THE net worth OF NEW ZEALANDERS

A REPORT ON THEIR ASSETS AND DEBTS

Retirement Commission
Whirihiria

www.sorted.org.nz

Statistics
Te Tari Tatau
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Preface

The need for quality data on the savings patterns of New Zealanders has long been acknowledged. Such information is vital in informing policy debate in areas as diverse as retirement provision, social equity analysis, consideration of microeconomic trends in consumption and asset prices, and broader macroeconomic implications for growth, balance of payments constraints and foreign investment patterns.

The 2001 Household Savings Survey (HSS) conducted between August and November 2001 is the first major national survey of wealth to be conducted in New Zealand. This reflects in part the internationally recognised difficulties of collecting information in this area, particularly given the sensitive nature of the information sought, the wide range of asset and liability types involved and the inherent difficulties of assigning market values to these instruments.

The Retirement Commission contracted Statistics New Zealand to undertake this national survey of net worth. The survey represents a major achievement, although all those involved acknowledge that it is only a starting point, capturing as it does a picture of the net worth of people living in New Zealand at a specific point in time. Many questions raised by the data provided will only be able to be answered if the survey is repeated, allowing the analysis of major trends over successive periods.

Another milestone was the use of an electronic questionnaire to collect the survey data. This was the first Statistics New Zealand survey to equip interviewers with laptops and transfer the information collected back electronically via a secure internet link.

This report presents a statistical overview of the net worth of the New Zealand population and looks at the distribution of net worth, both for couples and non-partnered individuals, and examines the impact of demographic factors such as age, ethnic group and family structure on savings patterns.

Many people were involved in the HSS, from the development of the survey and introduction of the new interviewing technology to the fieldwork and analysis of the results. Foremost has been the co-operation and input from David Feslier and other staff of the Retirement Commission and of the Scoping Group. Within Statistics New Zealand, a number of former and current staff have contributed greatly to the undertaking of the Household Savings Survey including Tanya Randall, Sophia A’Court, Terri Hendry, Diane Ramsay and Tas Papadopoulos. The contribution of all these people to the success of the survey is greatly appreciated.

We would also like to acknowledge the authors of this report, Tanya Randall, Sophia A’Court, and Karin Henshaw of Statistics New Zealand and independent contractor David Preston.

We look forward now to interested parties making use of this rich new source of information on the net worth of people living in New Zealand.

Brian Pink
Government Statistician

Colin Blair
Retirement Commissioner
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This is an interactive PDF. If you click the mouse on the chapter titles on the contents page it will take you to the beginning of the selected chapter. On the last page of each chapter selecting the back arrow will take you back to the contents page and selecting the forwards arrow will take you to the first page of the following chapter.
The 2001 Household Savings Survey (HSS) estimated the total net worth of New Zealanders aged 18 years and over at $366.978 billion. This was a total asset value of $435.241 billion and a total debt value of $68.263 billion. The total median net worth was $60,000 for total adults\(^1\) and $68,600 for total economic units.\(^2\)

As net worth is accumulated over a lifetime, the distribution of net worth in New Zealand is closely related to age.

In general, young adults had the lowest median net worth, while the middle age groups (50-64 year olds) had the highest median net worth. Those who were 65 or older had a substantially higher net worth than young adults, yet a lower net worth than the middle age groups.

Median net worth was higher for the employed and self-employed than it was for the unemployed.

By ethnic group, median net worth was highest for those who identified with the European/Pākehā ethnic group. This was followed by those from the Asian ethnic group. The Māori and Pacific peoples ethnic groups had similar lower median net worth.

The HSS showed that net worth was unevenly distributed across the population. When using a population of total economic units, 16 percent had negative net worth while 30 percent had net worth over $200,000. This also reflects the age of the population, with approximately 43 percent of economic units aged 18-24 having negative net worth compared with only two percent of those over 65 years old.

\(^1\) The HSS interviewed non-partnered individuals and couples. To derive a total population of all adults the couples’ net worth is halved and apportioned to each partner.

\(^2\) Economic units is the straight summation of the population of non-partnered individuals and the population of couples much like one parent families and two parent families can be summed to a total population of families.
The uneven distribution of net worth across the population was more evident when dividing the population into net worth deciles. Of the total population of economic units, the bottom decile had a total net worth of -$3.303 billion while the top decile had a total net worth of $194.546 billion. In the age groups over 35, the top 20 percent of the population held around 60 percent of the total net worth for these groups.

The HSS found that overall non-partnered individuals and couples had an estimated $16 in debts for every $100 in assets. This estimate varied more widely between age groups. For example, student loans had a significant impact in the younger age groups. So while 37 percent of non-partnered individuals aged 18-34 had student loans they made up 76 percent of non-partnered individuals with negative net worth.

The most valuable asset people had was residential property. This accounted for approximately 43 percent of the total value of assets and included homes, rental property, holiday homes and other property. The largest type of debt was mortgage debt, which made up approximately 80 percent of the total value of debts.

The most commonly held assets were bank deposits, motor vehicles and property. The most common debt was credit card debt.
chapter two
Introduction

The 2001 Household Savings Survey (HSS) was a cross-sectional nationwide survey that collected information on the current assets and debts of New Zealanders.

This survey is the first of its kind in New Zealand and is expected to act as a ‘benchmark’ against which the results of future surveys can be measured. It collected information on the level, composition, distribution and accumulation of net worth in the population.

Background

In 1992, the Taskforce on Private Provision for Retirement identified the need for regular information covering patterns of voluntary private savings and life cycle statistics on income, expenditure, and wealth.

In its interim report in July 1997 the Periodic Report Group, charged with reviewing retirement income policies, expressed disappointment that with one exception there had been ‘little change since 1992 in the quality of statistics available to inform the debate on individual and national savings levels and patterns’.

In its 1997 final report, The Periodic Report Group was pleased to note that since the interim report, the Retirement Commissioner and the Government Statistician had established a working group to assess the statistical requirements for future periodic reviews. They stated that ‘good statistics on saving and net worth are essential if the saving issue is to be properly analysed and debated’.

The output of the working group was instrumental in the Retirement Commission gaining funding in the 1999 budget review, to improve statistics on the level and distribution of net worth in New Zealand households. As a result Statistics New Zealand was contracted to carry out the Household Savings Survey (HSS).

Purpose of this report

The purpose of this report is to present some key results from the HSS, along with a brief analysis of major trends and findings. This analysis is by no means exhaustive, but provides users with a stepping stone for their own enquiries.

As the HSS is New Zealand’s first net worth survey there is no basis for comparison over time. Further surveys will enable this. The appendix to this report includes technical notes and explanations of the key measurement concepts involved.
Net worth

Other sources of data (such as those from financial institutions) relate to aggregate data and do not provide an insight into the distribution of assets and debts across the population.

Analysis to date, including Statistics New Zealand’s Household Economic Survey, has looked at the flow of savings and the difference between income and expenditure. In contrast, the HSS looked at the stock of savings – the total value of assets less the total value of debts. This is net worth. At the micro level it is an estimate of the resources a non-partnered individual or couple would have if they cashed up their total assets and settled all their debts on the day they were interviewed.

\[ \text{Total assets} - \text{total debts} = \text{net worth} \]

Inherent to a survey of net worth is the concept of measuring the current market value of an asset. This measure relies on the respondent giving their best estimate of the value of their assets by taking into account factors such as valuation documents, purchase price, condition of the asset and the current market.

Caveats

The level of net worth held by an individual is strongly related to that individual’s age. It is important to remember this when considering the distribution of net worth across an adult population. For example, it is quite possible for a society with total income and net worth equality over the course of a life cycle to still have the majority of net worth held by a small portion of that society, depending upon the age distribution of the population. For example, if 20 percent of the population is aged over 65 years, then it is likely that these 20 percent will hold the majority of total net worth as older people have higher levels of net worth. This peculiarity needs to be allowed for when drawing conclusions about the equality of net worth distribution. International comparisons, or comparisons across ethnic groups, will need to take into account the age distributions of the relevant populations.

Without standardising by age, it is useful to compare groups within defined age bands. In this report 10-year age bands have been used. This is not ideal as, for instance, 25 and 34 year olds are likely to have quite different net worth characteristics. However, the survey design does not support a higher level of detail.

This survey only provides a snapshot of net worth characteristics. It is important that the data is not read as a commentary on net worth accumulation over time. For example, while the current net worth status of today’s 50-54 year olds reflects the economic and cultural circumstances of that particular group, it cannot be assumed that future groups will replicate these characteristics when they reach this age. For this reason a longitudinal survey1 or repeated cross-sectional surveys is needed so that aspects of net worth can be properly commented upon.

Users

Key users of the HSS data are expected to be those assessing and advising on people’s preparedness for retirement. In addition, it is hoped that this information will feed into other areas of policy debate such as economic management and the impact of a nation’s savings habits on investment patterns, asset prices and balance of payments trends. The impact of student loans is likely to be of great interest to policymakers, and there are many private sector groups that would like a better understanding of the nation’s savings behaviour.

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1 A longitudinal survey involves interviewing the same respondents selected in the first year, over a period of years. Repeated cross-sectional surveys on the other hand select a new sample to interview each time the survey is conducted.
The Household Savings Survey in brief

The sample
- sample size: 5,374 interviews
- response rate: 74 percent

The sample included a Māori booster sample and was made up of 2,392 non-partnered individuals and 2,982 couples. This was rated up to a total population of 930,900 non-partnered individuals and 855,900 couples.

Collection method
- Interviews were conducted in person using an electronic questionnaire.¹
- If a respondent was part of a couple, the couple was interviewed as one unit.
- Information on all assets and debts, as well as demographic information, was collected.
- Information on assets and debts was only collected for the selected non-partnered individual and the couple, not for other family or household members.

Key concepts
- **Non-partnered individual** – a respondent who did not live with a partner, but may live with family (such as children or parents) or non-family members.
- **Couples** – where the respondent who was selected to participate in the survey lived with their partner they were interviewed as a couple. Definition of a partner living with them was self-defined.
- **Economic units** – the two populations (non-partnered individuals and couples) combined to form one population.
- **Individual characteristics for couples** – the individual characteristics (such as age and ethnicity) given to the couple were the characteristics of the partner randomly selected to take part in the survey.

Additional information

*The Net Worth of New Zealanders – standard tables and technical notes* contains over 50 standard tables with supporting definitions and technical notes on the survey methodology, collection and questionnaire. This report is available on the Statistics New Zealand website [www.stats.govt.nz](http://www.stats.govt.nz) free of charge or by contacting Statistics New Zealand (see Contacts back cover).

Tables of the relative sampling errors for the standard tables are also available by contacting Statistics New Zealand.

¹ See Appendix 1 for definition.
chapter three

Concepts and survey population statistics

This chapter introduces some of the key concepts used in this report and provides a brief overview of the characteristics and structure of the population covered in the 2001 Household Savings Survey (HSS). These concepts are repeated throughout this report enabling chapters to be read as standalone documents.

Concepts

Definitions
A full list of definitions can be found in appendix one.

Respondent
Is the one person aged 18 or older per household who was randomly selected to participate in the survey. If the respondent had a partner living with them and the couple was interviewed as one unit, the person selected is defined as the respondent in the couple.

