accumulate physical wealth. Individuals aged 55-64 years were least likely to live in households with physical wealth in the lowest band.

Individuals aged between 55-64 years had the highest percentage living within households with physical wealth of £75,000 or more (22%). Those individuals who were aged between 25 and 34 years were least likely to live in households with the highest amounts of physical wealth (10%).

Table 4.13: Individuals by age, by household physical wealth: Great Britain, 2010/12

Percentage (%)

Age	Less than £8,000	£8,000 but < £12,000	£12,000 but < £16,000	£16,000 but < £25,000	£25,000 but < £30,000	£30,000 but < £40,000	£40,000 but < £50,000	£50,000 but < £60,000	£60,000 but < £75,000	£75,000 or more	Total
Under 16	11	5	6	10	10	13	12	7	12	14	**100**
16-24	11	4	6	9	10	12	12	7	13	16	**100**
25-34	11	6	7	14	11	14	11	6	9	10	**100**
35-44	9	4	6	9	9	14	13	8	12	16	**100**
45-54	7	3	5	7	9	12	13	8	15	21	**100**
55-64	6	2	4	7	9	13	12	9	15	22	**100**
65+	9	3	8	7	12	14	12	7	15	14	**100**
All Persons	**9**	**4**	**6**	**9**	**10**	**13**	**12**	**7**	**13**	**16**	**100**

Table source: Office for National Statistics

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Education level

Table 4.14 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 £75,000 or more (the highest physical wealth band) was 23% – 13 percentage points higher than individuals reporting no educational qualifications.

One in twenty individuals with degree level qualifications or above lived in households with physical wealth amounting to £8,000 or less (5%). This compares with 16% of individuals reporting no qualifications.

Table 4.14: Individuals by education level, by household physical wealth: Great Britain, 2010/12

Percentage (%)

Education Level	Less than £8,000	£8,000 but < £12,000	£12,000 but < £16,000	£16,000 but < £25,000	£25,000 but < £30,000	£30,000 but < £40,000	£40,000 but < £50,000	£50,000 but < £60,000	£60,000 but < £75,000	£75,000 or more	Total
Degree Level or above	5	4	4	9	8	13	12	8	14	23	**100**
Other qualifications	7	4	6	9	10	13	13	8	14	16	**100**
No qualifications	16	4	9	8	13	13	11	5	11	10	**100**
All Persons[1]	**9**	**4**	**6**	**9**	**10**	**14**	**13**	**7**	**14**	**17**	**100**

Table source: Office for National Statistics

Table notes:

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

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Economic Activity

Table 4.15 shows the percentage of individuals living in households with different values of physical wealth by economic activity. Just over a quarter of self-employed individuals (26%) lived in households with physical wealth of £75,000 or more. This is 8 percentage points higher than employees and 19 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, or who were unemployed (27% and 22% respectively). Self-employed individuals were the least likely to live in households with physical wealth of less than £8,000 (4%).

Table 4.15: Individuals by economic activity, by household physical wealth: Great Britain, 2010/12

Percentage (%)

Economic Activity	Less than £8,000	£8,000 but < £12,000	£12,000 but < £16,000	£16,000 but < £25,000	£25,000 but < £30,000	£30,000 but < £40,000	£40,000 but < £50,000	£50,000 but < £60,000	£60,000 but < £75,000	£75,000 or more	Total
Economically Active											
In Employment	6	4	5	10	9	14	13	8	14	19	**100**
Employee	6	4	5	10	9	14	13	8	14	18	**100**
Self Employed	4	3	4	8	8	12	13	8	14	26	**100**
Unemployed	22	6	9	10	12	13	9	4	9	7	**100**
Economically Inactive											
Student	14	4	5	8	10	12	12	6	11	17	**100**
Looking after family/home	19	6	8	9	11	12	10	5	8	10	**100**
Sick / disabled[1]	27	5	14	7	12	9	9	3	7	7	**100**
Retired	9	3	7	7	12	13	12	7	16	15	**100**
Other Inactive	14	4	7	9	9	15	10	5	12	15	**100**
All Persons[2]	**9**	**4**	**6**	**9**	**10**	**13**	**12**	**7**	**13**	**16**	**100**

Table source: Office for National Statistics

Table notes:

1. Data for temporarily sick or disabled has been combined with long term sick and disabled.
2. Only includes eligible adults who gave their economic activity.

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Socio-Economic Group

Over one in four individuals classified in the group ‘large employers and higher managerial’ lived in households with physical wealth of £75,000 or more (27%) (Table 4.16). Individuals working in routine occupations were the least likely to live in a household within the highest physical wealth band (9%).

The percentage of individuals living in households within the lowest physical wealth band was highest for those who were working in routine occupations (27%). 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 £8,000 (3%).

Table 4.16: Individuals by socio-economic classification, by household physical wealth: Great Britain, 2010/12

Percentage (%)

Socio-economic Classification	Less than £8,000	£8,000 but < £12,000	£12,000 but < £16,000	£16,000 but < £25,000	£25,000 but < £30,000	£30,000 but < £40,000	£40,000 but < £50,000	£50,000 but < £60,000	£60,000 but < £75,000	£75,000 or more	Total
Large employers and higher managerial	3	2	4	7	6	12	13	9	16	27	**100**
Higher professional	3	3	4	9	9	14	14	9	14	22	**100**
Lower managerial and professional	4	3	5	10	10	14	15	8	14	16	**100**
Intermediate occupations	5	4	4	8	10	12	14	8	14	21	**100**
Small employers and own account workers	6	5	6	11	9	16	14	8	13	13	**100**
Lower supervisory and technical	11	5	8	10	12	12	12	7	12	11	**100**
Semi-routine occupations	15	6	8	12	11	15	10	4	10	10	**100**
Routine occupations	27	5	10	8	11	11	7	4	8	9	**100**
Never worked/ long term unemployed	13	4	8	7	11	13	12	6	13	13	**100**
All Persons[1]	**9**	**4**	**6**	**9**	**10**	**13**	**12**	**7**	**13**	**16**	**100**

Table source: Office for National Statistics

Table 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.

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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

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Chapter 5: Financial Wealth, Wealth in Great Britain 2010-12

Coverage: **GB**
Date: **15 May 2014**
Geographical Area: **Region**
Theme: **Economy**

Key points

- Aggregate net financial wealth for all private households in Great Britain increased by £208 billion (19%) to £1,299 billion in current prices between 2008/10 and 2010/12.
- In 2010/12, a quarter (25%) of households had negative net financial wealth.
- Median household net financial wealth decreased by £500 (8%) to £5,900 between 2008/10 and 2010/12.
- Households in London saw the largest percentage rise in median net financial wealth of 26% between 2006/08 and 2010/12, rising from £4,700 to £5,900.

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.

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 the three waves of the survey. In 2010/12, an estimated 98% of households had some type of formal financial asset product, unchanged from 2006/08 and 2008/10. Where all current accounts are excluded, three-quarters – or 75% of all households report ownership of a formal financial asset. This percentage has dropped 5 percentage points compared with 2008/10, but it is the same as the percentage in 2006/08.

The most common formal financial asset held by households was a current account; 96% of households held one or more in 2010/12. 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. The percentage of households possessing one or more savings or deposit accounts (excluding ISAs) fell between 2008/10 and 2010/12 from 68% to 58%. Nevertheless, savings accounts remain the most common formal financial asset that households use to save money. The money deposited can always be returned in full to the saver, usually with interest, although account holders may be required to give notice to withdraw their savings (unlike for current accounts).

Nearly half of all households (48%) had an Individual Savings Account (ISA) in 2010/12; a fall of 1 percentage point from 2008/10. The percentage of households with an ISA in 2008/10 and 2010/12 is higher than in 2006/08. This is partly the result of Personal Equity Plans[1] being reported under ISAs for 2008/10 and 2010/12, whereas they were reported separately in 2006/08. Income from ISAs is tax-free and there are annual ceilings on the amount that can be invested.

The percentage of households owning National Savings certificates and bonds (including premium bonds) also fell from 28% in 2008/10 to 22% in 2010/12. 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, 2006/08 – 2010/12

Percentage (%)

	2006/08	2008/10	2010/12
All current accounts[1]	95	96	96
Current accounts in credit	85	90	90
Savings accounts	62	68	58
ISAs[2]	42	49	48
National Savings certificates and bonds[3]	24	28	22
UK shares	15	16	12
Insurance products[4]	10	10	7
Fixed term bonds	8	12	11
Employee shares and share options	7	8	6
Unit/Investment trusts	6	6	5
Overseas shares	2	2	2
UK bonds/gilts	1	1	1
Any formal financial asset including current accounts in credit[5,6]	**98**	**98**	**98**
Any formal financial asset excluding all current accounts	**75**	**80**	**75**

Table source: Office for National Statistics

Table notes:

1. Includes households with current accounts in credit, with zero balance, or in debit (overdraft).
2. Individual Savings Accounts. Includes Personal Equity Plans (PEPs). At wave 1, PEPs were separately identified, but in April 2008, PEPs were regulated as ISAs. Therefore in wave 2 and wave 3, 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).

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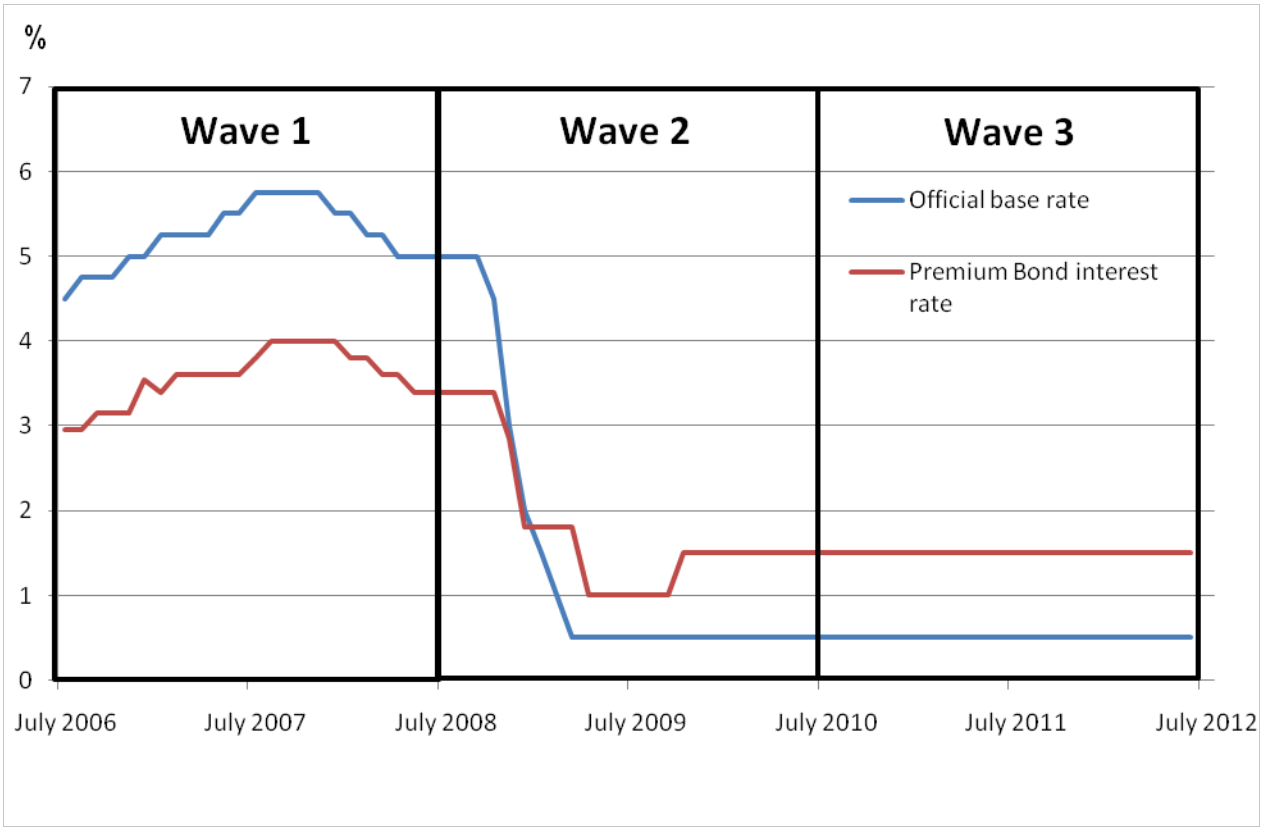
Interest Rates and Savings

In 2009 the Bank of England lowered its base rate to 0.5% – a record low. Lower interest rates result in a poorer return on savings and are likely to reduce the popularity in opening or keeping an existing savings account. Table 5.1 illustrates a fall of 6 percentage points in the number of households with money held in National Savings Certificates and Bonds between 2008/10 and 2010/12. In the case of premium bonds, lower interest rates reduce the prize fund and the chances of success. The graph below tracks the Bank of England base rate and the premium bond interest rate during only the period covered by the three waves of WAS i.e. 2006 through 2012. The base rate peaked during wave one at 5.75%, but shortly after the start of wave two fell sharply, and has remained at a record low of 0.5% ever since. The interest rate used for premium bonds mimics this pattern, falling from a peak of 4.0% during wave one to a low of 1.0% in wave two. Although this interest rate fall happened relatively early in wave two, it might well go some way towards explaining the reduction in households holding premium bonds.

Figure 5.A: Bank of England base rate and premium bond interest rate: 2006-2012, UK



Source: Office for National Statistics

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Table 5.2 presents the median amounts held in the different formal financial asset products identified in the survey. The figures quoted exclude households without each type of asset. In 2010/12, half of all households with current accounts in credit had £1,200 or more in their accounts, compared to £1,000 or more in 2008/10 and 2006/08. Where all current accounts are excluded, the median value of any formal financial asset was £12,000, compared with £10,300 in 2008/10 and £10,200 in 2006/08.

The percentage of households holding savings accounts (excluding ISAs), ISAs and UK shares all fell between 2008/10 and 2010/12. Despite this, the median value of monies saved in these types of formal financial assets all increased between the same period. The median amount of money held within savings accounts (excluding ISAs) increased, up from £3,000 in 2008/10 to £4,000 in 2010/12. The median amount of money held in ISAs increased from £7,000 in 2008/10 to £9,000 in 2010/12. The median value of UK shares doubled between 2008/10 and 2010/12 to £4,000. This value now matches the previous median value of UK shares in 2006/08.

Looking at the collective amount held in all formal financial asset products, half of all households holding formal financial assets valued these at £8,000 or more in 2010/12, compared with £7,900 in 2008/10 and £7,000 in 2006/08.

Table 5.2: Median Value of Formal financial assets: Great Britain, 2006/08 – 2010/12

£

	2006/08	2008/10	2010/12
All current accounts[2]	800	900	1,000
Current accounts in credit	1,000	1,000	1,200
Savings accounts	3,500	3,000	4,000
ISAs[3]	7,000	7,000	9,000
National Savings certificates and bonds[4]	300	300	600
UK shares	4,000	2,000	4,000
Insurance products[5]	15,000	17,500	19,700
Fixed term bonds	17,000	20,000	20,000
Employee shares and share options	4,000	3,000	3,600
Unit/Investment trusts	15,000	14,000	20,000
Overseas shares	3,000	2,000	3,000
UK bonds/gilts	15,000	11,500	16,200
Any formal financial asset including current accounts in credit[6,7]	**7,000**	**7,900**	**8,000**
Any formal financial asset excluding all current accounts	**10,200**	**10,300**	**12,000**

Table source: Office for National Statistics

Table notes:

1. Results exclude households without each type of asset.
2. This represents the net value of all current accounts (i.e. including current accounts in credit, with zero balance and in overdraft).
3. Individual Savings Account, including Personal Equity Plans (PEPs) - at wave 1, PEPs were separately identified, but in April 2008, PEPs were regulated as ISAs. Therefore in wave 2 and wave 3, they are included as 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. Includes a small number of households with overseas bonds/gilts.
7. Excludes current accounts with zero balance or in debit (overdraft).

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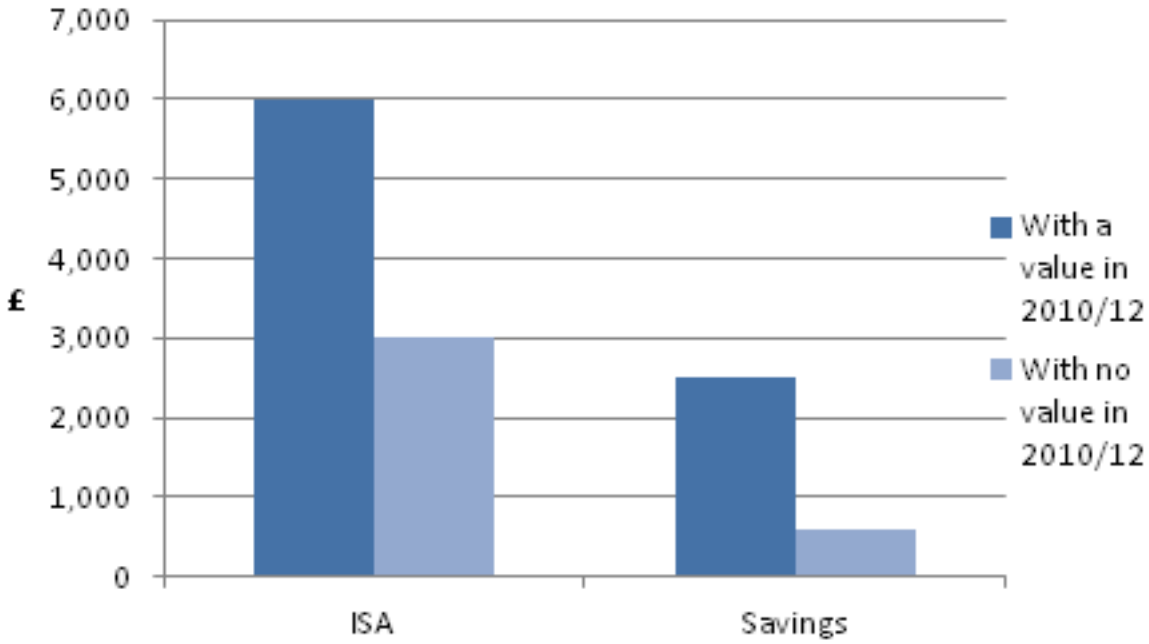
A longitudinal analysis of the change in median values held in formal financial assets

The median value of monies held in savings accounts (excluding ISAs) and ISAs increased between 2008/10 and 2010/12. With these direct cross-sectional comparisons, a possible inference might be that people have increased their savings. However, the longitudinal nature of the survey allows us to consider the ways in which individual savings change over time. The figure below compares median values for those who had savings (in either a savings account or ISA) in both 2008/10 and 2010/12, against those with only savings in either of these account types in 2008/10.

The median value held in ISAs for those with monies saved in this account type in both 2008/10 and 2010/12 was £6,000. This is exactly double the median value of £3,000 for those who had ISA savings in 2008/10 but no longer had money saved in this account type in 2010/12. The median value held in savings accounts was also notably lower for those with a value only in 2008/10 (£600), compared with those who had money saved in this type of account in both 2008/10 and 2010/12 (£2,500).

