

Abstract for “Panel Data on U.S. Household Wealth: Can We Do Better?”

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This paper will examine the potential benefits and challenges of collecting nationally representative longitudinal survey data on pensions and wealth for U.S. households. The paper will be prepared for a commissioned workshop (tentatively planned for early summer 2014) as part of a larger project, funded by the National Science Foundation in the U.S., to assess the need for new household panel data on a range of topics from the social and behavioral sciences.

The paper will examine three sets of questions. First, what are the strengths and shortcomings of existing U.S. data on pensions and wealth including the Panel Study of Income Dynamics (PSID), Health and Retirement Study (HRS), and the Survey of Consumer Finances (SCF)? This portion of the paper will identify key policy and research questions that existing surveys cannot fully address. Against this backdrop, we will consider whether new panel data on pensions and wealth could be brought to bear on these questions or, instead, whether these questions might be more effectively answered through other approaches such as supplementing existing survey data with administrative data.

Second, any potential new U.S. longitudinal household survey would likely collect data on many other topics such as income and poverty; consumption; and health. Thus, the second portion of the paper will similarly consider the extent to which U.S. data sources on these topics lack measures of pensions and wealth, particularly for those topics for which theory or prior evidence suggest the link between wealth and other outcomes may be important or complex, such as the relationship between wealth and health.

Third, the paper will conclude by considering the lessons that can be drawn from existing panel surveys about the feasibility of collecting longitudinal survey data on household wealth, including lessons from not only the U.S. PSID, HRS, and 2007–2009 panel SCF but also from similar data for other countries such as the German Socio-Economic Panel (GSOEP) and the Household, Income and Labour Dynamics survey (HILDA) in Australia. This portion will review evidence on the accuracy of wealth data from these sources where external benchmarks are available. In addition, it will discuss how particular challenges in collecting household wealth data (for example, the sharply skewed distribution of wealth and the fact that respondents frequently consider wealth data quite sensitive) affect the sample design, editing procedures, and data-confidentiality protections of each of these surveys and, thus, the potential value of similar data from a new U.S. panel survey.