Non-partnered individuals
Are respondents who were not living with a partner, but may have been living with family (such as children or parents) or non-family members.

Couples
Are where respondents said their partner lived in the same household. No attempt was made to define couples based on the time spent together. They included legally married, de-facto and same-sex relationships. Couples were interviewed jointly as one economic unit.

Economic units
For the purpose of analysis the two populations, non-partnered individuals and couples, were combined to form one total population of economic units (see ‘analysis of economic units’ below for more detail).

Concepts relating to analysis of couples

Net worth of a couple
Where the selected individual was part of a couple, information was collected about the couple as a whole. The value of net worth discussed throughout this report is the total of both partners in the couple.
Assigning individual characteristics to a couple

In contrast, information collected about demographic characteristics (such as age and ethnicity) referred to the partner who had been randomly selected to take part in the survey (unless otherwise stated). This was considered the most practical way of analysing this type of data. For example, couples aged 25-34 are those where the selected respondent was in this age group. The random selection meant there should be little bias. Other ways to analyse couples include assigning the characteristic of the highest income earner to the couple (this is used in the Canadian Survey of Financial Security1) or using the head of the household (a technique adopted by the US Survey of Consumer Finances2). However it is thought that these techniques may lead to a predominance of males. Further manipulation of the HSS data beyond the scope of this report could look at using different methods.

Regardless of the method used, factors such as the partner’s age and labour-force status will have some impact on the net worth situation. Where possible this report’s analysis looks at the characteristics of the respondent and their partner.

Analysis of economic units

The couple’s net worth represents the situation of two people whose net worth is interlinked. One would therefore expect the value of net worth to be at least double that of a non-partnered individual. However, the unique differences between how couples and non-partnered individuals operate mean other factors need to be considered. It is more useful to look at the two groups as two separate populations. These can be combined to form a total population of economic units much like sole parents and two-parent families may be counted as total families in other surveys.

Characteristics of the respondent and their partner

The following characteristics were collected separately from each member of a couple: age, ethnic group, labour-force status, occupation and highest qualification. Despite the practical necessity of assigning a respondent’s characteristic to a couple it is useful to look at the respondent and their partners’ characteristics to see how the two correlate.

Age

There was a tendency for both members of a couple to be within the same age group. For example, 71 percent of respondents aged 25-34 had partners in the same age bracket. Where the respondent’s partner was not in the same age group they were usually very close.

Ethnic group

Generally, there was a strong correlation between the respondent’s ethnicity and their partner’s. For example, of the respondents who identified with the European/Pākehā ethnic group, 94 percent had partners who identified with the same ethnic group. This was less evident with the Māori ethnic group, where only 57 percent of respondents of Māori ethnicity lived with partners of Māori ethnicity.

Labour force status

There was a relatively strong correlation for labour-force status. Where the respondent was employed, 83 percent of these respondents had partners who were also in employment. Where the respondent was not in the labour force, 61 percent of these respondents had partners who were also not in the labour force.

1, 2 See International comparison chapter
Highest qualification and occupation

When looking at how people were partnered by highest qualification and occupation the correlation is not as strong as for the previous characteristics. For this reason these characteristics are only used on the population of non-partnered individuals, unless otherwise stated.

Survey population statistics

Socio-demographic characteristics of non-partnered individuals and couples (by characteristic of the respondent)

Age

Figure 3.1: Distribution of population by age

Figure 3.1 illustrates the different age distributions between the two populations. This is a key factor when looking at asset and debt ownership and the resulting net worth.

As expected, non-partnered individuals were noticeably younger with nearly 50 percent aged between 18 and 34 (29 percent of whom were 18-24 years old). In contrast, only 23 percent of couples were in the age range 18-34. There was also a larger proportion of non-partnered individuals over 75 than couples (10 percent compared with 5 percent). Meaningful analysis therefore needs to consider the impact of age.

For reference throughout the report, figures 3.2 and 3.3 show the actual proportions of non-partnered individuals and couples within each age group. The age groups in figure 3.3 are often used when the sample size is too small to support a 10-year breakdown.

Figure 3.2: Distribution of population by age

<table>
<thead>
<tr>
<th>Age group</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>29</td>
<td>4</td>
</tr>
<tr>
<td>25-34</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>35-44</td>
<td>14</td>
<td>25</td>
</tr>
<tr>
<td>45-54</td>
<td>12</td>
<td>22</td>
</tr>
<tr>
<td>55-64</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>65-74</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>75-84</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>85 and over</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>
Figure 3.3: Distribution of population by age

<table>
<thead>
<tr>
<th>Age group</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>29</td>
<td>4</td>
</tr>
<tr>
<td>25-44</td>
<td>34</td>
<td>45</td>
</tr>
<tr>
<td>45-64</td>
<td>20</td>
<td>37</td>
</tr>
<tr>
<td>65 and over</td>
<td>17</td>
<td>15</td>
</tr>
</tbody>
</table>

Note for all graphs and tables in the report, age groups are not shown where the figures were too small to be statistically significant. For example, a graph may not show a category for the 18-24 age group.

Ethnic group

In the HSS questionnaire, people were asked to list all the ethnic groups they identified with. During the data processing stage, each respondent was allocated to a single ethnic group. This priority recording system, which was used in the 1996 Census, provides practical ease of analysis as each respondent appears only once in the data to sum to the total population. This data does not necessarily give a total count of people of a particular ethnic group (see Glossary, Appendix 1 for further information).

Figure 3.4: Distribution of population by ethnic group

The distribution of the population by ethnic group, as shown in figure 3.4, matches the proportions when comparing with 2001 Census data.

It is useful to look at the different age structures within the ethnic groups as these can impact on other measures such as the distribution of net worth. The proportion of non-partnered individuals and couples over 65 is notably higher for those of European/Pākehā ethnicity. For example, 22 percent of non-partnered individuals of European/Pākehā ethnicity were 65 years of age or older while the corresponding figure for Māori was 6 percent. This can be seen in figure 3.5. Figure 3.6 demonstrates this for couples by adopting the age and ethnic group of the partner who had been selected to take part in the survey.
Figure 3.5: Age distribution of non-partnered individual’s ethnic groups

<table>
<thead>
<tr>
<th>Age group</th>
<th>European/Pākehā %</th>
<th>Māori %</th>
<th>Pacific peoples %</th>
<th>Asian %</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>24</td>
<td>37</td>
<td>40</td>
<td>58</td>
</tr>
<tr>
<td>25-34</td>
<td>18</td>
<td>24</td>
<td>22</td>
<td>10</td>
</tr>
<tr>
<td>35-44</td>
<td>14</td>
<td>15</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>45-54</td>
<td>12</td>
<td>12</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>55-64</td>
<td>9</td>
<td>6</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>65-74</td>
<td>8</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>75-84</td>
<td>10</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>85 and over</td>
<td>3</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 3.6: Age distribution of couple’s ethnic groups

<table>
<thead>
<tr>
<th>Age group</th>
<th>European/Pākehā %</th>
<th>Māori %</th>
<th>Pacific peoples %</th>
<th>Asian %</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>3</td>
<td>11</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>25-34</td>
<td>17</td>
<td>27</td>
<td>32</td>
<td>22</td>
</tr>
<tr>
<td>35-44</td>
<td>24</td>
<td>25</td>
<td>30</td>
<td>36</td>
</tr>
<tr>
<td>45-54</td>
<td>22</td>
<td>21</td>
<td>17</td>
<td>22</td>
</tr>
<tr>
<td>55-64</td>
<td>16</td>
<td>11</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>65-74</td>
<td>11</td>
<td>5</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>75-84</td>
<td>5</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>85 and over</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Marital status

Figure 3.7 shows the proportion of non-partnered individuals and individuals in couples in each legal marital status group. The concept of ‘individuals in couples’ is different from the convention used in the rest of the report for couples because, in this case, each partner is counted separately. For example, one partner may have never married while the other may be separated.

The majority of non-partnered individuals (60 percent) identified as having never married. A substantial proportion of non-partnered individuals (38 percent) were either separated, divorced or widowed.
Of all couples, (not individuals in couples) 81 percent were legally married. The proportion of couples who were legally married increased with age. Twenty-seven percent of couples aged 18-24 were legally married, this increased to 83 percent when the respondent was aged 35-44 and reached 100 percent for couples aged 85 and over.

### Employment and education

#### Labour force status

**Figure 3.8: Distribution by labour force status**

The distribution of the population by labour-force status in figure 3.8, reflects labour-force figures found in other Statistics New Zealand surveys. The majority of the population (57 percent of non-partnered individuals and 71 percent of couples) was employed.
The next largest proportion of the population was categorised as not in the labour-force. The proportion of this group was higher for non-partnered individuals (39 percent) than for couples (28 percent). This reflects the higher proportions of older, retired people in the population of non-partnered individuals. Only a small percentage of the population (4 percent of non-partnered individuals and 1 percent of couples) was unemployed. Once again, distribution is affected by age with higher unemployment rates for youths whether non-partnered or in a couple.

**Occupation**

*Figure 3.9: Proportion of non-partnered individuals in each occupation type*

Figure 3.9 shows that the largest proportion of employed non-partnered individuals were service and sales workers (19 percent). When grouping the occupation types into the two more generalised groups of blue collar occupations (the bottom four occupations in figure 3.9) and white collar occupations (the top five occupations in figure 3.9), more non-partnered individuals were employed in white collar occupations (71 percent) than blue collar occupations. Fifty-four percent of service and sales workers were aged 18-24. These jobs are generally those with part-time and casual hours.

**Highest qualification**

*Figure 3.10: Highest qualification of respondents*
Figure 3.10 shows the distribution of the populations by highest qualification. Over half of non-partnered individuals and couples gave either no qualification or school qualification as their highest completed qualification. Twelve percent of non-partnered individuals and 15 percent of couples said a degree was their highest completed qualification. This included both under-graduate and post-graduate degrees.

Children and income

Children

Figure 3.11: Number of children and proportion of population with dependent children and children ever had

<table>
<thead>
<tr>
<th>Number of children</th>
<th>Dependent children</th>
<th>Total children ever had</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-partnered individuals</td>
<td>%</td>
</tr>
<tr>
<td>0</td>
<td>83</td>
<td></td>
</tr>
<tr>
<td>1 or 2</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>3 or more</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

The HSS used the standard definition of a dependent child. A dependent child was one that was living in the same household as the respondent, was aged under 18 years of age and who was not employed full time. Figure 3.11 shows that the majority of non-partnered individuals and couples had no dependent children (83 percent and 57 percent respectively). There were more couples with dependent children than non-partnered individuals.

The proportion of non-partnered individuals who have never had any children was much higher than the proportion of couples who have never had any children. There was also a higher proportion of couples who had had three or more children.

Main source of income

Figure 3.12 shows the distribution of the population by main source of income. As expected, the majority of the non-partnered individual and couple populations gave ‘wages and salaries’ as their main source of income (51 percent and 61 percent respectively).

The second largest group for non-partnered individuals was those who had ‘other income support’ as their main source of income (22 percent). The second largest group for couples was those who had ‘self-employment’ as their main source of income.