These findings indicate that the amount saved in an account is an important determinant in whether the account will continue to be used two years later. The findings also indicate that the increase in median values seen in the cross-sectional tables are not simply because of an increase in the amount individuals were saving, but in part the result of individuals with lower savings account values withdrawing their savings.

Figure 5.B: Individual median value in savings accounts and ISAs in 2008/10, for those with and without savings in such accounts in 2010/12: Great Britain, 2008/10 - 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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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 remained stable across the three waves of the survey; 10% of households reported informal financial assets of £250 or more in 2010/12 (Table 5.3).

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[2] 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, 2006/08 - 2010/12

Percentage (%)

	2006/08	2008/10	2010/12
Amounts saved informally	6	6	6
Amounts lent to others informally	4	5	4
Households with any informal financial assets	**10**	**10**	**10**

Table source: Office for National Statistics

Table notes:

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

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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 in 2010/12, a rise of £100 from 2008/10. The median value for amounts saved informally did not change from £400 between 2008/10 and 2010/12. The median value for amounts lent to others informally increased from £1,900 in 2008/10 to £2,500 in 2010/12.

Table 5.4: Median value of informal financial assets: Great Britain, 2006/08 - 2010/12

£

	2006/08	2008/10	2010/12
Amounts saved informally	500	400	400
Amounts lent to others informally	1,800	1,900	2,500
Households with any formal financial assets	**700**	**700**	**800**

Table source: Office for National Statistics

Table notes:

1. Results exclude households without each type of asset.
2. Excludes small values (less than £250).

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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.

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.

In 2010/12, 15% of all households reported having one or more Child Trust Funds, which has increased from 10% in 2006/08 and 13% in 2008/10 (Table 5.5). However, further increases in the percentage of households with Child Trust Funds cannot be expected as they were discontinued in 2011. Table 5.5 also shows the household value of Child Trust Funds. In 2010/12, the median household value of Child Trust Funds was unchanged at £500 from 2008/10.

Table 5.5: Child Trust Funds, summary statistics: Great Britain, 2006/08 – 2010/12

	2006/08	2008/10	2010/12
Percentage with Child Trust Funds (%)	10	13	15
Median (£)	300	500	500

Table source: Office for National Statistics

Table notes:

1. Median excludes households without this type of asset.
2. Child Trust Funds are for children born between 1 September 2002 and 2 January 2011 – please see Box C for further information.

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The survey also asked whether children in the household had any other financial assets in their names. In 2010/12, 16% of all households reported having such assets (Table 5.6). Half of households valued their children's other assets at £1,000 or more in both 2008/10 and 2010/12.

Table 5.6: Other children's assets, summary statistics: Great Britain, 2006/08 – 2010/12

	2006/08	2008/10	2010/12
Percentage with other children's assets (%)	16	17	16
Median (£)	800	1,000	1,000

Table source: Office for National Statistics

Table notes:

1. Median excludes households without this type of asset.
2. Other children's assets are for under 16-year-olds and exclude Child Trust Funds.

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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.

In 2010/12, endowments for the purposes of repaying a mortgage were held by 4% of households (Table 5.7). This percentage has fallen from 5% in 2008/10 and 7% in 2006/08. Half of all households possessing endowments valued these at £28,800 or more in 2010/12.

Table 5.7: Endowments, summary statistics: Great Britain, 2006/08 – 2010/12

	2006/08	2008/10	2010/12
Percentage with endowments (%)	7	5	4
Median (£)	28,000	27,000	28,800

Table source: Office for National Statistics

Table notes:

1. Median excludes households without this type of asset.
2. Endowments for the purpose of mortgage repayments.

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Notes

1. Personal Equity Plans (PEPs) were investment plans in the UK that allowed people over the age of 18 to invest in shares of UK companies. They were discontinued in 1999 and replaced by Individual Savings Accounts (ISAs).

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

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 £8,400 or more in 2010/12 (Table 5.8).

Table 5.8: Median household gross financial wealth: Great Britain, 2006/08 – 2010/12

£

	2006/08	2008/10	2010/12
Median household gross financial wealth	8,000	8,500	8,400

Table source: Office for National Statistics

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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 the property wealth chapter of the current report.

Household non-mortgage borrowing

Table 5.9 shows the percentage of households who had non-mortgage borrowing. In 2010/12, just under half of all households had some form of non-mortgage borrowing (48%). The most popular means of non-mortgage borrowing was a credit or charge card; a quarter of all households (25%) had outstanding balances on credit or charge cards in 2010/12.

The percentage of households with formal loans decreased from 20% in 2008/10 down to 18% in 2010/12. Despite this fall, the percentage of households with a formal loan remains higher in 2010/12 than the respective value in 2006/08 (15%). The percentage of households with liabilities attributed to a loan from the student loans company has also seen an increase between each of the waves, albeit small (up from 3% in 2006/08 to 4% in 2008/10 to 5% in 2010/12).

Table 5.9: Percentage of households with non-mortgage borrowing, by type of borrowing: Great Britain, 2006/08 – 2010/12

Percentage (%)

	2006/08	2008/10	2010/12
Formal loans	15	20	18
Informal Loans	1	2	2
Loans from the Student Loan Company	3	4	5
Hire purchase	14	13	14
Credit and charge cards	26	25	25
Overdrafts	17	18	18
Store cards and charge accounts	5	5	4
Mail order	9	8	7
Any non-mortgage borrowing	**50**	**50**	**49**
Excluding overdrafts	**46**	**46**	**45**
Excluding loans from the Student Loans Company	**49**	**49**	**48**

Table source: Office for National Statistics

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Table 5.10 shows the median values of borrowing for households with that particular liability. In order to obtain a value for non-mortgage borrowing, information is collected on the value of payments and how many payments are outstanding. The median value of non-mortgage borrowing was £3,600 in 2010/12.

It was noted at 2006/08 that some loans had been reported, but because no payments had yet been made, no value was calculated. At 2008/10 and 2010/12 additional questions were asked to establish the value of these new loans.

The percentage of households with formal loans fell by 2 percentage points between 2008/10 and 2010/12. However, the median amount outstanding on the loans rose by £400, from £4,800 in 2008/10 to £5,200 in 2010/12.

Informal loans were the least popular type of non-mortgage borrowing identified on the survey; only 2% of households reported this type of liability in 2010/12. The median value outstanding for households with informal loans increased from £1,300 in 2008/10 to £2,300 in 2010/12. The rise in the median value of informal loans between 2008/10 and 2010/12 is consistent with the trend in Table 5.3, where there was an increase 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, by type of borrowing: Great Britain, 2006/08 – 2010/12

£

	2006/08	2008/10	2010/12
Formal loans[2]	4,500	4,800	5,200
Informal Loans	1,500	1,300	2,300
Loans from the Student Loan Company	8,000	9,000	9,000
Hire purchase	2,600	2,100	2,300
Credit and charge cards	1,500	1,600	1,900
Overdrafts	500	500	600
Store cards and charge accounts	200	200	300
Mail order	100	200	200
Any non-mortgage borrowing[2]	**2,900**	**3,200**	**3,600**
Excluding overdrafts	**3,100**	**3,500**	**4,000**
Excluding loans from the Student Loans Company	**2,600**	**2,900**	**3,100**

Table source: Office for National Statistics

Table notes:

1. Excludes households without this particular type of borrowing.
2. 2006/08 estimates exclude new loans i.e. those where no repayments had yet been made.

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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. In 2010/12, 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, 2006/08 – 2010/12

Percentage (%)

	2006/08	2008/10	2010/12
Personal and cash loan arrears	4	5	5
Mail order arrears	4	4	3
Any fixed term non-mortgage borrowing arrears[3]	**4**	**4**	**4**

Table source: Office for National Statistics

Table notes:

1. Behind by two or more consecutive payments on specified commitment.
2. Behind by two or more consecutive payments on specified commitment.
3. Includes hire purchase arrears, which are not presented separately due to a low number of responding households.

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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 £400 or more in outstanding commitments in 2010/12.

Table 5.12: Median household arrears, by type of borrowing: Great Britain, 2006/08 – 2010/12

£

	2006/08	2008/10	2010/12
Personal and cash loan arrears	400	300	600
Mail order arrears	100	200	100
Any fixed-term non-mortgage borrowing arrears[3]	**300**	**300**	**400**

Table source: Office for National Statistics

Table notes:

1. 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.

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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.

In 2010/12, half of all households (50%) had some form of financial liability (Table 5.13). The median value of financial liabilities was £2,800 in 2006/08, which increased to £3,200 in 2008/10, and again increased to £3,500 in 2010/12.

Table 5.13: Household financial liabilities, summary statistics: Great Britain, 2006/08 – 2010/12

	2006/08	2008/10	2010/12
Percentage with financial liabilities (%)	51	51	50
Median (£)	2,800	3,200	3,500

Table source: Office for National Statistics

Table notes:

1. Median excludes households without financial liabilities.

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A longitudinal analysis of persistent debt burden

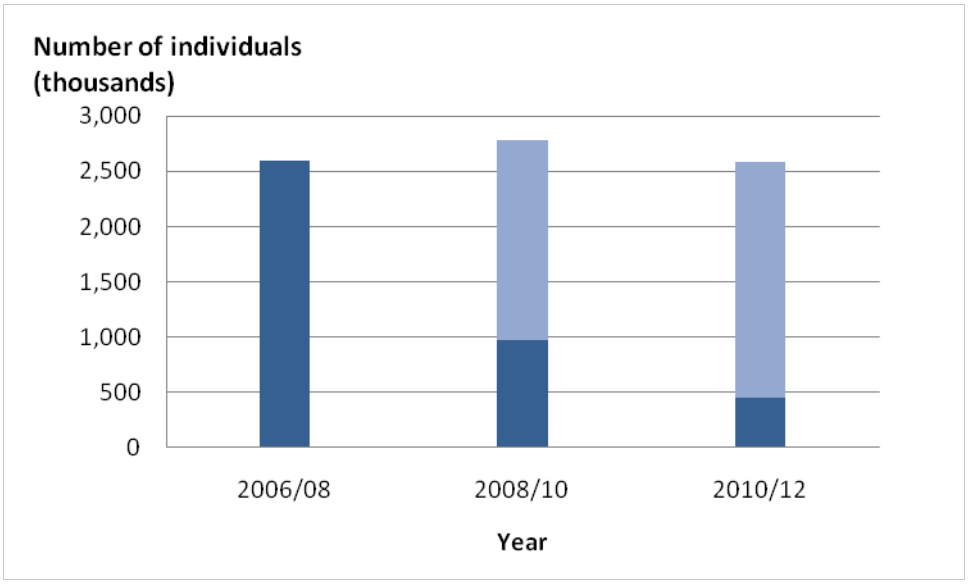
Most analysis presented in this report is cross-sectional, with values relating to one specific time period. Collecting data at multiple waves from the same individuals allows us to consider how wealth, or in this instance debt burden, changes over time for specific individuals.

At each of the waves of the survey, individuals with financial liabilities were asked to what extent they considered repayments of these a burden. The figure below presents the frequency of individuals who considered these liabilities to be a heavy burden across the three waves, with the respective number who continued to consider their debts to be a heavy burden from 2006/08

onwards. The darker shaded bar in 2008/10 represents those who had financial liabilities in 2006/08 and 2008/10, and saw them as a heavy burden. The darker shaded bar in 2010/12 represents the number of those who had financial liabilities and saw them as a heavy burden in 2006/08, 2008/10 and 2010/12.

The group represented by the darker shaded bar in 2010/12, therefore, reflects those who saw their debts to be a burden continuously over a 6 year time period and were in persistent debt burden. This accounts for nearly half a million individuals (467,000).

Figure 5.D: Frequency of individuals considering their debt to be a heavy burden, and persistence of debt burden: Great Britain, 2006/08 – 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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Household net financial wealth

Net financial wealth represents gross financial wealth minus financial liabilities. Median net financial wealth was £5,900 in 2010/12.

Table 5.14: Median household net financial wealth: Great Britain, 2006/08 – 2010/12

£

	2006/08	2008/10	2010/12
Median household net financial wealth	5,700	6,400	5,900

Table source: Office for National Statistics

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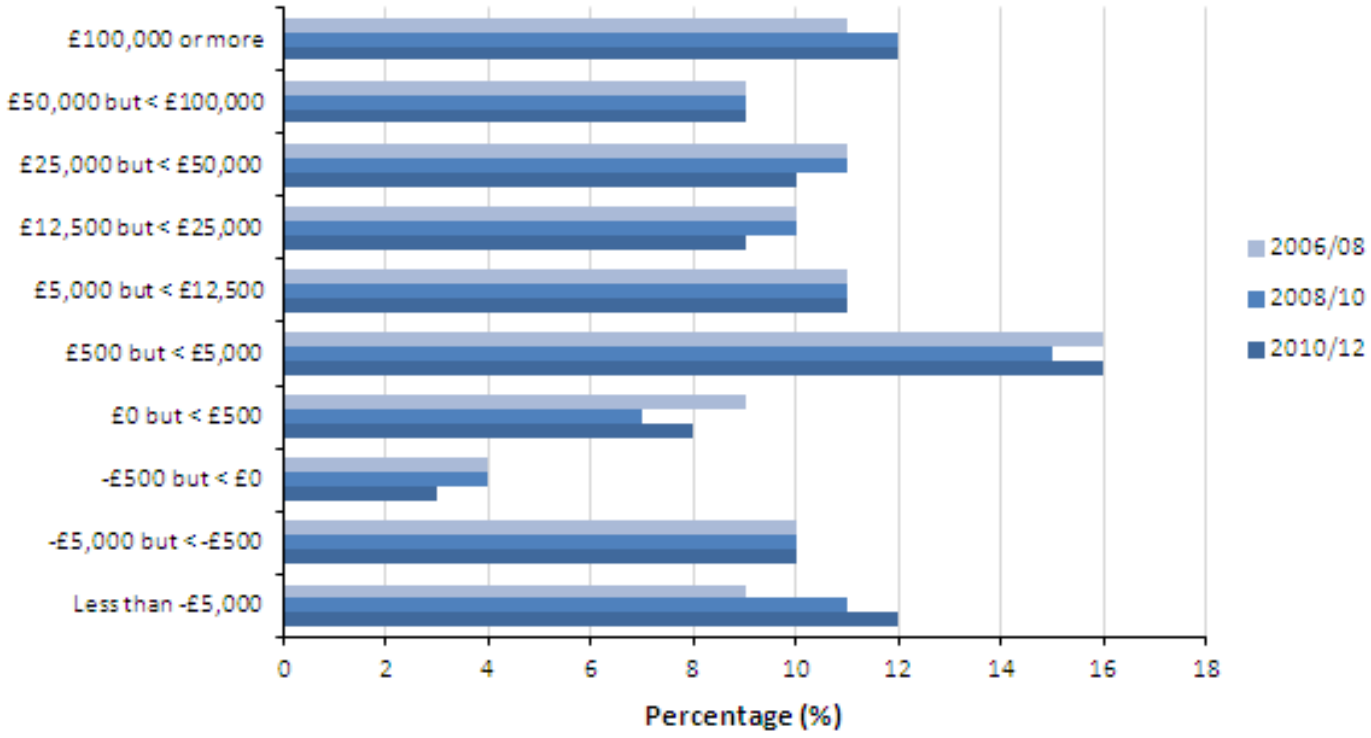
Figure 5.15 presents the distribution of households by net financial wealth bands. Combining the three lowest net financial wealth bands enables us to identify those households in negative net financial wealth. A quarter of households (25%) had negative net financial wealth in 2010/12 (unchanged from 25% in 2008/10 but higher than 23% in 2006/08).

The percentage of households with a net financial wealth of less than -£5,000, the lowest net financial wealth band, was highest for 2010/12 at 12% (compared with 11% and 9% in 2008/10 and 2006/08 respectively). Considering the upper net financial wealth band of £100,000 or more, a higher percentage of households belonged within this band in 2008/10 and 2010/12 (12%) compared with 2006/08 (11%).The net financial wealth band containing the highest percentage of households was 'at least £500 but less than £5,000'. In 2010/12, 16% of households had enough net financial wealth to fall within this band.

Figure 5.15: Household net financial wealth (banded): Great Britain, 2006/08 – 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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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 increased over all three waves, from £1,043 billion in 2006/08 to £1,091 billion in 2008/10 to £1,299 billion in 2010/12.

Between 2006/08 and 2010/12, the aggregate value for household gross financial wealth increased quicker than the aggregate value for household financial liabilities (24% compared to 18% respectively).

Table 5.16: Aggregate financial wealth: Great Britain, 2006/08 – 2010/12

£ billion

	2006/08	2008/10	2010/12
Aggregate household gross financial wealth	1,131	1,186	1,402
Aggregate household financial liabilities	88	95	104
Aggregate household net financial wealth	1,043	1,091	1,299

Table source: Office for National Statistics

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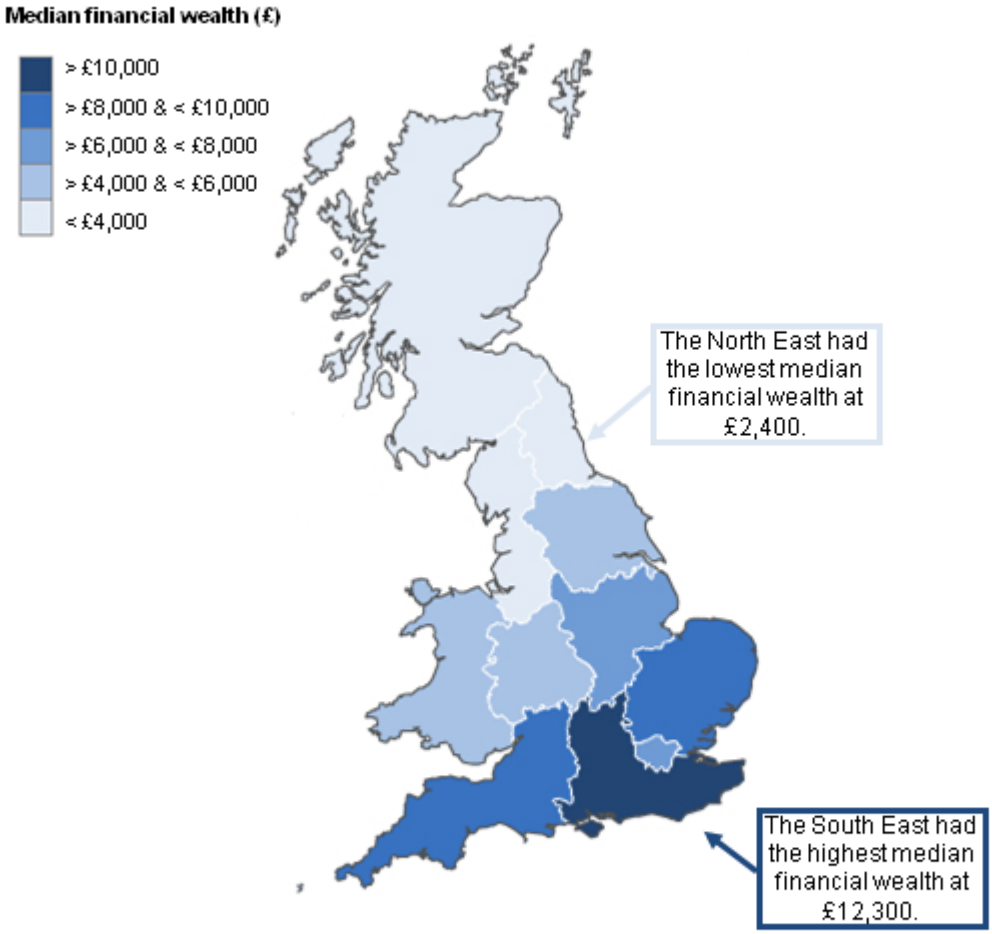
Household net financial wealth by household characteristics

Financial Wealth by Region

Figure 5.17 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 in 2010/12 was the South East; half of all households within this particular region held net financial wealth of £12,300 or more. Households in the North East had the lowest median net financial wealth value of £2,400.

