

Fed Reports How Much Recession Shrank U.S. Wealth

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WASHINGTON (AP) — The Great Recession shrank Americans' wealth so much that in 2010 median family net worth was no more than it had been in 1992 after adjusting for inflation, the Federal Reserve reported Monday.

Median net worth declined from \$126,400 in 2007 to \$77,300 in 2010, a Fed survey of family finances found. The median marks the point where half had more and half had less. The recession officially began in December 2007 and ended in June 2009.

Net worth is the value of assets like homes, bank accounts and stocks, minus debts like mortgages and credit cards

The Fed's findings are in its latest Survey of Consumer Finances, a comprehensive review of household finances that the Fed has done every three years dating to 1989.

The Fed's survey of consumer finances contains information only through 2010. A separate survey the Fed released last week showed that total family net worth climbed 4.7 percent in the January-March quarter to \$62.9 trillion, about 28 percent above its recession low. The increase was fueled by stock market gains.

Those gains put net worth about 5 percent below its pre-recession peak of \$66 trillion. But since the first quarter ended, lower stock prices have eroded some household wealth.

The Fed's more detailed Survey of Consumer Finances is done every three years. The latest survey showed Monday that much of the drop in net worth from 2007 to 2010 reflected the collapse of the housing market, which drove down home values.

Among families that owned homes, the Fed survey found that their median home equity declined from \$95,300 in 2007 to \$55,000 in 2010, a drop of 42.3 percent. Home equity is the home's value minus how much is owed on the mortgage.

The Fed survey found that median incomes fell from \$49,600 in 2007 to \$45,800 in 2010, a drop of 7.7 percent.

The Fed survey found that the proportion of families carrying a credit card balance fell to 39.4 percent in 2010. That was down 6.7 percentage points from 2007. Among families with a credit card balance, the median balance fell from \$3,100 in 2007 to \$2,600 in 2010, a drop of 16.1 percent.

The proportion of families with debt that had a debt payment that was late by 60 or

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more days during 2010 rose to 10.8 percent, up from 7.1 percent in 2007.

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