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3 This covers all government benefits and allowances such as student allowances, family support and ACC earnings-related payments but does not include New Zealand superannuation.
**Figure 3.12: Distribution by main source of income**

<table>
<thead>
<tr>
<th>main source of income</th>
<th>non-partnered individuals</th>
<th>couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>wages &amp; salaries</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>self-employment</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>NZ superannuation</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>other superannuation</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>other income support</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>investment income</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>other regular or one-off income</td>
<td>1%</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Total income**

**Figure 3.13: Proportion of non-partnered individuals and couples in each income band**

<table>
<thead>
<tr>
<th>Income band</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Loss or zero</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>1-5,000</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>5,001-10,000</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>10,001-15,000</td>
<td>21</td>
<td>3</td>
</tr>
<tr>
<td>15,001-20,000</td>
<td>15</td>
<td>4</td>
</tr>
<tr>
<td>20,001-25,000</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>25,001-30,000</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>30,001-40,000</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>40,001-50,000</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>50,001-70,000</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>70,001-100,000</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td>100,001 or more</td>
<td>2</td>
<td>14</td>
</tr>
</tbody>
</table>

The figure used for couples in figure 3.13 is the total combined income of the two partners.

Three-quarters of non-partnered individuals reported their income as less than $30,000. In contrast, three-quarters of couples reported their total income as more than $30,000. A third of all couples had income greater than $70,000.
The net worth of New Zealanders: a report on their assets and debts
chapter four
The distribution of net worth

The 2001 Household Savings Survey (HSS) found that non-partnered individuals had an estimated net worth (assets less debts) of $91.112 billion whilst the total for couples was an estimated $275.867 billion. The distribution of this net worth within the two populations is discussed in this chapter. It considers the accumulation of net worth throughout life and the impact of age on net worth.

Key concept

Central to this report is the following key concept: Net worth of a couple is the combined net worth of both partners. Generally couples are treated as quite separate entities from non-partnered individuals. But for some analysis the two groups are combined to form a population of economic units. Where analysis is done by individual characteristics (such as age, labour force status, ethnic group) the couple is assigned the characteristic of the member of the couple who was randomly selected to take part in the survey. For example, employed couples are those where the selected respondent was employed.

Analysis

Distribution characteristics

Figures 4.1 and 4.2 show the distributions of net worth for non-partnered individuals and couples respectively. It is worth noting that in both cases the distributions are skewed to the right, and both are long-tailed, with the upper end of the data spread over a wide range of values. This illustrates the unequal distribution of net worth. Using figure 4.1 as an example, most non-partnered individuals have net worth under $50,001 whilst only a few have very high net worth.
Figure 4.1: Net worth distribution of non-partnered individuals

Figure 4.2: Net worth distribution of couples
Likewise this skew is noticeable when considering the mean and median values. For all net worth estimates the mean value was higher than the corresponding median. For example:

_Figure 4.3: Mean and median net worth_

<table>
<thead>
<tr>
<th>Economic unit</th>
<th>Median net worth $</th>
<th>Mean net worth $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-partnered individuals</td>
<td>10,300</td>
<td>97,900</td>
</tr>
<tr>
<td>Couples</td>
<td>172,900</td>
<td>322,300</td>
</tr>
</tbody>
</table>

The median is used in this report as it is less affected by the extreme values than the mean.

**Life cycle accumulation**

Age distribution will impact on the accumulation and distribution of net worth. In the example above there appears to be a discrepancy between the net worth of couples and non-partnered individuals. Even after sharing the net worth across the two partners, couples still have a median value over eight times that of their non-partnered counterparts. To a large extent this is due to the fact that net worth tends to accumulate over the life-cycle. For example 45 percent of 18-24 year olds are in the lower quartile for net worth, whilst only two percent are in the upper quartile. So non-partnered individuals, which include a higher proportion of younger people (18-24 year olds make up 29 percent of all non-partnered individuals but only four percent of couples), also have a far lower median net worth.

Figure 4.4 provides an overview of the distinct pattern of the distribution of median net worth by age groups for non-partnered individuals and couples.

_Figure 4.4: Median net worth by age_

The importance of these life-cycle characteristics needs to be remembered when considering the overall distribution of net worth, or making comparisons between groups. Figures 4.5 and 4.6 show the proportions of each age group represented in each net worth quartile. Quartile 1 is the bottom 25 percent of the population when ordered by net worth. Conversely, quartile 4 is the 25 percent of the population with the highest net worth.
Analysing net worth distribution using deciles

The population was divided into deciles to examine the distribution of net worth. That is to say, the population was ranked from lowest to highest net worth and then divided into 10 even-sized groups. Decile one is the 10 percent of the population with the lowest net worth whilst decile 10 is the 10 percent with the highest net worth.

Figures 4.7, 4.8 and 4.9 show each decile plotted against their total net worth for three different groups: economic units; non-partnered individuals; and couples. In figure 4.7, the non-partnered individuals and couples have been combined to form one population of economic units.
Figure 4.7: Total net worth of economic units by decile

Figure 4.8: Total net worth of non-partnered individuals by decile
The uneven distribution of net worth is apparent in figures 4.7, 4.8 and 4.9. In considering the net worth of economic units (figure 4.7), the total value held by the lowest decile was -$3.303 billion, whilst it was $194.500 billion for the highest decile. The largest absolute difference between deciles occurs between the ninth and tenth deciles, where the total net worth doubled.

For non-partnered individuals the total net worth of the lowest decile was -$2.163 billion and the total net worth of the highest decile was $57.167 billion (figure 4.8). The corresponding figures for couples were -$0.923 billion and $122.850 billion respectively (figure 4.9).

To draw conclusions about the implications of this data it would be necessary to consider the life-cycle effect. For example, figure 4.10 shows the equivalent net worth distribution for economic units in the 50-64 year old age group. Because of the narrower age group, the life-cycle effects are cancelled to some extent. This allows a closer examination of the distribution of net worth within a particular group, in this case those approaching retirement. By this age the lowest decile has no total net worth rather than negative net worth, however, the distribution is still not equal. This is most noticeable when looking at decile 10 which is significantly larger than for other deciles.
The life cycle characteristics observed in this data may not be replicated over time. A longitudinal study or repeat cross-sectional surveys are needed to examine future life cycle characteristics.

### Net worth and age group

To further examine the distribution of net worth by age, figure 4.11 shows the proportion of total net worth held by the top 20 percent of people in each age group. For example, of all economic units aged 35-44, the top 20 percent (in terms of net worth) had 67 percent of this group's total net worth.

### Figure 4.11: Net worth held by the top 20 percent of each age group

<table>
<thead>
<tr>
<th>Economic unit</th>
<th>Age group</th>
<th>Total net worth (billion) $</th>
<th>Sum of net worth of top 20 percent (billion) $</th>
<th>Proportion of net worth held by top 20 percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-partnered individuals</td>
<td>18-24</td>
<td>1.4</td>
<td>2.6</td>
<td>183%</td>
</tr>
<tr>
<td></td>
<td>25-34</td>
<td>3.7</td>
<td>4.0</td>
<td>107%</td>
</tr>
<tr>
<td></td>
<td>35-44</td>
<td>17.1</td>
<td>13.5</td>
<td>79%</td>
</tr>
<tr>
<td></td>
<td>45-54</td>
<td>20.0</td>
<td>13.2</td>
<td>66%</td>
</tr>
<tr>
<td></td>
<td>55-64</td>
<td>17.8</td>
<td>10.7</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>65-74</td>
<td>13.1</td>
<td>7.7</td>
<td>59%</td>
</tr>
<tr>
<td></td>
<td>75 and over</td>
<td>18.0</td>
<td>11.0</td>
<td>61%</td>
</tr>
<tr>
<td>Couples</td>
<td>18-24</td>
<td>0.5</td>
<td>0.7</td>
<td>124%</td>
</tr>
<tr>
<td></td>
<td>25-34</td>
<td>25.8</td>
<td>20.0</td>
<td>78%</td>
</tr>
<tr>
<td></td>
<td>35-44</td>
<td>62.4</td>
<td>37.2</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>45-54</td>
<td>78.2</td>
<td>44.3</td>
<td>57%</td>
</tr>
<tr>
<td></td>
<td>55-64</td>
<td>63.5</td>
<td>36.0</td>
<td>57%</td>
</tr>
<tr>
<td></td>
<td>65-74</td>
<td>30.1</td>
<td>17.8</td>
<td>59%</td>
</tr>
<tr>
<td></td>
<td>75 and over</td>
<td>15.4</td>
<td>9.0</td>
<td>59%</td>
</tr>
<tr>
<td>Total economic units</td>
<td>18-24</td>
<td>2.0</td>
<td>3.3</td>
<td>169%</td>
</tr>
<tr>
<td></td>
<td>25-34</td>
<td>29.5</td>
<td>26.3</td>
<td>89%</td>
</tr>
<tr>
<td></td>
<td>35-44</td>
<td>79.5</td>
<td>53.2</td>
<td>67%</td>
</tr>
<tr>
<td></td>
<td>45-54</td>
<td>98.2</td>
<td>59.5</td>
<td>61%</td>
</tr>
<tr>
<td></td>
<td>55-64</td>
<td>81.3</td>
<td>48.5</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>65-74</td>
<td>43.1</td>
<td>25.6</td>
<td>59%</td>
</tr>
<tr>
<td></td>
<td>75 and over</td>
<td>33.3</td>
<td>20.6</td>
<td>62%</td>
</tr>
</tbody>
</table>

---

1, 2, 3, 4 As mentioned in the following text, proportions greater than 100 percent occur due to the significant proportion of 18-24 year olds with negative net worth.
Note that there is an uneven distribution of net worth for every category, with the top 20 percent (in terms of net worth) accounting for around 60 percent of the net worth within most of the over-35 age groups. This suggests the spread of net worth is not only an attribute of differences in age.

For the lower age groups the results are affected by the significant proportion of the population who have negative net worth. For example, 43 percent of non-partnered 18-24 year old individuals had negative net worth. This high proportion of negative net worth meant that the top 20 percent of non-partnered individuals in this age group held 183 percent of this group’s net worth. For this reason, it is useful to analyse those economic units with positive net worth, and those with negative net worth separately.

### Positive net worth of economic units

Figure 4.12 orders only economic units with positive net worth into deciles. These represent 84 percent of all economic units. Here the ninth and tenth deciles hold nearly 70 percent of positive net worth, while by comparison the first and second deciles hold only 0.2 percent.

**Figure 4.12: Distribution of positive net worth and median net worth by decile for economic units**

<table>
<thead>
<tr>
<th>Decile</th>
<th>Total net worth</th>
<th>Median net worth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>$</td>
</tr>
<tr>
<td>Decile 1</td>
<td>0</td>
<td>400</td>
</tr>
<tr>
<td>Decile 2</td>
<td>0</td>
<td>4,800</td>
</tr>
<tr>
<td>Decile 3</td>
<td>1</td>
<td>15,900</td>
</tr>
<tr>
<td>Decile 4</td>
<td>2</td>
<td>43,800</td>
</tr>
<tr>
<td>Decile 5</td>
<td>4</td>
<td>91,200</td>
</tr>
<tr>
<td>Decile 6</td>
<td>6</td>
<td>136,800</td>
</tr>
<tr>
<td>Decile 7</td>
<td>8</td>
<td>200,100</td>
</tr>
<tr>
<td>Decile 8</td>
<td>12</td>
<td>299,900</td>
</tr>
<tr>
<td>Decile 9</td>
<td>19</td>
<td>466,600</td>
</tr>
<tr>
<td>Decile 10</td>
<td>48</td>
<td>903,400</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>113,500</td>
</tr>
</tbody>
</table>

### Negative net worth of economic units

Figure 4.13 provides a similar analysis for those economic units with negative net worth. In this case the sample is far smaller, so the analysis is by quintiles.