Figure 5.17: Median household net financial wealth, by region: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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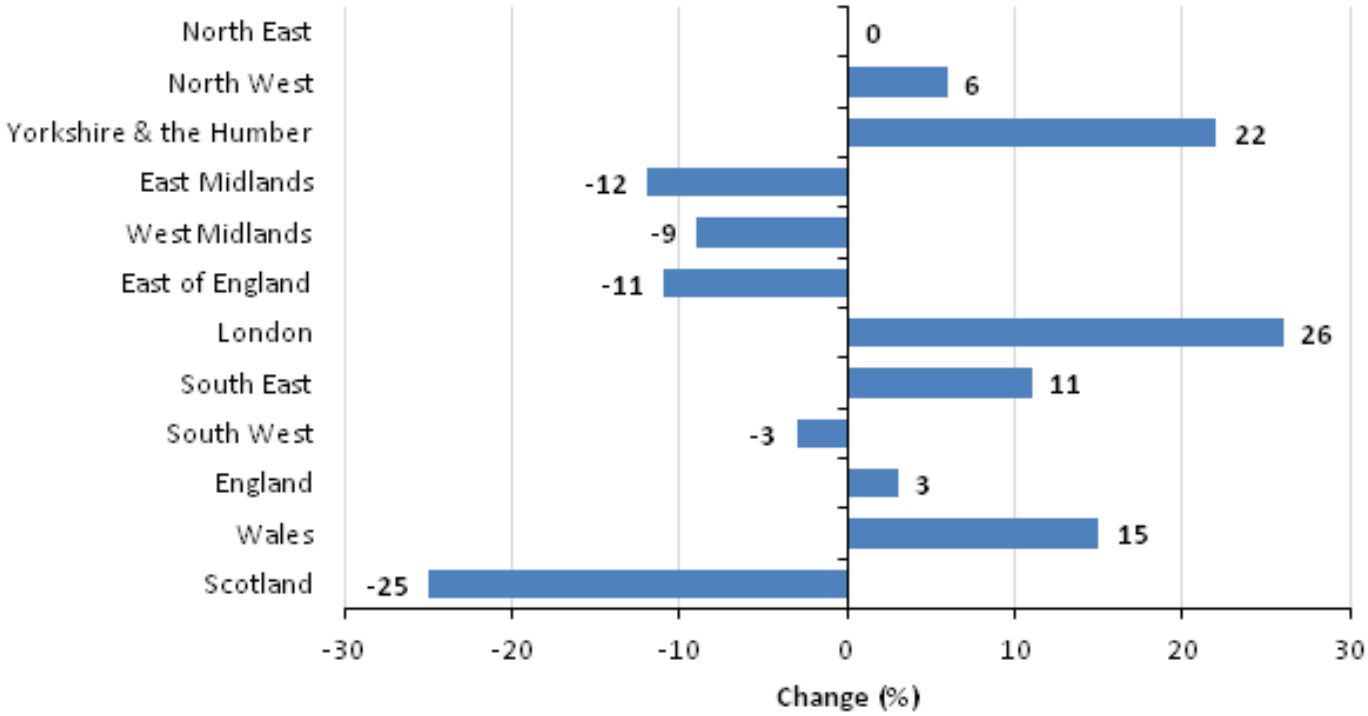
The regions with the highest and lowest net financial wealth were unchanged across the three waves of the survey. Households in the South East had the highest net financial wealth in each period (£12,300 in 2010/12, £12,700 in 2008/10 and £11,100 in 2006/08) and households in the North East the lowest (£2,400 in 2010/12, £2,900 in 2008/10 and £2,400 in 2006/08).

Figure 5.18 presents the change in median household net financial wealth between 2006/08 and 2010/12 for all households by region. London saw the largest percentage rise in median net financial wealth of 26% between 2006/08 and 2010/12, increasing from £4,700 to £5,900. Scotland saw

the largest fall (25%) in the median value of net financial wealth (falling from £4,400 in 2006/08 to £3,300 in 2010/12).

Table 5.18: Median net household financial wealth, by household type: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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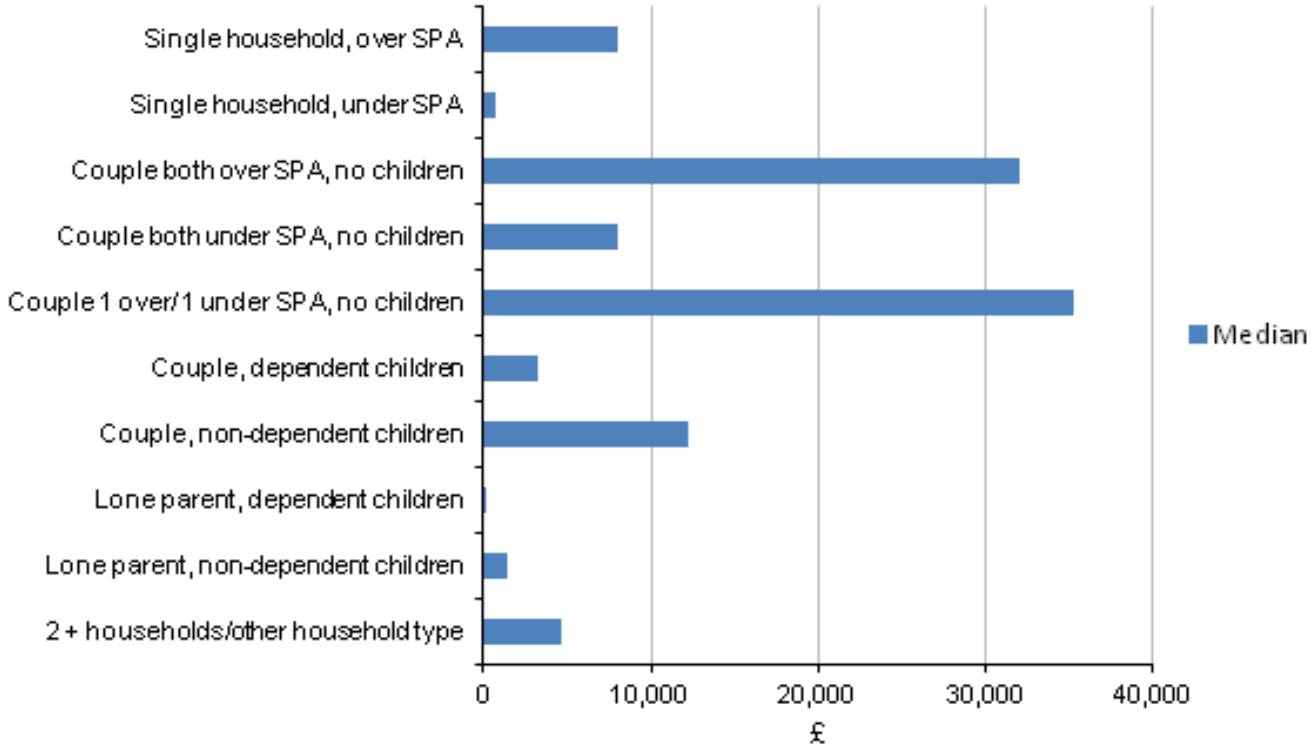
Financial wealth by Household Type

Figure 5.19 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 the state pension age, at £35,300. As illustrated in the introduction and demographics chapter of the current report, 5% 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 the state pension age had the second highest median net financial wealth, at £32,000. The median value of household net financial wealth was the lowest for lone parent households with dependent children, at £100. Single person households where the householder was under the state pension age and lone parent households with non-dependent children also had low net median financial wealth values of £800 and £1,500 respectively.

The most common household type comprised couple households with dependent children, accounting for 19% of all households. Median net financial wealth for this particular household type was £3,300 in 2010/12.

Figure 5.19: Median net household financial wealth, by household type: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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Household net financial wealth by individual characteristics

This section looks at some key 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.

Gender and Marital Status

Table 5.20 shows the distribution of individuals by gender and marital status, across the bands of household net financial wealth. In 2010/12, 27% 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 2010/12 than any other marital status group (22% 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 (17% for men and women). 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 older individuals will have had longer to accumulate financial wealth might go some way towards explaining these differences.

Table 5.20: Individuals by gender and marital status, by household net financial wealth: Great Britain, 2010/12

Percentage (%)

Gender and Marital Status	Less than -£5,000	-£5,000 but < -£500	-£500 but < £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
Men										
- Married[1]	12	7	2	4	13	11	10	12	12	17
- Cohabiting[2]	22	15	3	6	14	9	8	8	8	7
- Single	16	13	4	8	17	10	8	9	7	8
- Widowed	2*	5*	2*	8	19	17	12	11	11	13
- Divorced	8	9	4	15	20	13	8	9	7	7
- Separated[3]	12	17	5*	10	22	10	5*	7	4*	7
All men	14	10	3	6	15	10	9	10	9	12
Women										
- Married[1]	12	7	2	4	13	11	10	13	12	17
- Cohabiting[2]	22	15	3	7	14	10	8	8	8	7
- Single	17	14	4	8	17	10	7	9	7	8
- Widowed	3	4	2	9	23	16	12	10	9	12

Gender and Marital Status	Less than -£5,000	-£5,000 but < -£500	-£500 but < £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
- Divorced	10	14	6	12	22	11	9	6	5	4
- Separated[3]	12	19	5*	16	17	9	6*	5*	7	4*
All women	14	10	3	7	16	11	9	10	9	11
All Persons	**14**	**10**	**3**	**6**	**16**	**11**	**9**	**10**	**9**	**12**

Table source: Office for National Statistics

Table notes:

1. Includes civil partnerships.
2. Includes same sex couples.
3. Includes civil partner separations and dissolutions.
4. * indicates a data point based on a small sample - such data points should be treated with some caution.

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Age

Table 5.21 shows the distribution of individuals living in households with varying degrees of net financial wealth according to their age.

Individuals belonging to the 25-34 year old age group were most likely to live in households in the lowest net financial wealth band (21% of such individuals lived in households with net financial wealth less than -£5,000). Combining the lowest three net financial wealth bands enables us to identify households in negative net financial wealth. Nearly four in ten individuals in the 25-34 year old age group lived in households with negative net financial wealth (38%), compared with 6% of individuals aged 65 or over.

Focusing on the highest net financial wealth band, individuals aged 55-64 and 65 years and above were most likely to live in households with net financial wealth of £100,000 or more (22% and 19% respectively). Individuals aged 25-34 were least likely to live in households with the highest amounts of net financial wealth (5%).

Table 5.21: Individuals by age, by household net financial wealth: Great Britain, 2006/08 - 2010/12

Percentage (%)

Age	Less than -£5,000	-£5,000 but < -£500	-£500 but < £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
Under 16	18	14	4	7	19	9	7	8	6	7
16-24	19	13	4	9	14	9	7	8	7	9
25-34	21	13	4	6	18	12	7	8	6	5
35-44	17	12	3	7	15	11	8	10	8	8
45-54	13	10	3	6	14	9	9	12	11	12
55-64	8	7	3	6	11	10	10	12	13	22
65+	2	3	1	6	16	14	13	14	13	19
All Persons	**14**	**10**	**3**	**6**	**16**	**11**	**9**	**10**	**9**	**12**

Table source: Office for National Statistics

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Education Level

Table 5.22 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 23% – 16 percentage points higher than individuals reporting no qualifications.

Nearly three in ten individuals with other qualifications lived in households with negative net financial wealth (28%). This compares with 20% of individuals reporting no qualifications and 21% of individuals reporting degree level qualifications or above.

Table 5.22: Individuals by education level, by household net financial wealth: Great Britain, 2010/12

Percentage (%)

Education Level	Less than -£5,000	-£5,000 but < -£500	-£500 but < £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
Degree level or above	14	6	1	2	11	10	9	12	13	23
Other qualifications	14	11	3	7	15	11	9	11	9	10
No qualifications	6	9	5	13	21	13	10	9	7	7
All persons	**13**	**9**	**3**	**6**	**15**	**11**	**9**	**11**	**10**	**13**

Table source: Office for National Statistics

Table notes:

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

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Economic Activity

Table 5.23 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 (42%), 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 self-employed individuals were most likely to live in households with net financial wealth of £100,000 or more (21% and 17% respectively).

Table 5.23: Individuals by economic activity, by household net financial wealth: Great Britain, 2006/08 - 2010/12

Percentage (%)

Economic Activity	Less than -£5,000	-£5,000 but < -£500	-£500 but < £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
Economically Active	17	10	3	5	14	11	9	11	10	11
Employee	17	10	2	4	14	11	9	12	10	10
Self Employed	13	8	1	4	14	12	8	10	12	17
Unemployed	16	19	8	16	14	6	5	6	5	5
Economically Inactive	7	7	3	9	16	11	10	10	10	16
Student	13	10	2*	8	12	9	7	6	9	13
Looking after family/home	12	15	5	12	22	9	6	6	4	9
Sick / Disabled[2]	13	19	10	20	17	7	5	3	2	3
Retired	2	3	1	6	16	13	12	13	13	21
Other Inactive	14	10	6	9	12	9	8	7	11	14
All Persons	**13**	**9**	**3**	**6**	**15**	**11**	**9**	**11**	**8**	**13**

Table source: Office for National Statistics

Table notes:

1. Only includes eligible adults who gave their economic activity.
2. Data for temporarily sick or disabled has been combined with long term sick and disabled.
3. * indicates a data point based on a small sample - such data points should be treated with some caution.

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Socio-economic Group

Table 5.24 shows the distribution of individuals living in households with varying degrees of net financial wealth according to their socio-economic classification.

Over one in five individuals classified in the group ‘large employers and higher managerial’ lived in households with net financial wealth of £100,000 or more (23%). Individuals working in semi-routine occupations were least likely to live in a household within the highest net financial wealth band (4%).

Individuals whose economic activity was reported as never worked or long term unemployed were least likely to live in households with net financial wealth of less than -£5,000 (7% in 2010/12).

The percentage of individuals living in households in negative net financial wealth was highest for those who were working in routine occupations (32%). The percentage of individuals classified in the groups ‘small employers and own account workers’, ‘lower supervisory and technical’ and ‘semi-routine occupations’ who lived in households in negative net financial wealth was 29%.

Table 5.24: Individuals by socio-economic classification, by household net financial wealth: Great Britain, 2006/08 - 2010/12

Percentage (%)

Socio-economic Classification	Less than -£5,000	-£5,000 but < -£500	-£500 but < £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
Large employers and higher managerial	10	5	1*	2	10	10	10	14	16	23
Higher professional	15	7	2	3	12	11	10	12	12	16
Lower managerial and professional	13	8	2	5	14	12	11	11	11	13
Intermediate occupations	13	9	3	5	17	13	9	10	9	13
Small employers and own account workers	14	12	3	7	17	12	10	12	7	6
Lower supervisory and technical	12	12	5	11	18	12	8	9	7	7
Semi-routine occupations	10	14	5	13	22	10	8	8	5	4
Routine occupations	11	15	6	15	20	8	7	5	5	6
Never worked/ long term unemployed	7	8	3	10	17	11	10	10	9	15
All persons	**11**	**9**	**3**	**7**	**16**	**11**	**10**	**11**	**10**	**13**

Table source: Office for National Statistics

Table notes:

1. Includes only eligible adults who gave sufficient information to determine socio-economic group.
2. * indicates a data point based on a small sample - such data points should be treated with some caution.

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Notes

1. http://www.ons.gov.uk/ons/rel/census/2011-census-analysis/how-have-living-arrangements-and-marital-status-in-england-and-wales-changed-since-2001-/STY-living-arrangements-and-marital-status.html#tab-Age-and-sex-distribution-by-marital-status-

2. www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2013-provisional-results/stb-ashe-statistical-bulletin-2013.html#tab-Earnings-by-age-group

Quality assuring financial wealth data

The following section compares estimates derived from the financial chapter of the Wealth in Great Britain 2010/12 report with other sources of financial wealth data.

HMRC ISA Data

Initially HM Revenue & Customs (HMRC) published statistics on Individual Savings Accounts (ISAs) were 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 gender and age. Table 5.E compares the median ISA wealth from the two sources. Figure 5.F 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.

