

CLARITAS NET WORTH INDICATORS

CY FY DISTRIBUTIONS RELEASE NOTES FOR ENVISION5

DATA VINTAGE

2019

BASE LEVEL GEOGRAPHY

Block Group

VARIABLES

15 current year

15 five year

UPDATE FREQUENCY

Annually

To view the complete list of variables please visit:

environicsanalytics.com/en-us/variables

WHAT IT IS

Claritas Net Worth Indicators is a proprietary model that estimates the net worth, or net financial position, of a household. It is based on responses to the Financial Track survey of financial behaviors—the largest financial survey of its kind in the industry—which has actual dollar measures from each survey respondent. From the survey base, information for approximately 200,000 households (using a rolling, three years of quarterly surveys) is used to construct balance information for a variety of financial products and services that are core to net worth.

Strongly correlated to age and income, the net worth calculation references liquid, income-producing assets, as well as fixed assets including the value of a primary residence, the cash value of insurance, collectibles, real estate and other investments. Net worth also measures liabilities such as mortgages, auto loans, student loans, home improvement loans, credit card balances, personal loans and balances on other lines of credit. The net worth measure represents the net difference

of a household's assets minus its liabilities. The Net Worth Indicators model classifies all households in the U.S. into one of the 11 net worth ranges, with values spanning from less than \$25,000 to more than \$2 million.

WHAT'S NEW

Claritas Net Worth Indicators model has been refined to use new data sources and data integration techniques. Claritas has begun using the 2016 Survey of Consumer Finances (SCF), a triennial cross-sectional survey of U.S. families conducted by the Federal Reserve Board, to adjust Net Worth distributions. Using the 2016 SCF, which has an oversample of wealthy families and a weighting scheme that corrects for under-coverage at top breaks, has enabled Claritas to provide accurate and stable estimates at the top of the Net Worth distributions. As a result, the latest update allows for unprecedented distinction and a more focused understanding of high wealth segments.

Coupling this with the addition of property-level home value, the previous \$1 million+ break from has replaced with two new breaks: \$1 million to \$2 million and \$2 million+. These additional breaks are produced by using latest 2019 Net Worth models, which are developed using 2019 household estimates.

FIVE YEAR PROJECTIONS

The five-year projections are not forecasts, but rather projections using the current-year models with Claritas' five-year projected demographic estimates. The five-year projections are applied to the demographic update for 2024 household counts in the same manner that the current-year distributions are applied to the 2019 household counts. Modeled individually for each demographic variable, these projections reflect how the Net Worth distributions change over time and are adjusted for demographic estimates.

HOW IT'S USED



Banks and financial institutions use it to understand which areas have high net worth households.



To segment trade areas by the totality of household assets and liabilities.



As a unique measure of wealth not available in other database products.

SAMPLE QUESTIONS IT CAN ANSWER

- Where are households with high net worth individuals?
- Which areas are focused on growing assets?