**Figure 4.13: Distribution of negative net worth by quintile for economic units**

<table>
<thead>
<tr>
<th>Quintile</th>
<th>Total negative net worth</th>
<th>Median net worth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>$</td>
</tr>
<tr>
<td>Quintile 1</td>
<td>60</td>
<td>-35,300</td>
</tr>
<tr>
<td>Quintile 2</td>
<td>22</td>
<td>-13,500</td>
</tr>
<tr>
<td>Quintile 3</td>
<td>11</td>
<td>-7,200</td>
</tr>
<tr>
<td>Quintile 4</td>
<td>5</td>
<td>-3,000</td>
</tr>
<tr>
<td>Quintile 5</td>
<td>1</td>
<td>-800</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>-7,000</td>
</tr>
</tbody>
</table>
The lowest quintile of economic units with negative net worth holds 60 percent of the total negative net worth balance. This figure is the same for couples and non-partnered individuals when these groups are analysed separately.

**Negative net worth of non-partnered individuals and couples**

Separate analysis of the two populations that make up total economic units shows that an estimated 23 percent of non-partnered individuals and 8 percent of couples had negative net worth. Figures 4.14 and 4.15 show the distribution of negative net worth by age for non-partnered individuals and couples. The age group with the highest proportion of people with negative net worth is the 18-24 age group for non-partnered individuals and couples. In comparison, only three percent of non-partnered individuals and one percent of couples aged 65 years and over, had negative net worth. The high proportions for those under 25 seem to reflect high levels of student loan debt plus relatively high levels of bank and credit card debt.

*Figure 4.14: Proportion of each age group with negative net worth, non-partnered individuals*

*Figure 4.15: Proportion of each age group with negative net worth, couples*
The highest proportion of people with negative net worth was non-partnered individuals and couples who were unemployed (by the labour-force status of the selected respondent).

For non-partnered individuals, 46 percent of the unemployed and approximately 22 percent of those employed or not in the labour force had negative net worth. For couples, the pattern was similar with 36 percent of the unemployed and approximately seven percent of those employed or not in the labour force having negative net worth.

**High net worth**

Information collected showed that approximately 15 percent of all non-partnered individuals and 45 percent of all couples had net worth greater than $200,000.

**High net worth by age**

Figures 4.16 and 4.17 show the percentage of each age group (for non-partnered individuals and couples) with total net worth greater than $200,000.

*Figure 4.16: Proportion of each age group with net worth greater than $200,000, non-partnered individuals*

*Figure 4.17: Proportion of each age group with net worth greater than $200,000, couples*

The figures for 18-24 year olds are not displayed in figures 4.16 and 4.17 as the estimates are not considered statistically reliable. The age group with the highest percentage of both non-partnered individuals and couples with net worth greater than $200,000 is the 55-64 age group. The age group with the lowest proportion of non-partnered individuals and couples with net worth greater than $200,000 is the 25-34 age group. Again this reflects the expected life cycle pattern of wealth accumulation.
High net worth and main source of income

For non-partnered individuals and couples the median net worth was significantly higher for those who gave investment income as their main source of income. However only 2 percent of non-partnered individuals and couples received investment income as their main source of income over the year. For these non-partnered individuals, 69 percent had net worth greater than $200,000. For couples, the proportion was almost 100 percent.

Those who gave ‘other income support’ (this covers all Government benefits and allowances such as student allowances, family support and ACC earnings-related payments but does not include NZ Superannuation) as their main source of income were predictably the least represented, with 5 percent for non-partnered individuals and 16 percent for couples.

A measure of inequality – the gini coefficient

One measure of inequality is the gini coefficient as calculated from a Lorenz curve. This is a measure often used to assess income inequality. The gini coefficient ranges between zero and one. The closer the number is to one the more unequal the distribution.

The population of economic units in the HSS has a gini coefficient of 0.689 indicating an unequal distribution. As a comparison, the gini coefficient for household disposable income in 1996 was 0.322. This indicates there is more inequality in the distribution of net worth than in income.

Going by this measure, the inequality in the distribution of net worth for non-partnered individuals was greater than for couples. The gini coefficients were 0.777 and 0.689 respectively.

---

5 Where the x-axis is the cumulative proportion of people and the y-axis the cumulative share of net worth.

chapter five

Ethnic groups

The data from the 2001 Household Savings Survey (HSS) shows that accumulation and level of net worth is influenced by many factors. As well as a strong correlation with age, other socio-economic factors such as employment, education, ethnicity and marital status have an impact. These are investigated in this report. This chapter looks specifically at how different ethnic groups and cultural environments relate to the level of net worth.

Concepts

The HSS asked respondents (and partners where applicable) to list all ethnic groups they identified with. These were prioritised during data processing (see Appendix 1) so that each person was assigned one ethnic group. This makes analysis by ethnic group simpler. The prioritised ethnic groups are European/Pākehā, Māori, Pacific peoples, Asian and Other. The 'Other' ethnic group is excluded from the analysis below as it covers a mixed range of responses that did not fit into the other categories.

The analysis in this section is by economic units, that is the population of non-partnered individuals and the population of couples. Unless otherwise stated, couples were assigned the ethnic group and age of the partner randomly selected to take part in the survey.

Analysis

Age

Non-partnered European/Pākehā individuals and couples had the highest net worth; followed by Asian, Māori and Pacific people (see figures 5.1 and 5.2). This is consistent with Māori and Pacific peoples being over-represented in the unemployed and low income groups which have lower net worth.

Part of this difference is also an age group effect which is most obvious when looking at the population of non-partnered individuals. The non-partnered European/Pākehā individual population is significantly older than the other ethnic groups with approximately 22 percent of non-partnered individuals aged 65 or older. This compares with 6 percent of Māori, 7 percent of Pacific peoples and 4 percent of non-partnered individuals of Asian ethnicity. The higher proportion of middle-aged and older adults in the European/Pākehā ethnic group pushes up the median net worth which accumulates with age. Conversely, the Māori, Pacific peoples and Asian ethnic groups have large proportions of non-partnered individuals aged 18-34 (61 percent of Māori, 62 percent of Pacific peoples and 68 percent of Asians). As negative or low net worth is prevalent in
the younger age groups, this age structure is one factor that contributes to the lower median net worth for these ethnic groups.

Other contributing factors to differences in net worth by ethnic group are differences in education, labour-force status, income, and socio-economic status. Recent migration to New Zealand is also a factor for some of the groups. For example, when looking at the labour-force status of non-partnered individuals by ethnic group, HSS data showed that 2 percent of Europeans/Pākehā were unemployed while 8 percent of Māori and 13 percent of Pacific peoples were unemployed.

**Figure 5.1: Net worth by ethnic group (non-partnered individuals)**

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>Mean ($119,900)</th>
<th>Median ($21,700)</th>
<th>Mean/median ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>European/Pākehā</td>
<td>119,900</td>
<td>21,700</td>
<td>6</td>
</tr>
<tr>
<td>Māori</td>
<td>38,900</td>
<td>800</td>
<td>49</td>
</tr>
<tr>
<td>Pacific peoples</td>
<td>46,400</td>
<td>0</td>
<td>–</td>
</tr>
<tr>
<td>Asian</td>
<td>59,900</td>
<td>3,000</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>97,900</td>
<td>10,300</td>
<td>10</td>
</tr>
</tbody>
</table>

**Figure 5.2: Net worth by ethnic group (couples)**

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>Mean ($369,900)</th>
<th>Median ($209,900)</th>
<th>Mean/median ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>European/Pākehā</td>
<td>369,900</td>
<td>209,900</td>
<td>2</td>
</tr>
<tr>
<td>Māori</td>
<td>138,800</td>
<td>34,700</td>
<td>4</td>
</tr>
<tr>
<td>Pacific peoples</td>
<td>58,500</td>
<td>11,100</td>
<td>5</td>
</tr>
<tr>
<td>Asian</td>
<td>224,600</td>
<td>120,100</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>322,300</td>
<td>172,900</td>
<td>2</td>
</tr>
</tbody>
</table>

**Mean/median ratios**

Mean/median ratios are also shown in Figures 5.1 and 5.2. The mean, like the median, is a measure of distribution but is more influenced by extreme high and low values than the median. The mean/median ratio is one way of indicating how evenly net worth is distributed. The closer the ratio is to one, the more evenly spread the distribution. Note the ratio is not given for non-partnered Pacific peoples as it is not possible to divide by zero.

Using this measure, figures 5.1 and 5.2 show net worth distribution is less equal within the Pacific peoples and Māori ethnic groups than the European/Pākehā and Asian ethnic groups. The large values for the mean/median ratios amongst non-partnered individuals reflect the effect of the Māori and Pacific populations having proportionally larger numbers of young adults, with low or negative net worth.

The large differences seen amongst non-partnered individuals in all ethnic groups, except European/Pākehā, is not evident with couples. Instead, the mean/median ratios for net worth are similar to the European/Pākehā group.

The distribution of net worth for European/Pākehā non-partnered individuals has two peaks, as shown in figure 5.3. This is called a bi-modal distribution. This reflects the differential net worth situations of younger non-partnered individuals compared to older non-partnered individuals, a group which is influenced by widowed, separated and divorced people with significant net worth.
Net worth distribution

Figure 5.3: Net worth distribution of non-partnered individuals by ethnic group

Figures 5.3 and 5.4 show the distribution of net worth by ethnic group. The European/Pākehā ethnic group has the highest proportion of non-partnered individuals and couples with net worth greater than $200,000, and the lowest proportion of non-partnered individuals and couples with net worth less than $20,000. Māori and Pacific peoples have a low proportion of non-partnered individuals and couples with net worth over $200,000 and a large proportion of non-partnered individuals and couples with negative or low net worth. Again, part of this may be an age-group effect.

Working age population

Figure 5.5 compares the median net worth of couples of European/Pākehā ethnicity to those of Māori ethnicity between the ages of 18 and 64. It can be seen that median net worth of European/Pākehā couples is notably higher than for Māori couples at each 10 year age band. For both ethnic groups median net worth is lowest for 18-24 year olds and highest for 55-64 year olds. However, the differences between the two groups can be seen in the values. For example, the median net worth of European/Pākehā couples aged 55-64 is $353,700 while for Māori couples of the same age the median is much lower at $118,200.
Figure 5.5: Median net worth of European/Pākehā and Māori couples by age

<table>
<thead>
<tr>
<th>Age group</th>
<th>European/Pākehā</th>
<th>Māori</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>2,020</td>
<td>0</td>
</tr>
<tr>
<td>25-34</td>
<td>74,600</td>
<td>12,200</td>
</tr>
<tr>
<td>35-44</td>
<td>203,900</td>
<td>62,200</td>
</tr>
<tr>
<td>45-54</td>
<td>311,000</td>
<td>82,400</td>
</tr>
<tr>
<td>55-64</td>
<td>353,700</td>
<td>118,200</td>
</tr>
</tbody>
</table>

Couples

Figure 5.6 shows the median net worth of couples by the ethnic group of each partner. This is different to the convention used in the previous analysis where only the respondent’s ethnic group was considered. The table shows that where a person of Māori ethnicity was living with a partner of non-Māori ethnicity, their net worth tended to be intermediate between couples where both partners identified with the same ethnic group.