Table 5.E: Comparison of median ISA wealth, by age and gender, noting that WAS covers Great Britain (2010/12) and HMRC covers United Kingdom (5th April 2011)

	£		
	WAS 2010/12	**HMRC (as of end of tax year 2010-11)**	**Difference**
Male			
Under 25	1,700	1,500	13%
25-34	3,000	2,100	43%
35-44	4,000	4,300	-7%
45-54	6,300	6,500	-3%
55-64	10,000	10,600	-6%
65 and over	10,500	14,000	-25%
All Male	6,600	6,600	0%
Female			
Under 25	1,800	1,400	29%
25-34	2,300	1,500	53%
35-44	3,600	3,600	0%
45-54	5,500	5,100	8%
55-64	10,000	10,700	-7%
65 and over	9,000	14,600	-38%
All Female	5,700	5,300	8%
All			
Under 25	1,700	1,400	21%
25-34	2,500	1,800	39%
35-44	4,000	4,100	-2%
45-54	6,000	5,400	11%
55-64	10,000	10,600	-6%
65 and over	10,000	14,300	-30%
All ISA holders	6,000	5,900	2%

Table source: Office for National Statistics

Table notes:

1. Excludes individuals without ISA wealth.

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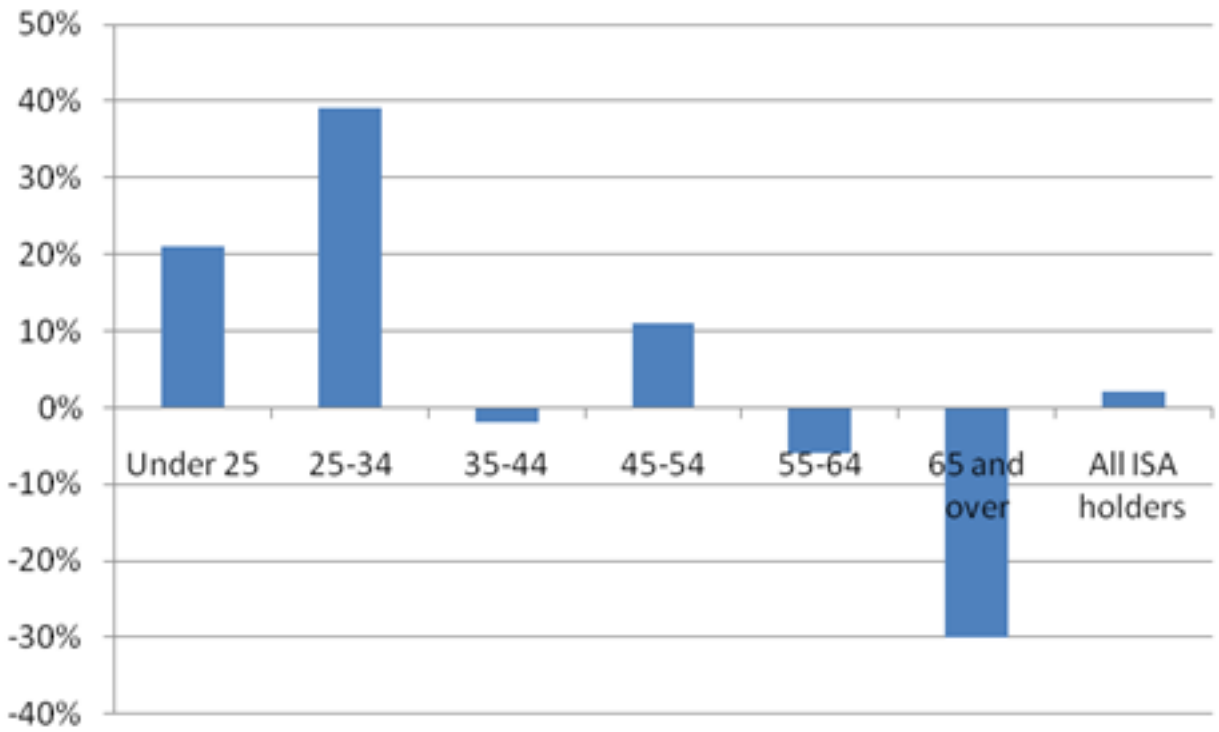
Figure 5.F: Percentage difference in median ISA wealth, by age, noting that WAS covers Great Britain (2010/12) and HMRC covers United Kingdom (5th April 2011)



Source: Wealth and Assets Survey - Office for National Statistics, HM Revenue and Customs

Notes:

1. Excludes individuals without ISA wealth.

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The median ISA values are similar where all ISA holders are considers; median ISA wealth differed by only 2% where WAS and HMRC estimates are compared. Some differences are noticed when considering values broken down by different age groups. The difference is most pronounced in the 25-34 age group, for which WAS produces median estimates which are 39% higher. In contrast, median estimates are notably lower for the 65 and over age group, with females showing the highest difference with WAS median ISA wealth at £9,000 and official HMRC figures being £14,600 (a difference of 38 per cent).

A number of considerations need to be made where attempts are made to compare these two sources. HMRC data are for the United Kingdom, whereas WAS only surveys households in Great Britain. Furthermore, WAS data covers those surveyed any time between July 2010 and June 2012, and the HMRC figures relate to specific ISA market values on 5th April 2011.

Number of individuals with ISAs

WAS estimates that 17.6 million adults have an ISA in 2010/12. This is lower than HMRC's estimate that around 24.4 million adults have ISAs.

Comparison of aggregate market value of ISA funds

In 2010/12, WAS estimates total ISA wealth as £249.8 billion, whereas HMRC estimates that total ISA wealth on the 5th April 2012 was £388.1 billion[2].

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 Family Resources Survey (FRS) is a major Department for Work and Pensions (DWP) sponsored study. The study provides detailed information on the income, circumstances and living conditions of a representative cross-section of UK households.

Like with the ISA statistics from HMRC, a number of factors need to be considered when attempting comparisons between the two sources. FRS data used for comparison purposes covers a time period of 2010 to 2011, whereas wave three of WAS covers 2010 to 2012. Furthermore, FRS surveys households in the United Kingdom, whereas WAS only surveys households in Great Britain.

Percentage of households with formal financial assets

FRS estimated that 93% of households have a current account, compared with 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.

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 which is 1 percentage point lower than the FRS estimate.

FRS estimates that 21% and 3% of households had premium bonds and national savings bonds respectively. WAS estimates that 22% of households had National Savings bonds (certificates) and premium bonds.

FRS estimates that 40% of households have an ISA, compared with 48% estimated by WAS.

WAS estimates that 5% of households had a unit or investment trust, 1 percentage point higher than the FRS estimate that 4% of households had a unit trust.

Figure 5.G: Comparison of financial assets in WAS and FRS, noting that WAS covers Great Britain (2010/12) and FRS covers United Kingdom (2010/11)

	WAS 2010/12	FRS 2010/11	
All current accounts	96	97	Direct Payment Account[1]
Savings accounts	58	5	NS&I Savings account
		46	Other Bank/ Building Society account
ISAs	48	40	ISA
National Savings certificates and bonds[2]	22	21	Premium Bonds
		3	National Savings Bonds
UK shares	12	17	Stocks and shares/member of a Share club
Overseas shares	2		
Employee shares and share options	6	3	Company Share Scheme/profit sharing
Unit/Investment trusts	5	4	Unit trusts
Other formal financial assets	1	1	Any other type of asset
Any formal financial asset	**98**	**98**	**Any type of account (including POCA)**

Table source: Office for National Statistics

Table notes:

1. The definition of Direct Payment Account in FRS is the most similar to the definition of a Current Account in WAS.
2. Includes premium bonds.

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HMRC Child Trust Funds data

Table 5.H presents a comparison of figures on Child Trust Funds for Great Britain from WAS against official figures produced by HMRC for 2011/12. Possible reasons for a lower estimate from WAS

include: firstly, if children were 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 data reflects value during the second half of the WAS survey period covering 2010/12, 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.H: Child Trust Funds: Great Britain, WAS (2010/12) compared with Great Britain, HMRC (2011/12)

	WAS	HMRC
Value of assets held in accounts (£ millions)	3,542	4,122
Number of accounts held (thousands)	5,475	5,791

Table source: Office for National Statistics

Table notes:

1. HMRC Great Britain figures based on summed regional values.

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Notes

1. HMRC statistics homepage: http://www.hmrc.gov.uk/statistics/isas.htm

2. Table 9.6: http://www.hmrc.gov.uk/statistics/isas/table9-6.xls

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

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Chapter 6: Private Pension Wealth, Wealth in Great Britain 2010-12

Coverage: **GB**
Date: **15 May 2014**
Geographical Area: **Region**
Theme: **Economy**

Key points

This chapter examines private (non-state) pension wealth estimates from the Wealth and Assets Survey in 2006/08, 2008/10 and 2010/12.

- In 2010/12, 34% of adults aged 16 + contributed to a private pension. The percentage varied by gender with 37% of men making contributions compared with 31% of women.
- In 2010/12, a much higher proportion of employees in the public sector (85%) belonged to a current occupational pension scheme than their counterparts in the private sector (40%).The median value of current occupational pension wealth of employees in the public sector (£42,600) was nearly double that of employees in the private sector (£24,000).
- In 2010/12, median wealth held in private pensions from which individuals had not yet drawn an income (i.e. current and retained pensions) was much higher in defined benefit (DB) pensions (£39,900) than in defined contribution (DC) pensions (£15,000). Some people accumulate wealth in both DB and DC pensions.
- In 2010/12, 19% of individuals aged 16 + received income from a private pension. The median wealth held in pensions that were already being paid (pensions in payment) was £91,400. A higher proportion of men (21%) than women (17%) received such income. The median level of wealth held by men (£127,900) in pensions in payment was more than double than that of women (£61,200).
- In 2010/12, around a quarter (24%) of all households in Great Britain had no private pension wealth.
- Aggregate private pension wealth in Great Britain increased from £3.46 trillion in 2008/10 to £3.59 trillion in 2010/12 (figures not adjusted for inflation). This was mainly explained by an increase in current pension wealth.
- In 2010/12, of those who had any private pension wealth, the 10% of households with the highest had almost half of the total (48%). This was six times the total private pension wealth of the 50% of households who had the lowest.

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 third wave of the survey (July 2010 to June 2012) alongside revised estimates from Wave 1 (July 2006 to June 2008) and Wave 2 (July 2008 to June 2010).

Unlike the other forms of wealth presented in this report, pension wealth is not immediately accessible for most individuals. In most cases, the earliest age at which it was possible to receive an income from a registered private pension in 2008/10 was age 50. As a result of the Finance Act 2004 this increased to 55 from April 2010.

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 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. This chapter does not include analysis of total pension wealth.

The information relating to Wave 2 published in this report differs, sometimes by a considerable amount, from the information previously published, mainly due to further development of the methodology used to incorporate annuity rates and discount factors. Wave 3 information has also been used to improve the assumptions used in the Wave 2 imputation process. Wave 1 information has also been improved, although to a lesser extent.

Compared to the previous release of Wave 1 and 2 data, the changes and improvements have resulted in lower estimates of pension wealth but relatively unchanged estimates of membership levels. Overall, the estimates of aggregate pension wealth in this release are 20 per cent lower for Wave 1 and 28 per cent lower for Wave 2 (see Table 6.12).

For Wave 1, the methodological changes and other improvements made the most difference to wealth estimates relating to Defined Benefit (DB) pensions. For example, median wealth for individuals with occupational DB pensions in Wave 1 is 45 per cent lower in this release than in the earlier release. For Wave 2, the changes have resulted in lower estimates of median wealth for all pension types but, as in Wave 1, the impact has been greater on wealth estimates for DB pensions.

The chapter begins by looking at the membership 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 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 for Wave 1, Wave 2 and Wave 3. All estimates of wealth are in nominal terms, (values are not adjusted for inflation). However, some of the estimates required modelling, which has been done using a method developed by the Institute for Fiscal Studies (IFS).

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 7: Technical Details.

The first three waves of the survey took place before automatic enrolment was introduced in October 2012 and this chapter does not, therefore, reflect changes in pension membership since that date.

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 purchased upon retirement. 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 or 'average' 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 income 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, retained and pensions in payment) is calculated using financial assumptions (discount rates and annuity factors) 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 previous release of this report in 2012. The methodology chapter of this Wealth and Assets report also contains relevant information.

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 proportion of individuals in Great Britain, by age group, who were and were not contributing to specific types of private pensions in 2010/12.

Table 6.1

Percentage of individuals aged 16 plus that currently contribute to a private pension scheme, by pension type and sex: Great Britain, 2006/08 - 2010/12

Percentages

	2006/08			2008/10			2010/12		
	Men	Women	All	Men	Women	All	Men	Women	All
No current pension	58	67	62	59	68	64	63	69	66
Any type of pension	42	33	38	41	32	36	37	31	34
of which									
Occupational DB only	16	17	17	16	19	17	16	19	18
Occupational DC only	9	6	8	7	5	6	8	5	7
Personal pension only	13	7	10	13	6	10	8	3	6
More than one type	4	3	3	5	3	4	5	3	4

Table source: Office for National Statistics

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Table 6.1 shows that the majority (66%) of adults in Great Britain were not contributing to a private pension in 2010/12. A higher proportion of women (69%) than men (63%) did not contribute to a private pension.

Looking at the types of pension to which people did contribute, Table 6.1 shows that, in all three periods, a higher proportion of men than of women contributed to either a defined contribution (DC) scheme, a Personal Pension or to more than one type of pension. However, in each period a higher proportion of women than men contributed to a defined benefit (DB) scheme. This may reflect the fact that a larger proportion of public sector workers are women and pension provision in the public sector is predominantly DB.

The table also shows a decrease in the percentage of people with personal pensions only between 2008/10 and 2010/12. This is highlighted further in Table 6.4 and its related commentary.

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 DB schemes and the wealth those 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 and sex: Great Britain, 2006/08 - 2010/12

£

		Men		Women		All	
		% with	Median	% with	Median	% with	Median
2006/08	16–24	5	5,300	7	5,000	6	5,000
	25–34	20	18,100	25	12,900	23	15,000
	35–44	29	60,800	30	31,400	30	43,800
	45–54	31	137,600	33	57,600	32	86,400
	55–64	19	170,100	17	89,600	18	120,700
	65+	0*	69,800*	0*	74,300*	0	74,300
	All	**18**	**67,400**	**19**	**31,200**	**19**	**45,000**
2008/10	16–24	5	4,000	7	3,400	6	3,800
	25–34	21	13,900	28	12,400	24	13,000
	35–44	29	58,000	32	30,800	30	42,500
	45–54	31	130,400	36	64,200	33	90,400
	55–64	20	178,100	19	109,000	20	136,500
	65+	1*	76,200*	1*	75,700*	1	75,700
	All	**18**	**64,400**	**20**	**32,600**	**19**	**43,600**
2010/12	16–24	5	3,900	7	2,200	6	3,400

	Men		Women		All	
	% with	Median	% with	Median	% with	Median
25–34	23	13,700	27	11,600	25	12,400
35–44	28	50,000	35	26,600	32	35,300
45–54	32	153,900	37	69,000	35	95,800
55–64	21	173,200	20	114,300	20	140,300
65+	1*	175,100*	1*	58,300*	1	99,900
All	**19**	**63,300**	**21**	**32,700**	**20**	**43,800**

Table source: Office for National Statistics

Table notes:

1. Excludes individuals with zero wealth in current occupational DB schemes.
2. Although the methodology for calculating DB pension wealth has remained the same across the three waves, there have been changes in the financial assumptions.
3. * = indicates a data point based on a small sample - such data points should be treated with some caution.

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Table 6.2 shows that in 2010/12, the overall median current DB pension wealth was £43,800, £200 more than the 2008/10 equivalent and £1,200 less than the 2006/08 figure. In all three periods, the overall median value of men's current occupational DB pension wealth was much higher than that of women. This lower level of wealth among women reflects the combination of fewer years of membership and the generally lower salaries that are more likely to characterise women's employment compared to men's. The table also highlights how the median value of current occupational DB pension wealth increased steadily with age up to 64 years old, with the figure for those aged 55 to 64 being £140,300 in 2010/12. The proportion of those aged 65 and over with wealth in current DB pensions was negligible which is not surprising given the lower employment rates in this age group and the fact that the majority of DB schemes had a normal pension age of 65 or less.

A longitudinal perspective

Table 6.A follows a cohort of individuals in the 2006/08 wave through the three waves, looking at the individuals who had wealth in current occupational DB pensions in Wave 1 and the amount of wealth held by this group in the same pension type in the following waves. As it follows a cohort, no new

individuals can enter the category in Waves 2 or 3. Individuals with a non-response in either Wave 2 or Wave 3 are removed from all three waves to avoid an artificial fall in proportions with such wealth in the later waves.

Table 6.A

Longitudinal percentage of individuals with wealth in current occupational DB pensions and amount of wealth (£) held in such pensions, by sex: Great Britain, 2006/08 - 2010/12

£

	Men		Women		All	
	% with	Median	% with	Median	% with	Median
2006/08	100	63,900	100	30,900	100	43,600
2008/10	73	96,400	80	45,000	77	65,900
2010/12	61	122,200	68	58,700	65	81,000

Table source: Office for National Statistics

Table notes:

1. Excludes individuals with zero wealth in current occupational DB schemes.
2. Individuals with a non-response in any of the three periods are excluded from all periods.

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Table 6.A is similar to Table 6.2 in that both tables provide information on individuals with current occupational DB wealth. However, Table 6.2 provides data for each wave about everyone in that wave who has wealth in a current occupational DB pension. As mentioned above, Table 6.A provides data only for those respondents who had a current occupational DB pension in 2006/08 and who provided any response in both 2008/10 and 2010/12. Table 6.A suggests that just under a quarter of individuals who reported current DB wealth in Wave 1 no longer had wealth in a current occupational DB pension in Wave 2 and about 35% did not have wealth in such a scheme in Wave 3. The percentages of women with current DB wealth in Wave 1 who no longer had wealth in such schemes in Waves 2 and 3 were both lower than the equivalent figures for men. The table indicates that the median wealth of the individuals who continued to have wealth in a DB pension increased by 51% between 2006/08 and 2008/10 and by 23% between 2008/10 and 2010/12. In total, this is equivalent to an 86% increase in the median wealth from Wave 1 to Wave 3.

As the introduction to this chapter explained, wealth from current DB pensions is calculated using financial assumptions (discount rates and annuity factors). The changes in median wealth in Table 6.A reflect changes to these assumptions but also take account of differences between the characteristics of the original cohort and of those individuals from the cohort who still had current DB pensions in Waves 2 and 3. The relatively high percentage changes in median between the waves

suggest that the individuals included in all three waves were those with a higher median DB pension wealth in Wave 1 than the cohort as a whole. The small differences between the 2006/08 data in Table 6.2 and Table 6.A is caused by the inclusion in the former of data from those individuals who did not respond in Waves 2 and / or 3.

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 annuity rate 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 and sex: Great Britain, 2006/08 - 2010/12

		Men		Women		All	
		% with	Median	% with	Median	% with	Median
2006/08	16–24	4	2,500	4	2,400	4	2,500
	25–34	16	6,200	11	4,000	14	5,000
	35–44	16	10,000	11	7,500	14	8,900
	45–54	14	16,500	10	7,000	12	11,500
	55–64	10	20,000	5	7,500	8	14,000
	65+	2	27,000	1	13,700	1	22,000
	All	**11**	**10,000**	**7**	**6,000**	**9**	**8,000**
2008/10	16–24	4	2,500	3	1,500	3	2,500
	25–34	14	7,000	10	6,700	12	6,700
	35–44	16	13,900	9	9,900	12	11,600
	45–54	13	16,000	7	9,500	10	13,000
	55–64	9	25,000	4	12,900	6	18,500
	65+	0*	19,000*	0*	12,300*	0*	18,000*
	All	**10**	**12,000**	**5**	**8,000**	**8**	**10,000**
2010/12	16–24	3	2,400	3	3,800	3	3,000

	Men		Women		All	
	% with	Median	% with	Median	% with	Median
25–34	13	9,500	11	6,500	12	7,500
35–44	18	16,000	11	7,900	14	12,400
45–54	16	18,000	9	11,000	12	15,000
55–64	10	20,000	5	8,000	8	14,500
65+	0*	23,300*	0*	15,000*	0*	18,200*
All	**10**	**14,500**	**7**	**7,500**	**8**	**10,800**

Table source: Office for National Statistics

Table notes:

1. Excludes individuals with zero wealth in current occupational DC schemes.
2. * = indicates a data point based on a small sample - such data points should be treated with some caution.

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Table 6.3 shows that, overall, the median value of current occupational DC pension wealth increased slightly from £10,000 in 2008/10 to £10,800 in 2010/12 and had also increased between 2006/08 and 2008/10 (from £8,000 to £10,000). Table 6.3 also shows that the median value of men's current occupational DC pension wealth was larger than that of women's in all three waves. In fact, in 2010/12 the median value for women (£7,500) was only just over half that for men (£14,500) a smaller proportion than in 2008/10, when it was about two thirds of that for men (£8,000, compared to £12,000).

