

The Wealth of Wealthholders

September 2023

Appendix C. Definition of concepts

This appendix defines concepts used for the VRI and how we measure them in the HRS and SCF.

Total financial wealth. In the VRI, total financial wealth is the sum of all financial account balances (the items listed in Table 2) plus miscellaneous financial items (in non-account, cleanup questions) minus non-mortgage debt. For the SCF, financial wealth is total financial assets (FIN in the public version of data) minus non-mortgage debt (sum of CCBAL, INSTALL and ODEBT in the public version of data). For the HRS, financial wealth is the sum of total financial wealth (atof in the RAND version), IRA wealth, and employer-sponsored plan and pension account balances. For the HRS 2012, we constructed these variables using RAND definitions. (We are grateful to Margaret Lay for sharing her construction of these variables.)

Web-survey eligibility. For the VRI, respondents are Web-survey eligible if the client is registered for Web access with Vanguard, if the registration has a valid email address, if the client logged in to the Vanguard Website at least once in the last six months, and if the client has not been recently included in another survey by Vanguard, and if the client had not requested exclusion from contacts for surveys. We need to simulate this set of screens in the HRS and SCF in order to select comparable respondents. We designate HRS respondents as Web-survey eligible if they use the Internet regularly. In the SCF, respondents are designated Web-survey eligible if they use the Internet to obtain information about borrowing/investing.

Asset cut-off. In the HRS, we impose a \$10,000 cut-off on total financial assets net of checking, saving, and money market balances. In the SCF, we impose a \$10,000 cut-off on the sum of IRA, mutual funds, and account-type pensions.