Figure 5.6: Median net worth of couples by ethnic group of each partner

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Both Māori</td>
<td>18,000</td>
</tr>
<tr>
<td>One Māori, one non-Māori</td>
<td>79,900</td>
</tr>
<tr>
<td>Both non-Māori</td>
<td>193,600</td>
</tr>
<tr>
<td>Total</td>
<td>172,900</td>
</tr>
</tbody>
</table>
chapter six

Education and employment

Education, employment and occupation are inextricably linked to each other. The 2001 Household Savings Survey (HSS) found that they are also closely connected with age, student debt and income level. This chapter investigates the relationships between education and the level of net worth, and between employment and the ability to accumulate net worth.

Overseas studies show qualifications are increasingly important in the accumulation of net worth for younger people. The extent of this may be less evident for New Zealanders due to the fairly recent increase in tertiary participation. Data from the census shows the number of adults aged 15 and over with a degree increased from 5.5 percent in 1986 to 10.8 percent in 2001. At the same time, those with no qualifications decreased from 42.3 percent to 25.4 percent. It is too early to thoroughly assess the impact of tertiary education participation on employment opportunities and subsequent net worth accumulation at older ages.

Net worth by highest educational qualification

There is a cohort effect on the level of net worth when examined by highest qualification attained. Older cohorts were part of a labour market where formal qualifications were not necessarily required in order to enter the labour market or to continue to advance in that market. For younger people student loan debt is now a common part of gaining higher qualifications. The impact of this on employment opportunities and the ability to accumulate net worth requires further research.

Respondents were asked to record their highest completed formal qualification. When a couple was interviewed each partner was asked about their highest completed qualification. The highest qualification categories were no qualifications, school qualifications, post-school vocational qualifications\(^1\), degrees\(^2\), and other qualifications (those not able to fit into any of the preceding categories).

Analysis

The analysis in this section looks at the highest qualification of non-partnered individuals and couples as two separate populations. For couples, the net worth is the total combined net worth of the two partners in the couple. Those with ‘other qualifications’ were excluded from this analysis as the types of qualifications listed in this group varied widely.

---

1 Includes trade certificates, apprenticeships, commercial certificates, teachers certificates, nursing certificates, accountancy certificates, managerial certificates and university diplomas and certificates.

2 Includes both under-graduate and post-graduate degrees.
Non-partnered individuals

Median net worth

As figure 6.1 illustrates, the highest median net worth for non-partnered individuals was for the 24 percent who had attained a post-school vocational qualification ($20,500). In contrast, those with the lowest median net worth ($6,300) had a school qualification as their highest qualification. At one third of all non-partnered individuals, this was the most common highest qualification gained. Only 12 percent of non-partnered individuals had a degree.

Figure 6.1: Net worth of non-partnered individuals by highest qualification gained

Figure 6.2 summarises the impact that non-partnered individuals’ highest qualification has on net worth distribution for each age group. Percentages for each age group do not sum to 100 percent as the ‘other qualifications’ category is not shown in the table.

Non-partnered individuals with a degree had the highest median net worth in each age group, except for the 25-44 age group. This age group however had the highest proportion of non-partnered individuals with this type of qualification and had an even proportion with each of the other types of qualifications. This was the only age group to have such an even distribution. As expected, over half of 18-24 year olds had a school qualification as their highest qualification. This group included those still studying.

For the age groups over the age of 24, those with no qualifications had a lower median net worth than those with qualifications. The discrepancy for those in the 18-24 age group may be related to the level of student loan debt. Further analysis with a longitudinal survey or repeated cross-sectional surveys would help analyse the impact of highest qualifications on the accumulation of net worth given the recent introduction of student loans and demand for higher qualifications.
Figure 6.2: Highest qualification and median net worth for non-partnered individuals by age

<table>
<thead>
<tr>
<th>Age group and highest qualification</th>
<th>Non-partnered individuals</th>
<th>Median net worth</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>11</td>
<td>200</td>
</tr>
<tr>
<td>School</td>
<td>53</td>
<td>300</td>
</tr>
<tr>
<td>Post-school vocational</td>
<td>19</td>
<td>-2,700</td>
</tr>
<tr>
<td>Degree</td>
<td>13</td>
<td>1,600</td>
</tr>
<tr>
<td>25-44 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>27</td>
<td>1,300</td>
</tr>
<tr>
<td>School</td>
<td>25</td>
<td>11,800</td>
</tr>
<tr>
<td>Post-school vocational</td>
<td>26</td>
<td>14,400</td>
</tr>
<tr>
<td>Degree</td>
<td>17</td>
<td>9,800</td>
</tr>
<tr>
<td>45-64 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>36</td>
<td>69,100</td>
</tr>
<tr>
<td>School</td>
<td>22</td>
<td>184,900</td>
</tr>
<tr>
<td>Post-school vocational</td>
<td>31</td>
<td>122,700</td>
</tr>
<tr>
<td>Degree</td>
<td>10</td>
<td>246,000</td>
</tr>
<tr>
<td>65 years and over</td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>48</td>
<td>98,000</td>
</tr>
<tr>
<td>School</td>
<td>24</td>
<td>133,100</td>
</tr>
<tr>
<td>Post-school vocational</td>
<td>21</td>
<td>162,000</td>
</tr>
<tr>
<td>Degree</td>
<td>4</td>
<td>426,000</td>
</tr>
</tbody>
</table>

Couples

Median net worth

Using this report’s convention of analysing a couple by assigning the respondent’s highest qualification to the couple, median net worth increased in relation to increasing level of qualification. Those without a qualification had median net worth of $134,800 compared with $241,800 for those where the respondent had a degree. The median net worth was low for all couples aged 18-24 but was only negative for those in this age group who had attained a degree. This is in keeping with the impact student loans has had on the accumulation of net worth (see Student Loans chapter).

Highest qualification of each partner

As an exception to the convention used in the rest of this report, the following analysis examines the level of net worth by the highest qualification gained by each partner in the couple.

Forty six percent of respondents had a partner who had the same level of highest qualification. For example, about half of respondents who had no formal qualification had a partner who also had not gained a formal qualification.

Figure 6.3 shows the median net worth for couples by highest qualification where both partners had the same qualification. Where this happened, net worth generally increased as the level of qualification increased. The exception was for couples where both partners had degrees. In this instance the median net worth was lower than for those where both partners had post-school vocational qualifications. It is possible that these couples may have spent less time in the labour force and had less opportunity to accumulate net worth. Further analysis beyond the scope of this report could examine the relationship between highest qualification, time spent studying and occupation and how these impact on net worth accumulation.
Figure 6.3: Median net worth of couples where both partners had attained the same level of highest qualification

<table>
<thead>
<tr>
<th>Highest qualification</th>
<th>Median net worth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Both no qualification</td>
<td>127,800</td>
</tr>
<tr>
<td>Both school</td>
<td>138,700</td>
</tr>
<tr>
<td>Both post-school vocational</td>
<td>228,800</td>
</tr>
<tr>
<td>Both degree</td>
<td>176,800</td>
</tr>
</tbody>
</table>

Net worth by labour force status

Once again where the selected individual was part of a couple, the labour-force status and other demographic characteristics (such as age and ethnic group) are those of the partner randomly selected to participate in the survey. The net worth is the total combined net worth of the two partners in the couple.

The standard questions on labour-force status were asked. These establish whether, in the week before the interview, the respondent was employed, unemployed or not in the labour force. Therefore, a person may be defined as unemployed yet it’s not known whether this has been for the long or short-term. The total time out of the paid workforce was also collected but is not discussed in the scope of this report.

Median net worth

Income from participation in the labour market is an important factor in the accumulation of net worth. Those non-partnered individuals and couples who are employed have considerably higher median net worth than their unemployed counterparts, as illustrated in figure 6.4.

Age is also a factor. People who are older have longer to accumulate net worth and this is one reason why median net worth for those not in the labour force (dominated by people aged 65 and over) is high.

Figure 6.4: Median net worth of non-partnered individuals and couples by labour force status

<table>
<thead>
<tr>
<th>Labour force status</th>
<th>Median net worth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-partnered individuals</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Employed</td>
<td>10,500</td>
</tr>
<tr>
<td>Unemployed</td>
<td>0</td>
</tr>
<tr>
<td>Not in the labour force</td>
<td>11,700</td>
</tr>
<tr>
<td>Total</td>
<td>10,300</td>
</tr>
</tbody>
</table>

Age group

Analysis by age group is useful as there is a relationship between age and labour force status as shown in figure 6.5. Ninety-three percent of non-partnered individuals aged 65 years and over were not in the labour force and had a median net worth of $119,600. As well as accumulating net worth over their lifetime, another reason for this group’s high median net worth may be the net worth they accumulated whilst employed – when the economic environment was different to that of today.
Seven percent of non-partnered individuals aged 65 and over were still employed and had accumulated even greater net worth than those in the same age group with a different labour force status.

For the two younger age groups, people not in the labour force had the lowest net worth. Employed people made up the majority of non-partnered individuals in the three age groups under 65 years. The median net worth for these three employed groups increased as age increased. Amongst other things, this would be related to time spent in the workforce, salary increases and occupation.

### Figure 6.5: Labour force status and median net worth for non-partnered individuals, by age

<table>
<thead>
<tr>
<th>Age group</th>
<th>Non-partnered individuals</th>
<th>Median net worth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>$</td>
</tr>
<tr>
<td>18-24 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>62</td>
<td>700</td>
</tr>
<tr>
<td>Unemployed</td>
<td>6</td>
<td>-4,900</td>
</tr>
<tr>
<td>Not in the labour force</td>
<td>32</td>
<td>0</td>
</tr>
<tr>
<td>25-44 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>73</td>
<td>14,100</td>
</tr>
<tr>
<td>Unemployed</td>
<td>5</td>
<td>3,100</td>
</tr>
<tr>
<td>Not in the labour force</td>
<td>23</td>
<td>300</td>
</tr>
<tr>
<td>45-64 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>65</td>
<td>143,500</td>
</tr>
<tr>
<td>Unemployed</td>
<td>3</td>
<td>1,900</td>
</tr>
<tr>
<td>Not in the labour force</td>
<td>32</td>
<td>53,700</td>
</tr>
<tr>
<td>65 years and over</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>7</td>
<td>208,300</td>
</tr>
<tr>
<td>Unemployed</td>
<td>–</td>
<td>31,200</td>
</tr>
<tr>
<td>Not in the labour force</td>
<td>93</td>
<td>119,600</td>
</tr>
</tbody>
</table>

**Couples**

*Labour force status of each partner*

Around three quarters of couples had partners with the same labour force status. This figure was dominated by couples where both partners were employed, 82 percent of employed respondents had a partner who was also employed. This means that trends shown below are similar to when couples are analysed using the normal convention of assigning the respondent’s labour force status to the couple. It is useful however to quantify the situation using both partner’s labour force status to note the impact of different labour force combinations.
Figure 6.6: Net worth of couples by labour force status of each partner

Figure 6.6 shows the impact both partners’ labour-force status makes on accumulating net worth. When both partners were employed, the median net worth was $190,500. This was similar to couples where both partners were not in the labour force. These figures are significantly higher than for couples where both partners were unemployed (-$11,500). However, less than one percent of couples were in the latter group. This compared with 59 percent of couples where both partners were employed and 17 percent where both partners were not in the labour force.