Current personal pension wealth

All individuals are eligible to make contributions to personal pensions should they choose to do so. Throughout waves 1 to 3 of the survey, contributors to private pensions included individuals not eligible for workplace pensions such as the self-employed; those not currently working; those 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, 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 annuity rate 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, 2006/08 - 2010/12

£

		Men		Women		All	
		% with	Median	% with	Median	% with	Median
2006/08	16–24	2	3,200	1*	2,200*	1	2,800
	25–34	11	7,000	7	4,000	9	5,500
	35–44	25	14,000	14	7,000	20	10,200
	45–54	26	20,000	13	10,600	19	16,000
	55–64	21	26,000	8	13,400	14	21,000
	65+	12	31,000	5	21,000	8	29,000
	All	**17**	**18,000**	**9**	**9,000**	**13**	**14,900**
2008/10	16–24	2*	2,600*	1*	2,600*	2	2,600
	25–34	11	9,200	7	4,500	9	7,000
	35–44	25	14,000	12	8,000	18	11,500
	45–54	27	21,600	13	10,000	20	17,000
	55–64	25	26,000	9	15,500	17	21,800
	65+	6	34,100	2	18,600	4	27,200
	All	**17**	**17,300**	**8**	**9,700**	**12**	**15,000**
2010/12	16–24	1*	24,000*	0*	200*	1*	23,000*
	25–34	8	7,500	4	5,000	6	6,900
	35–44	21	15,000	11	8,000	16	12,500

	Men		Women		All	
	% with	Median	% with	Median	% with	Median
45–54	24	22,000	12	13,000	18	18,200
55–64	17	38,700	6	19,500	12	30,200
65+	1	75,300	0	*25,000*	0	70,000
All	**12**	**19,000**	**6**	**10,000**	**9**	**16,000**

Table source: Office for National Statistics

Table notes:

1. Excludes those with zero personal pension wealth.
2. Personal pensions include stakeholder and self invested personal pensions, held on a group or individual basis.
3. * = indicates a data point based on a small sample - such data points should be treated with some caution.

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Table 6.4 shows that between 2008/10 and 2010/12, overall median current personal pension wealth increased from £15,000 to £16,000. The increase in median current personal pension wealth over the period is likely to be partly explained by additional years of contributions but differences in wealth in the three periods also reflect the effects of changes in the values of investments. The table shows a decrease in the proportion of individuals with wealth in current personal pensions between 2008/10 and 2010/12 from 12% to 9% after a smaller fall (from 13%) between 2006/08 to 2008/10. One factor in the overall decrease in the proportion of individuals with wealth in current personal pensions is the long term decrease in the percentage of self-employed people belonging to a personal pension scheme, a trend that is highlighted in other data sources such as the General Lifestyle Survey. In all three periods, the proportion of men that were contributing to a personal pension was about twice the proportion of women and this was true across all age groups in 2010/12. The median current personal pension wealth of men in 2010/12 was almost twice that of women, £19,000 compared with £10,000.

Total current pension wealth

Tables 6.2 to 6.4 explored the value of current pensions held in DB or 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 and sex: Great Britain, 2006/08 - 2010/12

£

		Men		Women		All	
		% with	Median	% with	Median	% with	Median
2006/10	16–24	10	3,600	11	3,600	11	3,600
	25–34	43	12,000	41	9,400	42	10,400
	35–44	62	28,500	51	20,000	56	23,800
	45–54	64	54,200	52	34,500	58	42,900
	55–64	46	60,200	28	42,000	37	53,500
	65+	14	32,300	6	21,000	10	29,200
	All	**42**	**30,000**	**32**	**19,200**	**37**	**24,100**
2008/10	16–24	11	3,100	10	3,000	11	3,000
	25–34	43	11,700	43	10,900	43	11,100
	35–44	61	30,000	48	23,100	54	27,000
	45–54	63	58,000	51	41,100	57	49,400
	55–64	48	61,300	30	55,900	39	59,500
	65+	7	34,500	3	19,300	5	29,100
	All	**40**	**30,000**	**31**	**22,500**	**36**	**26,600**
2010/12	16–24	9	3,900	10	2,700	9	3,400
	25–34	41	12,000	40	9,800	40	10,700
	35–44	58	32,200	51	21,400	54	26,200
	45–54	62	70,000	52	46,300	57	58,000
	55–64	43	83,400	29	66,100	36	75,400
	65+	2	95,000	1	37,900	2	69,100
	All	**37**	**35,000**	**31**	**22,800**	**34**	**28,600**

Table source: Office for National Statistics

Table notes:

1. Excludes individuals with zero current private pension wealth.
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. For more information see Chapter 7 of this release: Technical Details.

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Table 6.5 shows that in 2010/12, just over a third (34%) of individuals aged 16 and above were contributing to a private (non-state) pension, a slightly lower percentage than in 2006/08 and 2008/10 (37% and 36%, respectively). The overall median value of current private pension wealth increased from £24,100 in 2006/08 to £26,600 in 2008/10 and £28,600 in 2010/12, with increases partly due to additional years of contributions. The proportion of men with wealth in occupational DB or DC, or personal, pensions was 37% in 2010/12 down from 42% in 2006/08 and 40% in 2008/10. For women, the proportion was similar in each period (32% in the first and 31% in both 2008/10 and 2010/12). Between Wave 1 and Wave 3, median wealth held by men in current private pensions increased from £30,000 to £35,000 and from £19,200 to £22,800 for women.

Current occupational pension wealth in the public and private sector

New data in the second and third waves of WAS have allowed us to explore differences in occupational pension wealth between those employed in the public and private sector. Information on employment in the public or private sector is not available for Wave 1.

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 only those employees currently contributing to occupational pensions, but not 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, 2008/10 - 2010/12

		Public		Private		All employees	
		% with	Median	% with	Median	% with	Median
2008/10	16–24	49	3,000	9	2,700	15	3,100
	25–34	82	13,900	36	9,200	49	11,300
	35–44	86	38,100	45	27,500	57	30,700
	45–54	88	82,100	47	50,000	61	65,000
	55–64	80	126,900	43	64,600	55	98,200
	65+	29	75,300	9*	30,000*	15	57,000
	All	**82**	**40,300**	**38**	**24,400**	**50**	**30,000**
2010/12	16–24	51	2,700	10	3,100	16	3,200
	25–34	85	13,200	36	9,500	48	10,900
	35–44	88	32,400	49	23,800	61	27,600
	45–54	91	96,300	50	54,300	63	71,200
	55–64	81	137,900	47	60,000	58	97,800
	65+	40	98,700	17	46,000	22	62,700
	All	**85**	**42,600**	**40**	**24,000**	**52**	**30,000**

Table source: Office for National Statistics

Table notes:

1. Excludes those with zero occupational pension wealth.
2. “All employees” includes cases which were not classified as belonging to either the public or private sector, but still have some occuaptional pension wealth.
3. 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.
4. Estimates by gender are available in the downloadable file.
5. * = indicates a data point based on a small sample - such data points should be treated with some caution.

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Retained Pension Wealth

The following section looks at 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 and sex: Great Britain, 2006/08 - 2010/12

£

		Men		Women		All	
		% with	Median[1]	% with	Median[1]	% with	Median[1]
2006/08	16–24	2*	4,000*	1*	2,200*	1	3,700
	25–34	9	5,800	8	4,000	8	4,700
	35–44	19	13,200	17	9,400	18	11,500
	45–54	23	25,000	18	12,400	21	19,300
	55–64	20	30,100	9	19,000	15	27,000
	65+	2	32,000	1	10,800	2	20,500
	All	**13**	**18,000**	**9**	**10,000**	**11**	**14,000**
2008/10	16–24	2*	4,700*	2*	7,800*	2	6,300
	25–34	14	6,600	13	6,800	13	6,700
	35–44	29	14,800	26	11,100	28	13,000
	45–54	36	35,200	28	21,600	32	29,000
	55–64	34	46,600	18	29,100	26	40,000
	65+	5	32,000	6	22,600	5	27,100
	All	**21**	**23,400**	**16**	**15,000**	**18**	**19,200**
2010/12	16–24	1*	4,400*	2*	3,100*	1	4,400
	25–34	13	7,700	12	6,300	12	7,200
	35–44	28	17,000	26	12,400	27	14,800
	45–54	36	35,300	29	23,600	32	29,400
	55–64	30	49,900	17	33,600	23	41,500

	Men		Women		All	
	% with	Median[1]	% with	Median[1]	% with	Median[1]
65+	4	40,000	5	34,800	4	36,000
All	**19**	**24,900**	**16**	**17,100**	**17**	**20,600**

Table source: Office for National Statistics

Table notes:

1. Excludes those with zero occupational pension wealth.

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Table 6.7 shows that, between 2006/08 and 2008/10, the proportion of all individuals with wealth held in retained pensions increased from 11% to 18%, remaining at about the same level (17%) in 2010/12. The small change between 2008/10 and 2010/12 is explained by the proportion for men falling from 21% to 19%, with the proportion for women unchanged at 16%. The initial increase indicated that a large number of current pensions in 2006/08 were no longer receiving contributions in 2008/10. One possible explanation for this was the effect of the economic downturn, in terms of increases in unemployment, people moving jobs and, perhaps, pension scheme closures. Table 6.7 also shows that the proportion of individuals with this type of pension wealth generally increased with age up to the 45 to 54 age group before falling as individuals approached and reached the age at which 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 £19,200 to £20,600 between 2008/10 and 2010/12, a smaller increase than from 2006/08 to 2008/10 (£14,000 to £19,200). Across these three periods, for men, median wealth increased from £18,000 to £24,900, while for women, it increased from £10,000 to £17,100. Changes in retained pension wealth are difficult to interpret because of the combination of various factors that are likely to affect the estimates, for example:

- Changes in the proportion of people reporting retained pensions;
- Changes in the composition of retained pension wealth;
- Changes in the financial assumptions behind the calculation of retained defined benefit pension wealth across the three waves (see Chapter 7: Technical Details).

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 , this gives an indication of the level of resources that will be available to individuals during retirement (beyond that which is received from the state). Table

6.8 shows the amount of wealth held in private pensions that were not in payment, as well as the proportion 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, 2006/08 - 2010/12

£

		Defined Benefit (DB)		Defined Contribution (DC)		All	
		% with	Median	% with	Median	% with	Median
2006/08	16–24	6	4,900	6	2,500	12	3,600
	25–34	25	14,600	25	5,300	47	10,400
	35–44	36	40,700	38	10,200	64	24,700
	45–54	40	78,900	39	15,000	67	46,800
	55–64	23	113,600	28	20,000	45	56,100
	65+	1	65,200	10	28,000	11	30,000
	All	**23**	**43,300**	**26**	**12,000**	**42**	**25,500**
2008/10	16–24	7	3,900	6	3,000	12	3,900
	25–34	30	11,800	25	8,000	49	12,000
	35–44	41	36,600	37	13,500	65	30,000
	45–54	46	77,700	38	20,000	69	60,000
	55–64	31	106,900	32	23,000	52	70,000
	65+	2	41,400	6	25,400	8	30,300
	All	**27**	**40,800**	**25**	**15,000**	**43**	**31,300**
2010/12	16–24	7	3,200	4	3,800	10	3,400
	25–34	30	11,900	22	8,000	46	11,600
	35–44	43	31,700	38	13,300	66	29,700
	45–54	49	78,000	40	18,700	70	65,900
	55–64	30	118,000	29	25,000	49	77,800
	65+	2	66,700	2	29,100	4	48,600
	All	**27**	**39,900**	**23**	**15,000**	**42**	**33,000**

Table source: Office for National Statistics

Table notes:

1. Excludes individuals with zero wealth held in pensions not yet in payment.
2. DB type pension wealth comprises current DB and retained rights in DB pensions; while DC type pension wealth comprises current DC occupational pensions, current personal pensions, AVCs, retained rights in DC pensions and 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.

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As mentioned above, the table focuses on DB and DC pensions, the two main types. It shows that in the accumulation phase there was a large difference between the levels of wealth held in the two scheme types. In 2010/12, median wealth held in pensions that were not yet in payment was £39,900 for DB type pensions compared with £15,000 for DC type pensions. The biggest differences in median wealth between the two types of pension were in the older age groups. In all three periods, the proportion of individuals who had wealth held in pensions from which they were not yet drawing an income was highest for those in the age group 45 to 54 years old (over two thirds in each case) and, unsurprisingly, lowest in the 16 to 24 and 65 and over age groups. This pattern was the same for DB and for DC pensions.

In each of the three periods the proportion of individuals with wealth held in pensions was similar (42% in 2006/08 and 2010/12 and 43% in 2008/10). During this period, the percentage of individuals with wealth held in DB pensions increased (from 23% to 27%). At the same time the equivalent percentage for DC pensions decreased (from 26% to 23%).

The median wealth held in pensions that are not yet in payment was higher in 2010/12 than it was in 2008/10 (£33,000 and £31,300, respectively). The median DC wealth was unchanged at £15,000, while DB median pension wealth fell from £40,800 to £39,900.

Pension Wealth from Pensions In Payment

The following section complements the previous one by looking at wealth held by individuals in private pensions that were in payment (or receipt). 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 lives. Those in older age groups (with fewer years of life remaining), have lower levels of wealth than those in younger age groups

(see Chapter 7: Technical Details). The calculation of the 'pot' requires assumptions to be made about annuity rates, and these may change over time.

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, 2006/08 - 2010/12

£

		Men		Women		All	
		% with	Median	% with	Median	% with	Median
2006/08	<50	1	236,200	1	193,800	1	216,000
	50-54	9	187,900	5	144,500	7	168,000
	55-59	20	257,400	13	106,700	17	191,700
	60-64	48	208,200	42	72,800	45	124,000
	65-69	75	105,100	48	56,100	61	82,400
	70-74	77	83,300	50	48,500	63	67,600
	75+	74	40,000	48	23,900	58	30,900
	All	**21**	**96,100**	**16**	**46,900**	**18**	**69,400**
2008/10	<50	1	224,300	1	165,600	1	199,000
	50-54	10	175,000	5	153,000	8	171,800
	55-59	18	282,900	15	147,800	16	218,900
	60-64	48	239,200	41	88,900	44	152,600
	65-69	73	129,700	49	62,200	61	102,600
	70-74	76	101,800	51	53,400	62	76,600
	75+	77	50,700	48	30,600	60	39,500
	All	**20**	**108,800**	**16**	**55,100**	**18**	**80,300**
2010/12	<50	1	300,100	0	221,300	1	268,800
	50-54	9	205,800	5	159,900	7	175,600
	55-59	21	283,500	15	161,600	18	228,000
	60-64	51	254,200	44	108,800	48	168,300
	65-69	76	176,000	49	76,300	62	128,000
	70-74	76	116,200	51	54,900	63	86,800
	75+	77	54,600	51	32,000	62	42,500

	Men		Women		All	
	% with	Median	% with	Median	% with	Median
All	21	127,900	17	61,200	19	91,400

Table source: Office for National Statistics

Table notes:

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

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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 2010/12 the overall median wealth held in pensions in payment was £91,400, compared with £80,300 in 2008/10 and £69,400 in 2006/08. For all individuals, the proportion receiving income from private pensions has been fairly similar in each period (18% in 2006/08 and 2008/10 and 19% in 2010/12). For the three oldest age groups (65-69, 70-74 and 75+) the percentages were also fairly constant (in the range of 58% to 63% in all periods).

For men, the median wealth held in pensions in payment (£127,900) in 2010/12 was more than double that for women (£61,200). The proportion who received income from pensions in payment was also higher for men (21%, compared to 17% for women). In the groups aged over 65, the proportions of men receiving income were much higher than women: around three quarters in each age group compared with about half of women. This highlights that women in these age groups had fewer opportunities to contribute to pensions when they were of working age than did similarly-aged men.

Total Private Pension Wealth

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 individuals and households in Great Britain by certain key characteristics.

Total wealth held in private pensions (individual level)

Table 6.10 shows the proportion of individuals with any private pension wealth by age and sex. It also includes details of the median private pension wealth for these individuals and the same measure for the adult population as a whole.

Table 6.10

Percentage of individuals with wealth in private pensions and average amount of wealth (£) held in such pensions: by age and sex: Great Britain, 2006/08 - 2010/12

£

		Men		Women		All	
		% with	Median[1]	% with	Median[1]	% with	Median[1]
2006/08	16–24	11	3,600	12	3,500	11	3,500
	25–34	46	12,100	45	9,900	46	10,900
	35–44	70	31,400	60	21,500	65	25,900
	45–54	76	68,800	63	40,000	70	53,000
	55–64	79	134,500	57	66,100	68	99,800
	65-74	80	100,000	54	52,600	66	76,100
	75+	77	43,900	51	24,600	61	32,300
	All	**63**	**49,300**	**51**	**26,700**	**57**	**36,600**
2008/10	16–24	12	3,900	12	3,900	12	3,900
	25–34	50	12,200	49	11,300	50	12,000
	35–44	70	36,000	60	26,700	65	30,100
	45–54	78	84,100	65	50,700	71	66,700
	55–64	81	161,200	60	86,800	70	121,000
	65-74	79	113,000	54	61,100	66	90,500
	75+	77	52,000	51	30,900	61	40,600
	All	**64**	**56,700**	**53**	**33,200**	**58**	**43,600**
2010/12	16–24	10	4,100	12	2,500	11	3,400
	25–34	46	12,700	46	10,000	46	11,600
	35–44	68	37,800	64	23,300	66	30,000
	45–54	78	88,600	67	56,300	73	70,800
	55–64	81	174,100	63	99,100	72	135,900
	65-74	81	143,200	52	69,800	66	108,400
	75+	77	55,700	53	33,700	63	43,200

	Men		Women		All	
	% with	Median[1]	% with	Median[1]	% with	Median[1]
All	64	63,000	54	34,800	58	46,900

Table source: Office for National Statistics

Table notes:

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

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As Table 6.10 shows, 58% of individuals had some private pension wealth in 2010/12, the same proportion as in 2008/10 and slightly higher than in 2006/08 (57%). The median value of this pension wealth (excluding those with zero private pension wealth) was higher in 2010/12 than in 2008/10, which was, in turn, higher than in 2006/08 (£46,900, £43,600 and £36,600, respectively). For the population as a whole, including those with zero private pension wealth, the median wealth in private pensions was £7,200 in 2010/12, an increase from £6,600 in 2008/10 and £4,500 in 2006/08.

In all three periods a higher proportion of men than women had any pension wealth (in 2010/12, for example, the proportions were 64% and 54% for men and women respectively). Overall, the median value of men's total pension wealth was nearly twice as high as women's in 2010/12, £63,000 compared with £34,800 (excluding those with zero pension wealth).

Table 6.10 shows that membership and, to a lesser extent, wealth is broadly similar for men and women in younger age groups (under 45 years old). However, the differences in median pension wealth and in proportions having pension wealth become more pronounced as age increases, with larger values for men in both cases. There are a number of possible reasons for the near equality in younger people. Firstly, a much lower proportion of people in this age group have any pension wealth at all and those that do are more likely to be in similar employment situations, regardless of gender. Secondly, many men and women are likely to have differing career paths as their working lives progress, influenced, for example, by caring responsibilities.

Total wealth held in private pensions (households)

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.

Table 6.11 allows us to compare the median pension wealth in each wave of all households 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, 2006/08 - 2010/12

£

		% with	1st quartile	Median	3rd quartile
2006/08	Current occupational DB pensions[1]	27	19,400	57,300	161,200
	Current occupational DC pensions[1]	14	3,000	9,200	28,000
	Personal pensions[1]	20	6,000	16,900	40,500
	AVCs[1]	2	4,000	10,000	20,000
	Retained rights in DB pensions[1]	9	6,600	24,800	73,900
	Retained rights in DC pensions[1]	10	3,000	8,400	24,000
	Rights retained in pensions for drawdown[1]	0	22,500	32,000	189,800
	Pensions expected from former spouse/ partner[1]	1	1,600	15,300	58,000
	Pensions in receipt[1]	27	27,800	83,600	217,600
	Total pension wealth[1]		18,000	60,000	171,400
	Total pension wealth (whole population)[2]	**73**	0	25,300	114,100
2008/10	Current occupational DB pensions[1]	29	19,700	59,700	165,000
	Current occupational DC pensions[1]	13	3,800	11,500	30,000

		% with	1st quartile	Median	3rd quartile
	Personal pensions[1]	20	6,000	16,500	40,000
	AVCs[1]	2	3,600	10,300	23,000
	Retained rights in DB pensions[1]	17	9,500	28,200	71,200
	Retained rights in DC pensions[1]	15	3,800	13,000	35,000
	Rights retained in pensions for drawdown[1]	0	6,000	21,000	46,000
	Pensions expected from former spouse/ partner[1]	1	4,500	17,900	50,500
	Pensions in receipt[1]	28	35,300	100,500	247,200
	Total pension wealth[1]		22,400	71,600	196,700
	Total pension wealth (whole population)[2]	**75**	0	35,000	137,700
2010/12	Current occupational DB pensions[1]	31	19,500	59,100	175,100
	Current occupational DC pensions[1]	14	4,100	12,100	35,100
	Personal pensions[1]	15	6,600	18,000	45,400
	AVCs[1]	2	4,000	10,000	23,400
	Retained rights in DB pensions[1]	18	9,300	26,300	67,400
	Retained rights in DC pensions[1]	16	3,500	12,100	36,600

	% with	1st quartile	Median	3rd quartile
Rights retained in pensions for drawdown[1]	0	13,000	30,000	130,000
Pensions expected from former spouse/ partner[1]	1	11,400	36,000	88,300
Pensions in receipt[1]	30	38,500	117,800	294,200
Total pension wealth[1]		25,000	82,300	228,000
Total pension wealth (whole population)[2]	**76**	900	40,400	162,600

Table source: Office for National Statistics

Table 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. These are detailed in Chapter 7: Technical Details.
4. Households can have wealth in more than one type of pension.

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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 with the other types of wealth which are reported at household level (see Total Wealth chapter).

About a quarter of households in Great Britain had no private pension wealth in 2010/12 and in the earlier two 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 2010/12 than it was in 2008/10 (£40,400 compared to £35,000). This increase was smaller than the change from Wave 1 (2006/08) to Wave 2 (2008/10) where the median rose from £25,300 to £35,000. The median private pension wealth in households excluding those with no such wealth was higher in 2010/12 than in 2008/10 and 2006/08 (£82,300 compared to £71,600 and £60,000, respectively).

In 2010/12, about 31% of households in Great Britain had wealth in current occupational DB pensions with a similar proportion having pensions in receipt. The median value of the latter (£117,800) was much larger than that of the former (£59,100) and the median values of all other pension types were lower than both.

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, 2006/08 - 2010/12

£ (Billion)

	Current pension wealth	Retained pension wealth	Pension in payment wealth	Aggregate private pension wealth[1]
2006/08	-	-	-	**2,886**
2008/10	1,296	491	1,672	**3,459**
2010/12	1,438	461	1,687	**3,586**

Table source: Office for National Statistics

Table 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. For more information see Chapter 7 of this release: Technical Details.
5. Wave 1 data excluded as aggregate private pension wealth in Wave 1 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.

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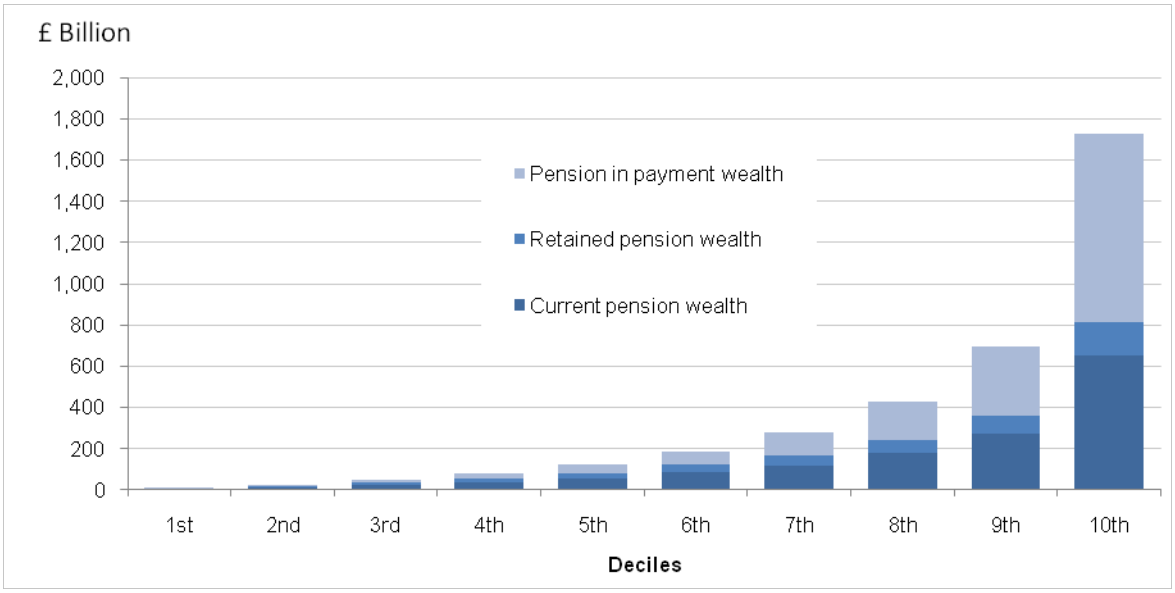
Table 6.12 shows that aggregate private pension wealth in Great Britain increased from £3.46 trillion in 2008/10 to £3.59 trillion in 2010/12. The increase is mainly explained by the increase in current pension wealth. In 2010/12 only 13% of the aggregate private pension wealth related to retained pension wealth with 47% due to pension in payment wealth and 40% due to current pension wealth. The equivalent percentages in 2008/10 were, respectively, 14%, 48% and 37% (these do not sum due to rounding).

Following the finding from Table 6.11, that 76% of households had some pension wealth in 2010/12, it is interesting to examine further the distribution of aggregate pension wealth among these 76 per cent. 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. These households are sorted in ascending order of aggregate private pension wealth and divided into deciles, each of which represents 10% of the households that have private pension wealth.

Figure 6.13: Breakdown of aggregate household private pension wealth for only those with any private pension wealth, by deciles: Great Britain, 2010/12



Source: Wealth and Assets Survey - Office for National Statistics

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In 2010/12, out of all households with private pension wealth, the decile with the highest aggregate had almost half (48%) of the aggregate pension wealth, while the five deciles with the lowest

aggregates had less than a tenth of the aggregate pension wealth (8%). The total aggregate wealth of the top decile was £1,725 billion compared to less than £7 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 first towards tenth. The percentage contributions of the other two pension wealth types (current and retained) to total aggregate private pension wealth both fall as the deciles move in this direction. For households in the top decile in 2010/12, over half (53%) of private pension wealth was pension in payment wealth, 38% was current pension wealth and 9% was retained pension wealth. The equivalent figures for households in the lowest decile were 21% pension in payment wealth, 53% current pension wealth and 27% retained pension wealth.

Distribution of private pension wealth by region

Table 6.14 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 in each area that have such wealth.

Table 6.14

Percentage of households with wealth in private pensions and amount of wealth (£) held in such pensions, by region: Great Britain, 2006/08 - 2010/12

£

		% with	1st quartile	Median	3rd quartile
2006/08	**England**	**73**	**18,100**	**60,200**	**171,900**
	North East	69	17,000	60,000	176,200
	North West	71	16,500	56,500	164,400
	Yorkshire & the Humber	73	16,400	53,900	145,500
	East Midlands	75	17,000	59,700	162,500
	West Midlands	72	15,900	55,200	155,800
	East of England	77	20,000	64,800	179,900
	London	63	17,200	56,300	168,800
	South East	79	21,700	70,500	202,600
	South West	77	19,700	63,400	181,800
	Wales	**71**	**17,100**	**58,500**	**162,900**
	Scotland	**71**	**18,100**	**59,100**	**170,600**
2008/10	**England**	**75**	**22,800**	**72,800**	**199,100**
	North East	71	18,900	63,600	183,500

		% with	1st quartile	Median	3rd quartile
	North West	73	21,600	74,400	195,700
	Yorkshire & the Humber	76	20,500	59,400	182,500
	East Midlands	76	20,600	70,800	188,800
	West Midlands	73	20,500	69,900	185,600
	East of England	78	24,900	77,300	208,000
	London	68	20,900	65,500	186,500
	South East	81	28,500	88,600	240,900
	South West	77	24,900	76,200	196,700
	Wales	**74**	**22,100**	**68,100**	**181,000**
	Scotland	**72**	**20,000**	**65,100**	**187,700**
2010/12	**England**	**76**	**25,000**	**82,900**	**229,500**
	North East	71	20,300	67,000	210,900
	North West	74	23,500	79,500	220,800
	Yorkshire & the Humber	78	21,000	69,800	194,400
	East Midlands	75	23,300	79,200	248,000
	West Midlands	74	24,100	76,900	198,400
	East of England	78	29,200	88,900	233,500
	London	68	25,200	86,000	228,000
	South East	84	29,000	96,100	262,900
	South West	81	25,500	88,100	240,400
	Wales	**76**	**23,300**	**81,900**	**210,900**
	Scotland	**74**	**24,000**	**71,100**	**223,700**

Table source: Office for National Statistics

Table notes:

1. Excludes those with zero pension wealth.

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Table 6.14 shows that, in 2010/12, 76% of households in England had at least some private pension wealth, the same proportion as in Wales (76%) and slightly higher than Scotland (74%). The median private pension wealth of these households in 2010/12 was higher in England (£82,900) than in Wales (£81,900) or Scotland (£71,100). The median in England was also higher than in the other two nations in both 2006/08 and 2008/10.

In each of the three periods, the region or nation with highest proportion of households with private pension wealth was the South East (84% in 2010/12), with the South West (81% in 2010/12), the East of England (78%) and, in 2010/12 only, Yorkshire and the Humber (78%) also ranked in the top three. In each period London had the lowest proportion of households with any private pension wealth (68% in 2010/12), followed by the North East (71% in 2010/12).

The South East and the East of England were the regions with the highest median household pension wealth in 2010/12 and in the earlier two periods as well. In all three periods Yorkshire and the Humber had the lowest median household pension wealth. In each period the household medians varied less between regions than between different pension types (see Table 6.11) and between household types (see Table 6.15).

Distribution of household private pension wealth by household type

Table 6.15 shows the distribution of household private pension wealth for different types of household, along with the proportion of households in each category with at least some private pension wealth.

Table 6.15

Percentage of households with wealth in private pensions and amount of wealth (£) held in such pensions, by household type: Great Britain, 2006/08 - 2010/12

£

		% with	1st quartile	Median	3rd quartile
2006/08	Single HHold, over SPA	67	15,000	42,700	104,000
	Single HHold, under SPA	63	10,300	35,100	123,900
	Married/ Cohabiting both over SPA, no children	86	41,500	103,200	224,100
	Married/ Cohabiting both under SPA, no children	84	19,600	69,400	224,700
	Married/ Cohabiting 1 over, 1 under SPA, no children	89	67,000	183,900	404,800
	Married/ Cohabiting, dependent children	79	17,000	54,100	138,600
	Married/ Cohabiting,	88	42,700	121,700	285,200

		% with	1st quartile	Median	3rd quartile
	non-dependent children only				
	Lone parent, dependent children	41	5,000	16,000	55,300
	Lone parent, non-dependent children	62	12,300	42,000	123,700
	2 or more families/Other HHold type	55	16,400	52,800	170,900
2008/10	Single HHold, over SPA	67	18,900	54,300	122,600
	Single HHold, under SPA	66	14,100	43,600	140,000
	Married/ Cohabiting both over SPA, no children	86	51,400	117,200	254,500
	Married/ Cohabiting both under SPA, no children	85	21,800	77,700	268,000
	Married/ Cohabiting 1 over, 1 under SPA, no children	89	92,500	234,200	505,200
	Married/ Cohabiting, dependent children	80	20,600	61,000	160,000
	Married/ Cohabiting, non-dependent children only	90	50,000	148,500	352,100
	Lone parent, dependent children	42	5,900	20,000	58,400

		% with	1st quartile	Median	3rd quartile
	Lone parent, non-dependent children	68	20,900	60,400	154,200
	2 or more families/Other HHold type	69	17,700	62,200	178,000
2010/12	Single HHold, over SPA	68	19,600	59,100	143,100
	Single HHold, under SPA	64	15,900	46,600	163,400
	Married/ Cohabiting both over SPA, no children	88	53,100	138,600	303,500
	Married/ Cohabiting both under SPA, no children	86	27,400	92,800	297,100
	Married/ Cohabiting 1 over, 1 under SPA, no children	91	105,500	278,000	581,700
	Married/ Cohabiting, dependent children	80	21,900	65,100	168,600
	Married/ Cohabiting, non-dependent children only	91	68,100	170,000	388,500
	Lone parent, dependent children	45	7,800	23,700	68,400
	Lone parent, non-dependent children	73	19,200	66,100	155,700

		% with	1st quartile	Median	3rd quartile
	2 or more families/Other HHold type	68	18,000	68,300	205,800

Table source: Office for National Statistics

Table notes:

1. Excludes those with zero pension wealth.
2. SPA = State Pension Age.

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As Table 6.15 shows, in 2010/12 the types of household with the highest proportions having wealth in private pensions were those with a married or cohabiting couple and no children or non-dependent children only. Between 86 and 91% of households in each of the four household types with these characteristics had some private pension wealth in 2010/12 and the percentages were similar in 2006/08 and 2008/10. In all three periods, the only household type where less than half of households had some pension wealth were those with a lone parent and one or more dependent children.

Excluding households with no private pension wealth, the highest median private pension wealth in all three periods was in households with couples with no children in which one individual was aged under and the other over the State Pension Age. 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.

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

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Chapter 7: Technical Details, Wealth in Great Britain 2010-12

Coverage: **GB**
Date: **15 May 2014**
Geographical Area: **Region**
Theme: **Economy**

Key Points

The Survey:

- The WAS draws its sample from the population of private households in Great Britain.
- The first wave of the survey commenced in July 2006 and lasted for two years, ending in June 2008. This comprised 30,595 responding households.

  The second wave of the survey commenced in July 2008 and ran until the end of June 2010. This comprised 20,170 responding households.
- The third wave of the survey commenced in July 2010 and ran until the end of June 2012. This comprised 21,541 responding households. It returned to responding households from wave 2 who gave their permission to be re-interviewed. Households who were eligible at wave 2 but who could not be contacted were approached again at wave 3. In addition, a new cohort was introduced at wave 3 (12,000 issued addresses) with the aim to maintain an achieved sample size of around 20,000 responding households.
- Data were collected in the field by Computer Assisted Interviewing (CAPI).
- The WAS questionnaire is divided into two parts, a household questionnaire completed by one person in each household and an individual questionnaire addressed to all adults aged 16 and over (excluding those aged 16 to 18 currently in full-time education or those aged 19 and in a government training scheme.

Survey processing:

- The longitudinal editing introduced with wave 2 data (using information gathered at wave 1 to validate wave 2 data, but also looking at the wave 1 data in the light of the data given at wave 2) has again been applied at wave 3. However longitudinal editing is only done between wave 3 and wave 2 – the wave 1 data has not been re-edited.
- In any sample survey there will always be missing values for individual questions. However, when constructing estimates of wealth it is necessary that valid responses have been given for all component estimates. Therefore, any missing values are imputed. The imputation

methodology has been further refined from that used at wave 2 – details of which are given in Chapter 7: Technical details.

Introduction

This chapter aims to assist readers in interpreting and utilising estimates from the Wealth and Assets Survey (WAS) by describing technical aspects relating to the survey. Much of the technical material regarding the survey has already been reported in Chapter 10 of the report 'Wealth in Great Britain' published in December 2009 and the wave 1 User Guide . Readers should consult these documents for more general technical detail.

The WAS is a longitudinal survey of private households and individuals in Great Britain (excluding the Isles of Scilly and Scotland north of the Caledonian Canal). The survey is conducted using face-to-face interviews, administered by ONS interviewers. The first wave of interviews was carried out between July 2006 and June 2008; the second from July 2008 until June 2010; and, the third wave between July 2010 and June 2012. The results reported on in this release describe the level of Wealth in Great Britain in 2010/12 as well as how the level and distribution of Wealth in Great Britain has changed since wave 1 of the survey.

Sampling

Details of the sampling design, sampling frame, sample structure and field sampling procedures underlying wave 1 of the survey are provided in the wave 1 report. Responding households, as well as non-contacts and 'soft' refusals were included in the sample for the next wave. Any 'hard' refusals were not approached again in subsequent waves.

The WAS aims to follow individuals rather than households. In the case that a household splits, with individuals living at different addresses, WAS will interview all of the original sample members (OSMs); as well as any people living with the OSMs in the next wave of the survey. The new people in the sample are referred to as secondary sample members (SSM). OSMs remain eligible for interview until they leave Great Britain, enter an institution (such as a nursing home), or die. SSMs are eligible for interview as long as they live at the same address as an OSM. At waves 2 and 3, interviews were sought from those who had been interviewed previously and those who were previously ineligible (i.e. those aged 16 or under or 16-18 and in full time education or those aged 19 and in a government training scheme) and had become eligible at the follow up wave.

The original sample approached in wave 1 was approximately 63,000 households. However, given refusals to the survey, and changes in eligibility etc, the number of households with whom contact was attempted in wave 2 was approximately 35,000. Of the 35,000 addresses attempted for wave 2, 25,000 addresses were attempted for wave 3. Given the declining sample of eligible addresses over the life of WAS, it was decided to introduce a new panel of respondents to the survey in wave 3. A sample of 12,000 new addresses was issued to supplement the existing panel. The approach to selecting these new addresses was the same as for wave 1 of the survey.