Those couples where one partner was employed whilst the other was not in the labour force represented 21 percent of all couples and also had a relatively high median net worth of $128,000.

Once again, age or life-cycle factors may be significant in determining the level of net worth.

Status in employment

The following analysis looks at the relationship between status in employment and the level of net worth. Status in employment determines whether a person is an employee or an employer. The proportion employed does not add to 100 percent as those working without pay in a family business were excluded. Analysis of couples uses the status in employment of the randomly selected respondent in the couple.

As figure 6.7 shows, the majority of employed non-partnered individuals (90 percent) worked for wages or salary but had a comparatively low median net worth. In contrast, those who were self employed (with employees) had the highest median net worth, but only made up a small proportion (3 percent) of non-partnered individuals.

The proportion and median net worth of employed couples by the respondent’s employment status showed a similar trend to that of non-partnered individuals as illustrated in figure 6.7.
Figure 6.7: Median net worth of employed non-partnered individuals and couples by status in employment

<table>
<thead>
<tr>
<th>Status in employment</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working for wages or salary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-employed with employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-employed without employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median net worth $</td>
<td>8,200</td>
<td>134,000</td>
</tr>
<tr>
<td>Median net worth %</td>
<td>90</td>
<td>73</td>
</tr>
<tr>
<td>Median net worth $</td>
<td>291,000</td>
<td>556,200</td>
</tr>
<tr>
<td>Median net worth %</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Median net worth $</td>
<td>177,400</td>
<td>315,800</td>
</tr>
<tr>
<td>Median net worth %</td>
<td>6</td>
<td>16</td>
</tr>
</tbody>
</table>

Net worth by occupation

For both non-partnered individuals and couples, the general pattern is one of higher median net worth for those in occupations generally defined as ‘white collar’. These occupations are in the first five rows in figure 6.8 below.

Figure 6.8 shows the proportion of non-partnered individuals and couples in each occupation. For couples, the occupation of the randomly selected respondent has been used for analysis and the net worth is the combined total of both partners.

Figure 6.8: Proportion of employed non-partnered individuals and couples in each occupation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Non-partnered individuals %</th>
<th>Couples %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislators, administrators, managers</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>Professionals</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Associate professionals and technicians</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Clerks</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Service and sales workers</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>Agriculture and fisheries workers</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Trades workers</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Plant and machinery operators</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Elementary occupations</td>
<td>8</td>
<td>6</td>
</tr>
</tbody>
</table>

Non-partnered individuals

Figure 6.9 shows that the highest median net worth by occupation for non-partnered individuals was for legislators, administrators and managers at $57,500. This median net worth value was considerably higher than for other occupations. At the other end of the scale, service and sales workers recorded the lowest median net worth value of $700. As figure 6.8 illustrates, a high proportion of employed non-partnered individuals (19 percent), were in this occupation. Their lower median net worth lowers the median net worth for the total employed non-partnered individuals.

Age also contributes to the low median net worth of service and sales workers. Over half of non-partnered individuals employed in this occupation were aged 18-24. Lower wages and the casual nature of this kind of work could also be factors in the low median net worth.
Forty-three percent of non-partnered individuals who identified their occupation as legislators, administrators and managers, had a net worth of less than $20,000. By comparison, 77 percent of non-partnered individuals who were sales workers had a net worth of less than $20,000.

Couples

When the occupation of the respondent was used to analyse the relationship between occupation and net worth, the trend was similar to that shown for non-partnered individuals. The notable difference was that agriculture and fisheries workers had the highest median net worth ($360,000). Those employed as legislators, administrators and managers were next with $276,800.

There was also less difference between the occupations with lowest and highest median net worth. This flattening out is most likely due to the high occurrence of people forming partnerships with others who are employed in different occupations to their own.

The correlation between partner’s occupations was strongest where the respondent was an agriculture and fisheries worker. Just over half of respondents who were agriculture and fisheries workers had a partner who was employed in the same occupation category. These couples had high net worth of which farm ownership was one contributing factor. Refer to Farms in the Assets chapter for the relationship between farm ownership and net worth.

Further analysis could look at the distribution of net worth based on the occupation of the highest income earner in the couple.
chapter seven
Family structure

The relationship between family structure and net worth was investigated by looking at the influence that marital status, the number of children and the number of dependent children had on net worth. For all of these factors a strong relationship between age and net worth was reflected in the findings.

Legal marital status

There was a clear relationship between legal marital status and the level of net worth. The following analysis looks at the legal marital status of non-partnered individuals and the social marital status of couples.

All survey respondents were asked to identify their most recent legal marital status from the following options; never married, separated, divorced, widowed or legally married. Note that subsequent grouping into the broader category of non-partnered individuals and couples was not based on legal marital status. Instead it was determined by whether the respondent was actually living with the person they defined as their partner.

Non-partnered individuals

As figure 7.1 shows, non-partnered individuals who were widowed had the highest median net worth. The exception were those aged 65 and over where individuals who had never married had a higher median net worth. As figure 7.2 illustrates, only 8 percent of this age group had never married. The low total net worth of non-partnered individuals who have never married ($1,600) is driven by the high proportion of 18-24 years olds who have not had time to accumulate net worth.

The high median net worth for widowed people illustrates the significant impact on the level of net worth of inheritance of a former partner’s assets.
Figure 7.1: Median net worth for non-partnered individuals by age and legal marital status

<table>
<thead>
<tr>
<th>Age group</th>
<th>Never married</th>
<th>Separated or divorced</th>
<th>Widowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>0</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>25-44</td>
<td>5,200</td>
<td>12,600</td>
<td>111,700</td>
</tr>
<tr>
<td>45-64</td>
<td>99,900</td>
<td>118,400</td>
<td>130,500</td>
</tr>
<tr>
<td>65 and over</td>
<td>162,000</td>
<td>108,000</td>
<td>120,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,600</td>
<td>61,800</td>
<td>121,900</td>
</tr>
</tbody>
</table>

Note: – indicates the estimates of median net worth were not statistically reliable

Figure 7.2: Proportion of non-partnered individuals by age and legal marital status

<table>
<thead>
<tr>
<th>Age group</th>
<th>Never married</th>
<th>Separated or divorced</th>
<th>Widowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>99</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>25-44</td>
<td>72</td>
<td>25</td>
<td>2</td>
</tr>
<tr>
<td>45-64</td>
<td>25</td>
<td>56</td>
<td>14</td>
</tr>
<tr>
<td>65 and over</td>
<td>8</td>
<td>14</td>
<td>75</td>
</tr>
</tbody>
</table>

Couples: legally married and not married

The following analysis looks at couples split into two groups: those currently legally married to each other and those not married (this includes couples where either or both partners were divorced, separated or widowed). Eighty-seven percent of respondents who had never been married were living with a partner who had not been married either. Of divorced respondents, 48 percent lived with another divorced person and 35 percent with a partner who had never been married. As less than 2 percent of respondents in couples were either separated or widowed, their partner’s legal marital status is not stated here.

In the following analysis the age referred to is the age of the respondent who was randomly selected, not their partner. The net worth is the combined net worth of both partners in the couple.

Eighty-one percent of couples were legally married. In total, the median net worth for all married couples living in the same household was $201,400 compared with $49,500 for all unmarried couples. Figure 7.3 illustrates the distribution by age group.

For couples aged 65-74, median net worth for unmarried couples ($316,100) exceeded that for married couples ($207,500). However, married couples made up 93 percent of all couples in this age group.
Further research and longitudinal data may indicate how the transitions from one marital status to another relate to the median net worth of non-partnered individuals and couples. For example, more detailed analysis could determine whether individuals are forming new relationships without legally remarrying, in order to preserve their original assets. It could also determine whether this would continue in the light of recent relationship property legislation where, in the absence of any other legal agreement, partners are entitled to half the couples’ assets if they have lived together for more than three years.

**Family size**

**Overview**

Analysis by the number of children and the number of dependent children showed there was a relationship between family size and net worth. In general, those with dependent children had lower net worth than people with older (no longer dependent) children. Also sole parents had lower net worth than couples with children.

Age is an important factor as people whose children are no longer dependent have had the opportunity to accumulate net worth over a longer period of time to compensate for the initial financial impact of dependent children.

**Net worth by number of dependent children**

A dependent child is defined as a child of the respondent (and/or partner) that was living in the same household as the respondent, was under 18 years of age and not employed full time. Seventeen percent of non-partnered individuals and 43 percent of couples were parents of dependent children. People with no dependent children include those with children aged over 18 (non-dependents) as well as those with no children at all.

Sole parents with dependent children had a median net worth of $2,900 compared with $11,700 for non-partnered individuals with no dependent children. For couples the figures were $127,800 and $202,300 respectively. These figures illustrate two points. First, the relationship dependent children have to net worth, possibly through reducing the ability to save. This was most noticeable for sole parents aged 35-44 who had median net worth of $8,400.

![Figure 7.3: Median net worth of legally married couples and couples not married](image-url)
compared with $60,000 for non-partnered individuals in this age group with no dependent children. Second, the relationship between the low level of net worth and sole parenthood. This latter point is further demonstrated by figure 7.4.

Figure 7.4 also illustrates the expected trend for parents’ net worth to increase for each successive age group. This is related to the general pattern of net worth accumulation as people age, as well as the freeing up of financial assets directly related to raising children.

For sole parents, only the age group of sole mothers is shown in figure 7.4 under ‘age’ as men only make up 16 percent of sole parents. ‘Sole mothers’ is the total of all sole parents who are female. Likewise ‘sole fathers’ is the total of all sole parents who are male.

**Figure 7.4: Proportion and median net worth by age group and sex for parents with dependent children**

<table>
<thead>
<tr>
<th>Age</th>
<th>Proportion of sole parents %</th>
<th>Median net worth $</th>
<th>Proportion of couples %</th>
<th>Median net worth $</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>15</td>
<td>-800</td>
<td>36</td>
<td>-100</td>
</tr>
<tr>
<td>25-34</td>
<td>46</td>
<td>1,100</td>
<td>66</td>
<td>64,000</td>
</tr>
<tr>
<td>35-44</td>
<td>59</td>
<td>8,400</td>
<td>82</td>
<td>176,000</td>
</tr>
<tr>
<td>45-54</td>
<td>32</td>
<td>91,900</td>
<td>28</td>
<td>288,800</td>
</tr>
</tbody>
</table>

**Sex of sole parents with dependent children**

There is a considerable difference when looking at median net worth of sole parents with dependent children by sex. The majority of sole parents (84 percent) were women. These sole mothers had a median net worth of $2,500. The median net worth of fathers with dependent children was higher at $28,200 (figure 7.4). It is likely this is related to labour-force status and the age of the parent.

**Number of dependent children**

The level of net worth is also related to the number of dependent children as illustrated in figures 7.5 and 7.6. As expected, the most significant difference is between those non-partnered individuals with no children and sole parents. One third of non-partnered individuals with no dependent children were in the 18-24 age group whilst 20 percent were aged 65 and over.

For non-partnered individuals the effect on net worth of each additional child after the first becomes less. This is most likely due to the lower costs once assets related to raising a family have already been set up for the first child. The age of the parent will also affect this.
For couples with dependent children the median net worth was highest for those with two children ($156,000). For couples with one dependent child and couples with three or more dependent children the median net worth was similar at $114,000 and $109,000 respectively.

**Figure 7.5: Median net worth of non-partnered individuals by number of dependent children**

**Figure 7.6: Median net worth of couples by number of dependent children**

**Parents of dependent children**

Figures 7.7 and 7.8 show the distribution of net worth for sole parents and couples for each additional child by age group. Sole parents aged 25-34 who had three or more dependent children had the lowest net worth (zero).
Figure 7.7: Median net worth by number of dependent children by age of sole parent

Figure 7.8: Median net worth by number of dependent children by age of respondent in couple.

Assets by number of dependent children

The following analysis of property, superannuation and financial investments investigates the impact the number of dependent children may have on asset ownership and value.
Non-partnered individuals

Figure 7.9: Selected asset types by number of dependent children for non-partnered individuals

<table>
<thead>
<tr>
<th>Number of dependent children</th>
<th>Property</th>
<th>Superannuation</th>
<th>Investments with financial institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>Median $</td>
<td>%</td>
</tr>
<tr>
<td>No children</td>
<td>37</td>
<td>142,000</td>
<td>12</td>
</tr>
<tr>
<td>1 or 2 children</td>
<td>36</td>
<td>116,000</td>
<td>10</td>
</tr>
<tr>
<td>3 or more children</td>
<td>38</td>
<td>81,000</td>
<td>–</td>
</tr>
<tr>
<td>Total individuals</td>
<td>37</td>
<td>139,000</td>
<td>12</td>
</tr>
</tbody>
</table>

See assets chapter for definition of assets

Note: – indicates count was too small to reliably calculate the median value

Figure 7.9 shows the proportion of non-partnered individuals who own property, superannuation and financial investments and the median value of those assets. Ownership of property was similar however the median value of property assets was highest for those with no dependent children and lowest for those with three or more dependent children. Non-partnered individuals with no dependent children were more likely to have financial investments. This may, in part, be due to the older age groups no longer having children under the age of 18 (dependent children) and being more likely to have financial investments.

Couples

Figure 7.10: Selected asset types by number of dependent children for couples

<table>
<thead>
<tr>
<th>Number of dependent children</th>
<th>Property</th>
<th>Superannuation</th>
<th>Investments with financial institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>Median $</td>
<td>%</td>
</tr>
<tr>
<td>No children</td>
<td>74</td>
<td>190,000</td>
<td>27</td>
</tr>
<tr>
<td>1 or 2 children</td>
<td>67</td>
<td>180,000</td>
<td>41</td>
</tr>
<tr>
<td>3 or more children</td>
<td>62</td>
<td>176,000</td>
<td>29</td>
</tr>
<tr>
<td>Total individuals</td>
<td>70</td>
<td>183,500</td>
<td>32</td>
</tr>
</tbody>
</table>

Figure 7.10 shows couples without dependent children had higher property ownership and value than couples with dependent children. Couples with one or two children were more likely to have superannuation schemes however the median value of superannuation assets was higher for those with no children. Part of this pattern will be due to age, as older couples who no longer have dependent children living with them (or those people who never had children) are more likely to have superannuation schemes with a higher median value and to hold financial investments.
Debts by number of dependent children

Figure 7.11: Debt holdings for non-partnered individuals and couples by number of dependent children

<table>
<thead>
<tr>
<th></th>
<th>Mortgage</th>
<th>Bank debt</th>
<th>Hire purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Non-partnered individuals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No children</td>
<td>15</td>
<td>19</td>
<td>11</td>
</tr>
<tr>
<td>1 or 2 children</td>
<td>25</td>
<td>32</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>21</td>
<td>15</td>
</tr>
<tr>
<td>Couples</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No children</td>
<td>34</td>
<td>22</td>
<td>17</td>
</tr>
<tr>
<td>1 or 2 children</td>
<td>54</td>
<td>31</td>
<td>25</td>
</tr>
<tr>
<td>3 or more children</td>
<td>48</td>
<td>39</td>
<td>31</td>
</tr>
<tr>
<td>Total</td>
<td>42</td>
<td>27</td>
<td>21</td>
</tr>
</tbody>
</table>

Note: Data for sole parents with three or more children has not been included as counts were not statistically reliable.

Figure 7.11 illustrates how the holdings of selected types of debt vary significantly by family size for both non-partnered individuals and couples. Non-partnered individuals with one or two dependent children were the most likely to have each of the three types of debt. In part this is influenced by age as non-partnered individuals with no dependent children were predominantly the young (18-24 years) and the retired who generally have a low take-up of mortgage debt. The young were also less likely to hold bank debt. However the median value of each debt type was similar for non-partnered individuals both with and without dependent children.

For couples, those with one or two dependent children were the most likely family group to have mortgage debt. Couples with three or more children were more likely to have bank debt and hire purchase than the other family groups. The median value of mortgage debt was highest for those with one or two dependent children ($96,000) and similar for the other two family groups at around $87,000.

Median net worth by number of children ever had

‘Children ever had’ refers to any children the respondent (and/or partner) have ever had over their lifetime, whether with the current partner or not. It is the broadest classification of children and includes children living in the same household and those living elsewhere, both dependent and not dependent.
Figures 7.12 and 7.13 illustrate the difference in distribution by family size between non-partnered individuals and couples by the number of children ever had. As expected the pattern is the reverse of those with dependent children seen in the earlier analysis.

For both non-partnered individuals and couples there is a significant difference between those with one child and those with two. This may in part be due to an age effect however further analysis would be required to ascertain this. Another factor to consider is the decrease in family size over recent decades which may have an impact when comparing groups.
Figure 7.14: Proportion of non-partnered individuals and couples who have 'ever had children' by age

<table>
<thead>
<tr>
<th>Age group</th>
<th>Non-partnered individuals</th>
<th>%</th>
<th>Couples</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>9</td>
<td>38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25-34</td>
<td>34</td>
<td>67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35-44</td>
<td>59</td>
<td>90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>45-54</td>
<td>72</td>
<td>93</td>
<td></td>
<td></td>
</tr>
<tr>
<td>55-64</td>
<td>72</td>
<td>91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>65 and over</td>
<td>80</td>
<td>88</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Non-partnered individuals**

Non-partnered individuals who have had three or more children had the highest median net worth at $73,800. Part of this may be attributed to the effect of age on median net worth, that is, the ability of older non-partnered individuals to compensate for the initial financial effect of dependent children. Non-partnered individuals under 35 years were less likely to have three or more children. In contrast, older non-partnered individuals were more likely to have had at least three children.

**Couples**

For couples there was little difference in the accumulation of net worth between those with no children and those with one child. Couples with two or more children had significantly higher net worth. Those with two children and those with three or more children were close at $212,000 and $199,200 respectively. This can, in part, be attributed to older couples having more time to compensate for the financial effect of dependent children on net worth.
This chapter provides a brief analysis of the relationship between net worth and income. The two income variables used in this analysis are total income (shown as income bands) and main source of income. For the analysis of couples, the total income is the combined joint income of both partners in the couple. The main source of income is the main source of the couple when income is combined. For example, if one partner received $35,000 from wages and salaries and their partner $40,000 (totalling $75,000) from the same source and they also received investment income of $60,000, then the main source of income is wages and salaries (by $15,000).

As a related topic, the distribution of net worth for those who have received an inheritance will also be looked at.

### Total income

Figure 8.1 shows the median net worth of non-partnered individuals and couples by income band. Also shown is the proportion of each population within each income band.

**Figure 8.1: Income distribution and median net worth**

<table>
<thead>
<tr>
<th>Total annual income</th>
<th>Proportion in income band</th>
<th>Median net worth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td><strong>Non-partnered individuals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss or zero</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>1-15,000</td>
<td>38</td>
<td>2,100</td>
</tr>
<tr>
<td>15,001-50,000</td>
<td>50</td>
<td>16,300</td>
</tr>
<tr>
<td>50,001-100,000</td>
<td>7</td>
<td>194,000</td>
</tr>
<tr>
<td>100,001 or more</td>
<td>2</td>
<td>321,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>10,300</td>
</tr>
<tr>
<td><strong>Couples</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss or zero</td>
<td>1</td>
<td>15,600</td>
</tr>
<tr>
<td>1-15,000</td>
<td>5</td>
<td>117,000</td>
</tr>
<tr>
<td>15,001-50,000</td>
<td>42</td>
<td>108,200</td>
</tr>
<tr>
<td>50,001-100,000</td>
<td>39</td>
<td>204,200</td>
</tr>
<tr>
<td>100,001-150,000</td>
<td>9</td>
<td>400,900</td>
</tr>
<tr>
<td>150,001-200,000</td>
<td>3</td>
<td>550,800</td>
</tr>
<tr>
<td>200,001 or more</td>
<td>3</td>
<td>760,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>172,900</td>
</tr>
</tbody>
</table>
Figure 8.1 shows that the median net worth of non-partnered individuals and couples increased with each income band. It also shows that the majority of the non-partnered individuals had income between $1 and $50,000 (88 percent) and the majority of couples had income between $15,000 and $100,000 (86 percent).

**Main source of income**

Figure 8.2 shows the percentage of the non-partnered individuals’ population and the couples’ population that receive each type of income as their main income source.

<table>
<thead>
<tr>
<th>Main source of income</th>
<th>Non-partnered individuals %</th>
<th>Couples %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>51</td>
<td>61</td>
</tr>
<tr>
<td>Self-employment</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>New Zealand superannuation</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Other superannuation</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other income support</td>
<td>22</td>
<td>6</td>
</tr>
<tr>
<td>Investment income</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Other regular or one-off income</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

As expected the majority of both populations receive most of their income from wages and salaries. Two notable differences between the non-partnered individuals and couple populations are evident in figure 8.2. First, income from self-employment as a main source of income was more common for couples than for non-partnered individuals. Second, a higher proportion of non-partnered individuals than couples had ‘other income support’ as their main source of income. HSS data showed that 44 percent of non-partnered individuals who gave ‘other income support’ as their main source of income were sole parents.
Figures 8.3 and 8.4 show the median net worth of non-partnered individuals and couples by the main source of income. The horizontal line shows the total median net worth for each population. For non-partnered individuals, median net worth was highest for those who gave investment income as their main source of income ($495,300). However, only 2 percent of non-partnered individuals were in this situation. For couples, median net worth was highest for those who received ‘other regular or one-off income’ as their main source of income. Again, only a small percentage of the couple population received this income type as their main source (1 percent).