Data Collection

WAS interviews take place two years after the previous wave, and generally within the same calendar month . Interviewers were given an allocation of addresses on a monthly basis and were instructed to make contact and gain an interview at all of these addresses using best practice in terms of varying calling times and days. Where it was not possible to attempt contact within the month, addresses were carried forward for reissue in the following month. Where information was unlikely to have changed, or earlier responses were likely to provide a useful aide memoire, answers from the previous wave were rolled forward and made available, in the computer assisted interviewing programme to the interviewer during the interviewing process. For instance, the type of tenure of the household's accommodation from wave 1 would be available to the interviewer at wave 2. However, value information, such as the value of the property, was not rolled forward.
The wave 2 questionnaire covered the same topics as wave 1, however as a result of the longitudinal nature of the survey and specifically the experience gained during wave 1, it was slightly longer . The flow of questions was also improved, the types and nomenclature of some assets and debts were changed, and certain new requirements of stakeholders were included. The content of the wave 3 questionnaire was broadly comparable with wave 2. Improvements were made to the conditional routing of some questions, but generally questions were unchanged so as to preserve consistency in data collection over time. Questionnaire changes made between waves were tested both cognitively and via a quantative pilot. This ensured the new questions were both likely to be understood by respondents and were suitable for collecting the information we wanted. The mean interview length varied for each wave of the survey. The wave 1 mean interview length was 79 minutes; wave 2 was 85 minutes and wave 3 was 82 minutes.

Table 7.1 shows response for completed waves of WAS. An initial sample of 62,800 addresses were selected and sampled at wave 1. Of these, 30,500 took part in the survey, or 55% of the eligible sample. Approximately 10% of sampled addresses were found to be ineligible, and were therefore not interviewed at e.g. non-residential addresses. For wave 2, the cooperating wave 1 households, along with non-contacts and circumstantial refusals from wave 1 were issued for a wave 2 follow up interview. The eligible sample for wave 2 of the survey was nearly 29,600 households and of these 20,170 either fully or partially responded, giving a household response rate of 68%. This figure is not comparable with the household response rate of 55% achieved in wave 1 since the wave 2 figure is calculated as a proportion of the sample brought forward from wave 1. As a proportion of the original wave 1 sample, the response rate is 36%, which illustrates both the scale of non-response at wave 1 and subsequent attrition between waves 1 and 2.

Table 7.1: Household response rates: Great Britain, 2006/08 - 2010/12

	2006/08		2008/10		2010/12	
	Number	%	Number	%	Number	%
Sample	62,800		34,737		37,881	
Ineligible	6,965		5,396		5,142	
Total eligible sample	55,835	*100*	29,341	*100*	32,659	*100*
Cooperating households	30,511	*55*	19,925	*68*	21,065	*64*
Non contact	3,889	*7*	2,553	*9*	2,517	*8*
Refusal to office	3,805	*7*	1,262	*4*	1,692	*5*
Refusal to interviewer	15,397	*28*	4,500	*15*	6,233	*19*
Other non response	1,770	*3*	1,101	*4*	1,152	*4*

Table source: Office for National Statistics

Table notes:

1. Response reflects issued sample; figures do not include second households resulting from movers identified at follow up interview.

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Thus, of the eligible households in wave 2, an interview was achieved with over two-thirds while no interview took place with just under one-third. The non-contact rate at wave 2 (9%) was slightly above that observed at wave 1 (7%). However, the refusal rate was considerably higher in wave 1 than in wave 2, in part because hard refusals from wave 1 were not followed up for wave 2. For wave 3, cooperating households, non-contacts and circumstantial refusals from wave 2 were followed up. In addition, a new panel of households was selected for wave 3 in order to achieve a target of at least 20,000 household interviews. These new panel cases are included in the total figures for wave 3 in Table 1. The wave 3 response rate was 64%; 51% for the new cohort and 72% for the old cohort.

The cross-sectional results presented in the Wealth in Great Britain report are based on all those households which responded in the particular wave in question, while the extent of longitudinal analysis undertaken is clarified in each case.

Data Editing and Validation

Cross-sectional editing and validation processes for waves 2 and 3 were similar to those used for wave 1: more details are provided in section 10.4 of the wave 1 report (819.9 Kb Pdf). However, collecting data from the same households over time provides an opportunity to conduct longitudinal edit checks. For example, if the recorded property value was similar in waves 1 and 3, but recorded as a very different figure in wave 2, perhaps due to a data entry error. In such circumstances, the wave 2 property value has been retrospectively edited to be more consistent with values recorded in waves 1 and 3. Generally, only values in waves 2 and 3 were edited. However, there were a small number of edits made to wave 1 data. The latest version of all three waves of data will be disseminated following this report.

Before any longitudinal checks could be carried out on the data, the longitudinally-linked records were checked for accuracy. The handling of adding new household members to households that responded in the previous wave, Original Sample Members (OSM) who left a household to be interviewed at their new address, or whole households who moved between waves, added complications to the linking exercise that deserved particular attention when the linkage checks were carried out. Furthermore, recorded gender and date of birth that differed from the data collected in the previous wave were checked to ensure that sample members were linked accurately. To account for changes of circumstances within households that may impact on the observed wealth, indicator variables were produced to highlight circumstances such as a change of the Household Reference Person (HRP), additional household members, split households, and movers between waves. Through this process changes between waves were observed that required further investigation. Thorough checking highlighted that the large majority of observed changes were genuine and could be explained through changes of circumstances for some or all individuals in the household, or where there was no evidence to indicate that collected data would be incorrect. However, these longitudinal checks also identified inconsistencies in the longitudinal data which were explained by errors occurring during the interview. These errors were amended where it was possible to establish the correct values.

Outliers exist in WAS data; they reflect the highly skewed nature of WAS data. All outliers were checked for supporting evidence from interviewers. Where appropriate, edits were made to ‘correct’ outliers. In many cases, interviewer notes supported the validity of outliers and these remain in the WAS datasets. Given the skewed nature of wealth data, and the impact that outliers can have on parametric estimates, Wealth in Great Britain 2010/12 does not report on any mean values. Mean values, particularly when exploring change across waves, can lead to the reporting of spurious change with the inclusion of extreme outliers. For this reason, all wealth estimates are reported on using median and/or deciles for Wealth in Great Britain 2010/12.

Imputation: A rolling 3 wave strategy

General Aims and Methodology

In a way similar to all social surveys, the Wealth and Assets (WAS) survey data contained missing values. Typically, missing values are associated with non-response. Non-response can occur at

household level, person level, and item level. The WAS imputation strategy was concerned primarily with item non-response. Item non-response relates to an event where a respondent does not know or refuses to answer a particular survey question. This can impact on estimates derived from WAS data in two ways:

- the missing data can lead to a reduction in the precision of the estimates
- if the characteristics of the non-respondents differ from the respondents the estimates may be biased

The general aim of the WAS imputation strategy was to counter these risks by estimating accurately the statistical properties of the missing data. To meet this aim, missing values in the WAS data were imputed using Nearest-Neighbour/Minimum-Change methodology implemented in CANCEIS. CANCEIS is a widely recognised software platform containing a range of integrated imputation techniques (Bankier, Lachance, Poirier 1999; Canceis, 2009). The CANCEIS imputation algorithm employs a donor-based strategy designed to identify and replace missing values with observed values drawn from another record. The donor is selected from a small pool of potential donors with similar characteristics as the record currently being imputed. Similarity is measured by the sum of statistical distances between record and donor across a set of key demographic and other matching variables (MVs). The distance for each individual MV is weighted according to how well it might serve in predicting a valid and plausible range of imputable values in relation to the characteristics of the record currently being imputed. The MVs and associated weights for each WAS variable were identified through statistical modelling and expert review.

The general methodological WAS imputation strategy has several advantages:

- as a non-parametric approach, it avoids the distributional assumptions associated with other methods, facilitating preservation of important properties of the data such as skew and discrete steps in observed distribution functions
- the donor pool also serves as an implicit distributional model of the plausible range of values for each individual imputable record rendering the probability of selecting a particular value proportional to that distribution

  These advantages serve to improve precision and reduce bias in point and variance estimates based on the WAS data, contributing to the accuracy of published statistical outputs (Durrent, 2005).

Tuning the General Methodology to the Analytical Aims of the Survey

While the general methodological WAS imputation strategy serves to improve the accuracy of estimates based on WAS data, tuning this strategy to the analytical aims of the survey further improves performance. As a panel survey in its third wave, the overarching analytical aims of the survey are fourfold. To provide:

- revised cross-sectional estimates based on the wave 2 data
- cross-sectional estimates based on the wave 3 data
- longitudinal estimates of change over time between waves 2 and 3
- longitudinal estimates of change over time for entire survey duration – here waves 1 to 3

To facilitate these aims, the imputation strategy was divided into three imputation groups (iGroups). Figure 7.1 outlines the fundamental structure of a variable's data within iGroup.

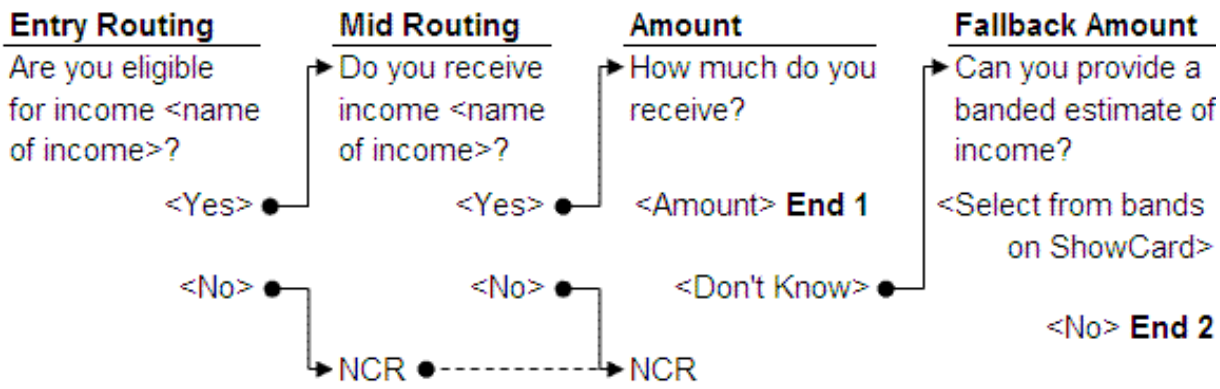
Discrete variable data structure within imputation group

Wave 2	Wave 3	iCode	iGroup
Not in Survey or Observed but NCR*	Observed	n,O	Wave 3 cross sectional
	Missing	n,X	
Observed	Observed	O,O	
Previously Imputed	Missing	X(i),X	Wave 2 & 3 longitudinal
Observed	Missing	O,X	
Previously Imputed	Observed	X(i),O	
Observed	Not in Survey or Observed	O,n	Wave 2 cross sectional
Previously Imputed	but NCR*	X(i),n	

Discrete variable data structure within imputation group

A more specific analytical aim of the WAS survey is to provide estimates of wealth across five key topic areas: Property, Physical, Pensions, Financial, and Income. To facilitate this aim, the imputation strategy was also aligned with the routing structure of the WAS questionnaire. Although there are many variations in wording and focus, Figure 7.2 represents a schematic overview of the typical structure underlying a question group designed to elicit information about a particular facet of one of the topic areas.

Schematic of typical underlying structure of a WAS question group



Schematic of typical underlying structure of a WAS question group

Wave 2 and Wave 3 cross sectional imputation

In the initial design of the WAS imputation strategy Wave 2 cross sectional imputation was not anticipated as there was no new Wave 3 data on which to condition a revision of previously imputed Wave 2 data. However, due to general improvements in the Wave 3 strategy such as tighter controls over the routing architecture and donor selection procedures, typically, between 1% and 5% of the previously imputed Wave 2 data was reset to missing. This served to promote consistency in the imputed data between waves. In general, the processing strategy for the Wave 2 and Wave 3 cross

sectional data was the same. For every record in the data, entry and mid level routing variables were imputed sequentially employing the donor-based strategy outlined in the General Aims and Methodology Section. At any point throughout the routing where an imputed value indicated subsequent variables did not require a response, a NCR indicator was rolled forward through to the end of the question group. This maintained the integrity of the routing, excluded records from further processing, and ensured ultimately, that amounts related to the variable in question were only imputed for an appropriately sized sub-population.

Two additional constraints were imposed on the imputation of amounts at the end of the question group. If a banded estimate was observed, an imputed amount had to fall within that band. Extreme outliers were also excluded from the donor pool. Extreme outliers were generally defined as values greater than two times the threshold of the highest band for the variable in question and typically represented between 0.5% to 2.5% of observed values. These additional constraints ensured that imputed values were selected based on all available information and that estimates based on the WAS data were not inappropriately biased by a few relatively unique observations.

To facilitate the general aim of improving precision and reducing bias in point and variance estimates based on the WAS data, the pool of potential donors was maximised by including all observed data associated with a particular wave. For example, when imputing missing values in the cross-sectional imputation group for Wave 3, the potential donor pool included valid observations from both the cross sectional and longitudinal Wave 3 imputation groups. Although revision of the WAS Wave 1 data was out of scope, to help maintain continuity across all three waves of the WAS data, observed Wave 1 data was also included in the set of weighted MVs.

Wave 2 and Wave 3 longitudinal imputation

Fundamentally, imputation of the Wave 2 and Wave 3 longitudinal data followed the same sequential processing and roll forward NCR strategy as the cross sectional data. However, there were several distinct differences reflecting the change of emphasis in the primary analytical aims of the WAS survey from the provision of cross-sectional estimates to the provision of longitudinal estimates of change over time. To facilitate the longitudinal aims of the survey the Wave 2 and Wave 3 data were imputed simultaneously. Prior to imputation, in cases where new observed information was available in Wave 3, data previously imputed in Wave 2 was reset to missing as the new Wave 3 information would be used to revise imputed data with improved precision. While imputing entry and mid level routing variables, in cases where Wave 2 was missing and Wave 3 was observed, or visa versa, the observed variable was included in the MV set in addition to any Wave 1 data available and the rest of the MV set. Typically, this variable was given a much higher weight than other MVs ensuring that donor selection was constrained more by observed longitudinal data than other MVs. If routing variables were missing in both waves, imputed values were drawn from a single donor as this implicitly maintains appropriate longitudinal relationships in the data.

When imputing Wave 2 and Wave 3 amounts, both waves were constrained by the same principles as in the cross sectional strategy; values had to be imputed within observed banded estimates and extreme values were excluded from the donor pool. For the longitudinal data, control over extreme outliers had to be extended. In cases where an extreme value was observed in one wave but missing in the other, the record was excluded and edited manually through expert review. As the number of potential donors would always be extremely limited in this situation, this strategy removed

any possibility of imputing an unjustified financial collapse or windfall for an individual respondent in the domain currently being imputed.

To maintain focus on the longitudinal aspects of the data, in cases where amounts were missing in both waves, values were again drawn from a single donor in order to maintain appropriate relationships in the data between waves. To achieve a similar aim in cases where a value was missing in one wave but observed in the other, the standard imputation strategy of drawing values directly from a donor was replaced with a more appropriate ratio imputation. For all potential donors, the ratio between observed amounts in Wave 2 and Wave 3 was calculated and set up as a derived variable and this variable was drawn from the donor instead of the value. The imputed ratio was used to either adjust and roll forward an observed value in Wave 2 or adjust and roll backward an observed value in Wave 3.

Significant variations and extensions

End to end, more than 1,000 variables were treated through the WAS imputation strategy. While the current report provides an overview of the primary design and reasoning behind the principal aspects of that design, it is important to note that almost every variable required some unique adjustment to the micro-parameters of the system. The following list outlines just a few of the most significant but necessary macro-variations and extensions to the base-line strategy:

Multi-tick routing

In many of the WAS entry level routing questions respondents were asked if they were in receipt of one or more of a number of different but interdependent assets displayed on a show-card. To account for this interdependence and avoid the imputation of unreasonable relationships between asset types, multi-tick routing was imputed simultaneously as a binary string set. Potential donors were identified through a user defined distance matrix.

Multiple amounts & diminishing subpopulations

For some assets, mid level routing asked respondents to specify how many iterations of a particular asset they owned, for example, how many mortgages or private pension schemes? This can be problematic because the subpopulation of respondents becomes smaller as the number of iterations increase, leading to extremely impoverished donor pools and rendering imputation inappropriate. In such cases, observed values from earlier iterations were included in the potential donor pool and the position in the sequence of iterations was included as a weighted MV.

Gross and Net

Unlike most assets in the WAS survey, for a few, such as income from earnings, respondents were asked for a Gross and a Net. The imputation of Gross and Net can be quite complex, particularly when applied to longitudinal data which harbours within wave relationships nested inside relationships between waves. To account for these relationships, the imputation strategy for Gross and Net differed somewhat from the standard cross sectional and longitudinal strategies outlined previously.

In the event that the observed data did not provide any information about longitudinal relationship, the ratio-based roll forward/roll backward strategy outlined in the Wave 2 and Wave 3 Longitudinal Imputation Section was implemented in the first instance. The strategy was applied to impute either the Net to Net or the Gross to Gross relationship between waves depending on which had at least one observation in Wave 2 or Wave 3 to work with. When both Net and Gross were available to facilitate the longitudinal component of the imputation, Net was selected due to higher response rates for this variable. Once relationships between waves were resolved, Net to Gross relationships within Wave 2 and Wave 3 were imputed independently, also using the ratio-based roll forward/roll backward strategy outlined in the Wave 2 and Wave 3 Longitudinal Imputation Section.

Changes in the questionnaire or the structure of a question group

Changes to the questionnaire or structure of a particular question group can represent difficulties for a longitudinal imputation leading potentially to an inappropriate MV set that can bias results. Changes to the WAS questionnaire were addressed according to a list of strategic priorities: Where possible, Wave 2 variables were harmonised with those in Wave 3 and imputed according to the base-line strategy. If a Wave 2 variable structure was similar to that in Wave 3 but could not be harmonised, previously imputed Wave 2 data was not revised but where relevant, it was included in the Wave 3 MV set. Where Wave 2 variable structures were completely incompatible with Wave 3, a cross sectional imputation strategy was applied to the Wave 3 missing data only.

Market (time) sensitive assets

Through previous research and expert review it had been recognised that some of the assets addressed by the WAS questionnaire such as personal pensions, can be extremely sensitive to ongoing temporal changes in market forces. For these variables, the month the interview was conducted was included in the weighted MV set.

Quality Assurance and Evaluation

Quality assurance and evaluation of the WAS imputation strategy was a three-stage process conducted at different times throughout processing. Typically, assessment was based on analytical results derived through custom software designed in SPSS or SAS and on expert review from domain and topic experts. To ensure thoroughness, three teams were involved in the quality assurance process: Survey Methodology; Collection and Production; and Analysis and Dissemination.

Stage 1: As the efficacy of any imputation method depends of the quality of the input data, prior to imputation the WAS data was examined against a well defined set of imputation specifications. The specifications included a detailed data dictionary, a comprehensive outline of all routing architecture, approved MV sets, and additional notes on expected exceptions and outliers.

Stage 2: On a variable by variable basis throughout processing, the statistical properties of the imputed data were evaluated and compared to those of the observed data. This served to ensure that the imputation process itself did not introduce unwarranted bias into the cross sectional and longitudinal properties of the variable currently being imputed.

Stage 3: Following imputation, further analyses and review evaluated the impact of the imputed data in the calculation and derivation of estimates based on the WAS data. This served to ensure that the imputation strategy did not introduce unwarranted bias or have unnecessary impact on those estimates and thus, on published outputs.

Weighting

Overview

From wave 3 onwards, three sets of weights were created for use with the datasets from each wave: (i) a longitudinal weight for survivors (Wave 1 – Wave T), (ii) a longitudinal weight for the last two consecutive waves (Wave T-1 – Wave T) and (iii) a pseudo cross-sectional weight (Wave T). It‘s important to ensure that each set of weights is used for analysis of the relevant subsample of respondents. The weights incorporate adjustments for non-response and differential sampling probabilities (Daffin et al., 2010) and also adjust for loss to follow-up (LTFU) at following waves.

Calculation of the Weights

The wave 1 weights were constructed in three stages: first as the reciprocal of the selection probability; secondly adjusted for non-response; and finally calibrated to population totals using an age by sex and regional breakdown (Daffin et al., 2009). ‘Integrative calibration’ was used which ensures that each person in the household has the same weight; this is also the household weight. At each wave T, the Wave T-1 weight is brought forward to use as the basis of the Wave T base weight. The base weight tracks the progress through the survey of all people enumerated in the household, i.e. includes children and young adults who are deliberately not interviewed for the survey. WAS weights are calculated for all people enumerated in the household.

LTFU occurs through two processes. One process is where eligible people from Wave T-1 cannot be traced for their Wave T interview and, therefore, their eligibility status for the Wave T interview is unknown. The second process is to adjust for those participants who decide not to take part in the survey between waves.

The cases with unknown eligibility will, in reality, have included both eligible and ineligible cases. A weight is constructed to adjust for unknown eligibility using a weighted binomial regression of known/ unknown eligibility status onto a suite of socio-demographic characteristics measured at Wave T-1. The reciprocal of the propensity for known eligibility was used to adjust the Wave T-1 weight by multiplying the Wave T-1 weight through by the eligibility adjustment weight (). The resulting weight was then used in a binomial regression of response/non-response status onto a suite of characteristics to adjust for the second stage of LTFU (response attrition). The reciprocal of the response propensity ( ) was used to adjust further the previous weight.

In summary, the Wave T longitudinal pre-calibrated weight ( ) can be written as (1) below for respondents:

Equation 1

$$w_{Tk}^{long} = w_{(T-1)k}^{cal} w_{Tk}^{e} w_{Tk}^{nr}, \; k \in s_T^r$$

Equation 1

The weight is the product of three quantities, i.e. the Wave T-1 weight ( ) adjusted for those cases moving into unknown eligibility ( ) and non-response ( ) at Wave T. This weight is defined over the set of ( ) longitudinal respondents at Wave T.

A second group of people included in the construction of the base weight are those people who became ineligible at Wave 2 ( ), described in (2). Typically, this group predominantly comprises those people who have left the population through death, migration or institutionalisation.

Equation 2

$$w_{Tk}^{long} = w_{(T-1)k}^{cal} w_{Tk}^{e}, \; k \in s_T^{ie}$$

Equation 2

Taking the two sets and together should recover the population prior to LTFU, assuming complete correction for the LTFU processes.

A longitudinal calibration weight ( ) was constructed from a trimmed version of the longitudinal pre-calibrated weight by calibrating the combined sub-sets of cases (and) to the relevant population totals. For the weights of the survivors of all waves the relevant calibration population total are Wave 1; for the (T-1) to T longitudinal weights the relevant population totals are from Wave T-1.

Equation 3

$$w_T^{long\_cal} = w_T^{long} w_T^{g}$$

Equation 3

The g-weight ( ) ensures that the sums of the calibration control variables (age by sex and region) match those of the relevant population.

A pseudo-cross-sectional weight at Wave t is constructed differently for each subgroup in the sample. Firstly consider the terminology used to describe the subgroups:

- OSM – an Original Sample Member which refers to an individual who responded in the same wave that they were sampled.
- EOSM – an Entrant Original Sample Member which refers to an individual who lives at an address which was sampled but the household did not respond until a later wave.
- SSM – a Secondary Sample Member which refers to an individual who joined a previously responding household.

There are also new panels added from wave 3 onwards, as well as different combinations of response and non-response of sample members over waves to consider when calculating the cross sectional weights.

Any responder who has been in a previous wave will have their wave t longitudinal weight as a base weight. The first challenge for the cross-sectional weight is to assign a weight to people entering the sample. SSMs and births receive a cross sectional weight through a process of weight sharing the base weight of the OSMs. Rather than attempt to work out selection probabilities directly, it is common to use a weight share method to approximate these probabilities (e.g. Huang 1984, Ernst 1989, Kalton & Brick 1995).

A standard approach is to assign weight shares based on Wave T-1 household members to people in target Wave T households. A variety of weight share algorithms exist (e.g. Rendtel & Harms 2009). Following Kalton & Brick (1995), the weight at time T for household i can be defined as the sum of the product of the initial weights and a constant summed over the k individuals in households j at time T-1:

Equation 4

$$\boldsymbol{w}_i = \sum_j \sum_k \boldsymbol{\alpha}_{ijk} \boldsymbol{w}'_{jk}$$

Equation 4

The constant ( ) is defined in terms of the number of people in household i at time T who were in the population at time T-1.

Equation 5

$$\alpha_{ijk} = \begin{cases} 1/N_i & \text{if individual } k \text{ lives in household i at T and was in population T-1} \\ 0 & \text{otherwise} \end{cases}$$

Equation 5

Finally, the weight is assigned to all k household members of household i. In this scheme a population entrant at wave T is ascribed a zero contribution to and a zero initial weight ( ). However, a sample entrant who was not in the population at wave T-1 but only in the sample at wave T contributes to but has a zero initial weight. Consequently, sample entrants in the population do not increase the sum of the weights; whereas population entrants do increase the sum of the population weights. This is the fair share method of Huang (1984) and also the weight share method of Ernst (1989). Unfortunately, with the WAS data it is not possible to determine if an entrant was in the Wave T-1 population or not, except for births, therefore all entrants other than births are treated as former Wave T-1 population members.

The EOSMs weights are their original design weights, constructed as the inverse of the selection probabilities. These are then rescaled to account for the proportion of the original responding sample that they represent, multiplied by the relevant population total. Additionally a small adjustment is made to OSMs and SSMs to counteract previous non-response adjustments made for these cases.

Each component of the Wave T pre-calibration cross-sectional weight is a constant for all members in the household. This is a consequence of the design for the entrant component sub-sample and of the weight share averaging (which occurred for all households and not just those with entrants) for the longitudinal sub-sample component.

The new panel weights were constructed firstly as the reciprocal of the selection probability, followed by a non response adjustment as with the original panel sample in wave 1.

The pseudo-cross-sectional Wave T weights are created through integrative calibration of the pre-calibration weight to the Wave T population totals (6). This is carried out for each panel separately to allow for analysis of each panel if required.

Equation 6

$$\boldsymbol{w}_{Tik}^{xs\_cal} = {}^{pre-cal}\boldsymbol{w}_{Ti}^{xs}\boldsymbol{w}_{Ti}^{g}$$

Equation 6

The final stage is to combine the different panels together; the chosen method combines the panels in proportion to the effective sample size (as proposed by Chu et al 1999, Korn and Graubard 1999). This accounts for the variance within each panel and combines the weights such that the overall variance is minimised. As a result, the newer panel(s) weights will be scaled up whilst the older panel(s) will be scaled down.

Standard errors and estimates of precision

One measure of sampling variability is the standard error. Standard errors are one of the key measures of survey quality, showing the extent to which the estimates should be expected to vary over repeated random sampling. In order to estimate standard errors correctly, the complexity of the survey design needs to be accounted for, as does the calibration of the weight to population totals. WAS has a complex design that employs a two-stage, stratified sample of addresses with oversampling of the wealthier addresses at the second stage and implicit stratification in the selection of PSUs.

Typically, PSUs tend to be characterised by a positive intra-class correlation coefficient, that is people within a PSU are more alike to each other than they are to people in the rest of the sample. This acts to increase the standard error of an estimate relative to simple random sampling. Conversely, stratification can act to decrease the standard error if people within a stratum are relatively homogeneous and there is consequently a greater degree of heterogeneity between strata. Both these elements of the design should be accounted for when calculating standard errors.

An identifier of the PSU is included on the WAS dataset. Selection of the PSUs was done by ordering the frame. The first ordering principle was geographic (region x district); whereas the second was socio-demographic, that is within each of the 26 regional districts further ordering was done on the basis of the socio-demographic characteristics of the PSU populace. This ordering fulfils two purposes. Firstly it spreads out the sample in terms of socio-demographic characteristics ensuring people from higher and lower ends of the socio-demographic dimensions were included in the sample. Secondly, it enables stratification. The primary stratification variable, the 26 regional districts, was identified on the dataset but because of the way the sample was selected from the ordered frame it can be regarded as a design selecting a single PSU per stratum. Consequently, it was possible to incorporate a much finer stratification procedure using a ‘collapsed stratum’ approach.

Finally, the calibration to population totals needs to be taken into account. This will have a beneficial effect, both in terms of adjusting for residual bias after non-response weighting and in reducing the variance of estimates. The extent to which the variance was reduced was related to the extent to which the survey variables were related to the variables in the calibration. The calibration variables were household counts of people within each age group by sex and regional category, so it was to be expected that, for example, the total wealth of a household will be associated with these variables.

The method for taking account of the calibration when calculating standard errors is described in the report ‘Variance estimation for Labour Force Survey Estimates of Level and Change’, GSS Methodology Series no. 21, Holmes and Skinner.

To enable the reader to gain an appreciation of the variability of the results presented in this report, estimates of the standard errors of some key variables have been produced.

The estimates in this report are based on information obtained from a sample of the population and are therefore subject to sampling variability. Sampling error refers to the difference between the results obtained from the sample population and the results that would be obtained if the entire population were fully enumerated. The estimates may therefore differ from the figures that would have been produced if information had been collected for all households or individuals in Great Britain.

Non-sampling error

Additional inaccuracies which are not related to sampling variability may occur for reasons such as errors in response and reporting. Inaccuracies of this kind are collectively referred to as non-sampling errors and may occur in any collection whether it's a sample survey or a census.

The main sources of non-sampling error are:

- response errors such as misleading questions, interviewer bias or respondent misreporting.
- bias due to non-response as the characteristics of non-responding persons may differ from responding persons.
- data input errors or systematic mistakes in processing the data.

Non-sampling errors are difficult to quantify in any collection, however every effort was made to minimise their impact through careful design and testing of the questionnaire, training of interviewers and extensive editing and quality control procedures at all stages of data processing. The ways in which these potential sources of error were minimised in WAS are discussed below.

Response errors generally arise from deficiencies in questionnaire design and methodology or in interviewing technique as well as through inaccurate reporting by the respondent. Errors may be introduced by misleading or ambiguous questions, inadequate or inconsistent definitions or terminology and by poor overall survey design. In order to minimise the impact of these errors the questionnaire, accompanying supporting documentation and processes were thoroughly tested before being finalised for use in the survey.

To improve the comparability of WAS statistics, harmonised concepts and definitions were also used where available. Harmonised questions were designed to provide common wordings and classifications to facilitate the analysis of data from different sources and have been well tested on a variety of collection vehicles.

WAS is a relatively long and complex survey and reporting errors may also have been introduced due to interviewer and/or respondent fatigue. While efforts were made to minimise errors arising from deliberate misreporting by respondents some instances will have inevitably occurred.

Lack of uniformity in interviewing standards can also result in non-sampling error, as can the impression made upon respondents by personal characteristics of individual interviewers such as age, sex, appearance and manner. ONS uses training programs, the provision of detailed supporting documentation and regular supervision and checks of interviewers' work to achieve consistent interviewing practices and maintain a high level of accuracy.

One of the main sources of non-sampling error is non-response, which occurs when people who were selected in the survey cannot or will not provide information or cannot be contacted by interviewers. Non-response can be total or partial and can affect the reliability of results and introduce a bias.

The magnitude of any bias depends upon the level of non-response and the extent of the difference between the characteristics of those people who responded to the survey and those who did not. It is not possible to accurately quantify the nature and extent of the differences between respondents and non-respondents however every effort was made to reduce the level of non-response bias through careful survey design and compensation during the weighting process. To further reduce the level and impact of item non-response resulting from missing values for key items in the questionnaire, ONS undertook imputation prior to the release of the datasets for analysis.

Non-sampling errors may also occur between the initial data collection and final compilation of statistics. These may be due to a failure to detect errors during editing or may be introduced in the course of deriving variables, manipulating data or producing the weights. To minimise the likelihood of these errors occurring a number of quality assurance processes were employed.

Changes to the estimates of private pension wealth from those previously published from the Wealth and Assets Survey

Introduction

Unlike other measures of wealth estimated in the Wealth and Assets Survey (WAS), where respondents are asked to estimate the value of their assets, estimating the value of private pension pots is less straightforward.

When wave 1 data were first being processed, the ONS worked closely with the Institute for Fiscal Studies (IFS) to develop the methodology for the calculation of private pension wealth. The basic methodology has remained unchanged and was explained in detail in Wealth in Great Britain 2008/10, Part 2, Chapter 5: Annex on Pension Wealth Methodology, 2008/10. This current annex does not attempt to explain how private pension wealth is calculated but concentrates on changes in some of the assumptions that have been made which have affected the overall estimates.

Following the publication of wave 2 data, where the estimates of pension wealth increased considerably between waves 1 and 2 of the survey, the ONS, in liaison with experts in other government departments, undertook a study to evaluate whether the methodology for calculating private pension wealth could be improved, as the change was thought to be largely unrepresentative of the actual change to pension wealth during this time period. The increase was due primarily to the increase in the modelled estimates of defined benefit pensions, which use some external data: annuity rates and discount factors.

The results of this work made recommendations to change the financial assumptions used, and it was agreed that these changes should be applied to all waves of WAS available to date, so that private pension wealth is calculated on a consistent basis across existing and future waves of the survey.

In addition to the changes to the financial assumptions, the estimates of pension wealth have also changed due to the way in which the selection of individuals eligible for current occupation pensions is carried out; updated imputation of wave 2 data using information collected at wave 3; and the imputation of a small number of non-respondents at wave 1. This paper looks at the relative impact of each of these changes on the estimates of private pension wealth.

Financial assumptions used in the calculation of defined benefit (DB) pensions

The annuity rates and the discount factors used in the calculation of the estimates of DB pension wealth were thought to be the cause of the large changes seen in estimates of DB pension wealth between the first two waves of the survey. The methods originally used at Waves 1 and 2 involved applying a single fixed, age and gender specific, annuity factor for the whole of a wave. The annuity values used for each of these waves were out of date, but thought to be the best available at the time, due to the inherent difficulty in sourcing historical annuity rates. In the case of Wave 1, rates for December 2009 were applied to data covering July 2006 to June 2008 and in the case of Wave 2, rates for December 2011 were applied to data covering July 2008 to June 2010. Also, the discount rate was set as the AA corporate bonds yield rate, again using a single value for the whole wave of

data, which matched the date of the annuity rate. During the recession this rate dropped, due to the general fall in stock prices. The discount rate is a particularly important component of the pension wealth calculation, as small changes have a cumulative, and subsequently, large effect on resulting values.

Initial evaluation of the assumptions used was made by DWP Economic Advisers who recommended that:

a) annuity factors and discount rates should be applied on a matched monthly basis (i.e. those applicable at the time of interview); and

b) the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate used by Government Actuaries should be used. This is generally less volatile than the AA Corporate bond rate.

These methods were proposed with the aim of reducing the large increase observed between Waves 1 and 2 while retaining a defensible rationale, and providing a basis on which to proceed at Wave 3 and beyond. The broad idea being this approach would generate a representative market value of the pension wealth at the time of interview, as well as apply a chronological smoothing function.

Following a sensitivity study carried out by ONS looking at the effects on current occupational DB pensions, and consultation with the Pensions Statistics Advisory Group, these recommendations were accepted and applied to all waves of WAS data.

The following table shows the effect of the changes to the financial assumptions alone on the value of individual current DB pension wealth.

Table 7.2: Effect of changing annuity rates and discount factors on retained DB pension wealth

£

		Quartile 1	Median	Quartile 3	Aggregate value (billion)
Wave 1 (2006/08)	Original discount and annuity	14,700	56,300	146,700	430
	Matched monthly annuity rates and SCAPE factors	6,100	22,100	64,900	189
Wave 2 (2008/10)	Original discount and annuity	24,000	61,200	133,100	677
	Matched monthly annuity rates and SCAPE factors	8,300	25,100	133,100	322

Table source: Office for National Statistics

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Effect of financial assumptions on other pension estimates

The annuity rates and discount factors are also used in the calculation of other pension pots including wealth in retained DB schemes and pensions from a former spouse/partner.

Table 7.3: Effect of changing annuity rates and discount factors on retained DB pension wealth

£

		Quartile 1	Median	Quartile 3	Aggregate value (billion)
Wave 1	Original discount and annuity	14,700	56,300	146,700	430
	Matched monthly annuity rates and SCAPE factors	6,100	22,100	64,900	189
Wave 2	Original discount and annuity	24,000	61,200	133,100	677
	Matched monthly annuity rates and SCAPE factors	8,300	25,100	133,100	322

Table source: Office for National Statistics

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Table 7.4: Effect of changing annuity rates and discount factors on spouse/widow DB pension wealth

£

		Quartile 1	Median	Quartile 3	Aggregate value (billion)
Wave 1	Original discount and annuity	4,200	32,800	125,700	30.9
	Matched monthly annuity rates and SCAPE factors	1,600	15,300	58,000	15.1
Wave 2	Original discount and annuity	900	14,500	42,200	5.7
	Matched monthly annuity rates and SCAPE factors	700	7,900	30,500	4.3

Table source: Office for National Statistics

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Effect of error in selecting those eligible for occupational pensions

In earlier publications, some pension information provided by respondents was excluded when presenting the data at an individual level, as a selection had been made using employment status. No such selection has been made in the current publication. This particular change will have had no direct effect on the aggregate values of total pension wealth, nor any of the data presented at household level since these were based on all reported pensions regardless of employment status.

The selection was made when originally processing the data at wave 1 since it was concluded, at the time, that the occupational pension information collected from people who were not classified as employees was in error. However, more detailed analyses now possible with the availability of more waves of data has allowed the editing procedures to filter out true errors and no filter based on employment status is now deemed necessary.

The data presented at individual level concentrates on the proportion of individuals with the various pension schemes (which has seen a change due to this selection) and also the distribution of the value of the various pensions which has not been affected much at all.

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

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