As previously noted, the majority of the population received most of their income from wages and salaries. This is illustrated in figures 8.3 and 8.4 by the closeness of the total median net worth to the median net worth for those who received wages and salaries as their main source of income. For example, in figure 8.3, median net worth for those with investment income as their main income source is $495,300. As there was only a small proportion of non-partnered individuals in this group (2 percent) there is no significant effect on the total median. Conversely, the median net worth for non-partnered individuals who had wages and salaries as their main source of income was $6,500. With 51 percent of the non-partnered individual population in this group the effect on the total median is noticeable.

Net worth by inheritance

Respondents in the HSS were asked if they had ever inherited money or assets valued at $10,000 or more. For the following brief analysis, couples were counted as having received an inheritance where at least one member of the couple had received an inheritance. In total, 14 percent of non-partnered individuals and 28 percent of couples had inherited money or assets at some stage in their life.

The purpose of this question was to try and determine whether receiving an inheritance impacts on the ability to accumulate net worth. The questionnaire did not limit the time for receiving an inheritance to a specific number of years. Because of inflation the actual value of the inheritance will vary depending on when it was received. For example, an inheritance of $10,000 received in 1960 may have made more of an impact than an inheritance of $10,000 received in 1990.
Median net worth

Figure 8.5: Median net worth of non-partnered individuals by age and inheritance status

<table>
<thead>
<tr>
<th>Age group</th>
<th>Non-partnered individuals who have inherited</th>
<th>All non-partnered individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>–</td>
<td>0</td>
</tr>
<tr>
<td>25-34</td>
<td>18,700</td>
<td>1,800</td>
</tr>
<tr>
<td>35-44</td>
<td>104,300</td>
<td>31,600</td>
</tr>
<tr>
<td>45-54</td>
<td>201,500</td>
<td>91,900</td>
</tr>
<tr>
<td>55-64</td>
<td>248,300</td>
<td>137,500</td>
</tr>
<tr>
<td>65-74</td>
<td>203,100</td>
<td>139,700</td>
</tr>
<tr>
<td>75-84</td>
<td>192,500</td>
<td>131,000</td>
</tr>
<tr>
<td>85 and over</td>
<td>112,000</td>
<td>66,500</td>
</tr>
</tbody>
</table>

Figure 8.6: Median net worth of couples by age and inheritance status

<table>
<thead>
<tr>
<th>Age group</th>
<th>Couples who have inherited</th>
<th>All couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>–</td>
<td>800</td>
</tr>
<tr>
<td>25-34</td>
<td>127,400</td>
<td>48,800</td>
</tr>
<tr>
<td>35-44</td>
<td>291,800</td>
<td>174,400</td>
</tr>
<tr>
<td>45-54</td>
<td>399,400</td>
<td>285,100</td>
</tr>
<tr>
<td>55-64</td>
<td>427,300</td>
<td>315,800</td>
</tr>
<tr>
<td>65-74</td>
<td>275,400</td>
<td>211,500</td>
</tr>
<tr>
<td>75-84</td>
<td>304,600</td>
<td>221,100</td>
</tr>
<tr>
<td>85 and over</td>
<td>–</td>
<td>140,700</td>
</tr>
</tbody>
</table>

Figures 8.5 and 8.6 show that for both non-partnered individuals and couples at each age group, median net worth was higher for those who had received an inheritance than it was for the total population.

Incidence of inheritance

Figure 8.7: Percentage of population who have inherited by age
Figure 8.7 shows the percentage of each age group that had received an inheritance at some stage in their life. Figures for non-partnered individuals and couples aged 18-24, and those 85 and over, were not statistically reliable and have been excluded from the analysis.

The percentage of non-partnered individuals and couples who had received an inheritance was lowest for those 25-34 years old. The proportion was highest for non-partnered individuals aged 65-74 (36 percent) and for couples aged 55-64 (46 percent). This was only marginally higher than the proportion of couples aged 65-74 who had received an inheritance.
New Zealanders tend to hold most of their assets in the form of real assets and hold proportionally low amounts in financial assets. The latter point is partially explained by the fact that New Zealand has no mandatory contributory pension scheme. There also does not appear to be a culture of wage and salary earners investing a large part of their savings into the share market or in managed funds (as is more common in the United States).

This chapter provides a brief analysis of the asset composition of New Zealanders as captured by the 2001 Household Savings Survey (HSS). It will cover the following assets (listed in order of decreasing value):

- property
- business assets
- farms
- bank deposits
- superannuation
- financial assets
- motor vehicles
- life insurance
- collectibles
- other assets
- money owed asset
- credit card assets

Separate analysis of trust assets and Māori assets can be found in later chapters (see pages 78 and 84 respectively). Also further analysis of assets by education, employment and family structure were covered in previous chapters.

Where assets were held in trust (such as property and financial assets) they are discussed in the Trusts chapter. They are not included in asset counts or median values for separate asset types. So, if an individual had their home settled in trust this would only be counted in the trust analysis and not the property analysis. This could partly account for lower counts and aggregate values when comparing with other sources of aggregate data such as Quotable Value New Zealand’s total value of property in New Zealand.

For full details on the definition of each asset type and an explanation of the relevant question asked in the survey, refer to Appendix 1.
Asset overview

Figure 9.1 shows an overview of the asset composition of economic units; that is, the combined populations of non-partnered individuals and couples. The table is a summary of all assets collected in the HSS, not just those discussed in this chapter.

Concepts

The HSS collected only the share of the asset value held by the non-partnered individual or couple. For example, if a respondent owned 50 percent of a $200,000 property they were recorded as having $100,000 in property assets. In the calculation of median values, the respondent’s total value held in a particular asset type was used. For example, if a respondent owned two properties valued at $60,000 and $100,000, the value used in calculating the median for property assets was $160,000. This means the median value is not that of an individual asset. For example, looking at figure 9.1 the median value for a single rental property is not $135,000, rather this is the median value for total rental property assets held by an economic unit.

The ‘population with asset’ column in figure 9.1 does not sum to 100 percent as total responses were recorded. For example, if an individual owned a car, a house and a business they would be counted three times, once in each of the three asset types. However, if they had three cars, they would only be counted once as owning a motor vehicle asset and the total asset value would be the total of all three cars (as explained in the property example above).

Aggregate figures

The value of total assets held by New Zealanders, as measured by the HSS, was estimated at $435.242 billion (excluding Māori assets). Including Māori assets in the net worth calculation increased the figure to $444.032 billion. For further analysis of Māori assets see the Māori Assets chapter.

The mean value for all economic units who owned at least one asset was $249,000. The median was $125,300. When the two populations are looked at separately the median value for non-partnered individuals with asset holdings was $20,209 while for couples it was $242,700.

The three most common assets held by economic units were bank deposits (91 percent), motor vehicles (77 percent) and the home lived in (48 percent).

In terms of the value of assets, homes made up the largest proportion of total asset value (36 percent). The next largest asset types in terms of value were farms and businesses, which each made up 9 percent of the total asset value.

As mentioned previously, where the age of a couple is used in the following analysis, it refers to the age of the partner who was randomly selected to participate in the survey.
Figure 9.1: Asset composition of economic units

<table>
<thead>
<tr>
<th>Asset type</th>
<th>Population with asset</th>
<th>Proportion of total asset value</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Māori assets</td>
<td>3</td>
<td>8,790</td>
<td>2</td>
</tr>
<tr>
<td>Trusts</td>
<td>4</td>
<td>28,709</td>
<td>6</td>
</tr>
<tr>
<td>Farms</td>
<td>4</td>
<td>38,257</td>
<td>9</td>
</tr>
<tr>
<td>Businesses</td>
<td>12</td>
<td>38,574</td>
<td>9</td>
</tr>
<tr>
<td>House living in</td>
<td>48</td>
<td>159,205</td>
<td>36</td>
</tr>
<tr>
<td>Time share</td>
<td>1</td>
<td>137</td>
<td>0</td>
</tr>
<tr>
<td>Holiday home</td>
<td>2</td>
<td>4,361</td>
<td>1</td>
</tr>
<tr>
<td>Rental property</td>
<td>6</td>
<td>18,887</td>
<td>4</td>
</tr>
<tr>
<td>Overseas property</td>
<td>1</td>
<td>4,194</td>
<td>1</td>
</tr>
<tr>
<td>Commercial property</td>
<td>2</td>
<td>7,343</td>
<td>2</td>
</tr>
<tr>
<td>Other property</td>
<td>4</td>
<td>9,863</td>
<td>2</td>
</tr>
<tr>
<td>Superannuation</td>
<td>21</td>
<td>24,737</td>
<td>6</td>
</tr>
<tr>
<td>Life insurance</td>
<td>14</td>
<td>8,797</td>
<td>2</td>
</tr>
<tr>
<td>Credit cards (positive balances)</td>
<td>3</td>
<td>95</td>
<td>0</td>
</tr>
<tr>
<td>Bank deposits</td>
<td>91</td>
<td>26,000</td>
<td>6</td>
</tr>
<tr>
<td>(including bonus bonds)</td>
<td></td>
<td>21</td>
<td>13,986</td>
</tr>
<tr>
<td>Shares</td>
<td>9</td>
<td>11,864</td>
<td>3</td>
</tr>
<tr>
<td>Managed funds</td>
<td>5</td>
<td>5,792</td>
<td>1</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>8</td>
<td>3,835</td>
<td>1</td>
</tr>
<tr>
<td>Money owed to respondent</td>
<td>77</td>
<td>16,871</td>
<td>4</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>3</td>
<td>191</td>
<td>0</td>
</tr>
<tr>
<td>Cash</td>
<td>25</td>
<td>6,857</td>
<td>2</td>
</tr>
<tr>
<td>Collectibles</td>
<td>44</td>
<td>6,685</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>444,030</td>
<td>125,300</td>
</tr>
<tr>
<td>Total economic unit population</td>
<td></td>
<td>1,786,800</td>
<td></td>
</tr>
</tbody>
</table>

Property

Property assets were the only assets in the HSS where a market value was not required. Instead the respondent was asked to provide the rateable value. While it is recognised this will not always match the market value, this method was used to give a standardised value across the country.

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1 Counts used to calculate percentages are whether respondent owned at least one such asset type, ie: if they owned three properties this is counted as one property response with a corresponding value totalled from all three properties. Counts are total response. This means a person is counted in each applicable asset type so the total count is greater than the total population.

2 Māori assets are not included in the standard calculation of net worth. Refer to Māori assets chapter for more detail.

3 Count and value is only those where the trust owes the respondent (the value that is still legally an asset to the respondent).

4 Includes empty sections, partially built residential property and any other residential property.

5 All bank accounts with positive balances and bonus bonds. The count of bank deposits excludes those who had a total zero balance for their accounts. 35,900 individuals and 11,500 couples had total bank accounts with a zero balance.

6 Assets that don’t fit into any other category and have a value greater than $1,000.

7 The median value is only for those economic units who owned at least one asset. Hence those with no asset holdings were excluded from the calculation.
Approximately 37 percent of non-partnered individuals and 70 percent of couples reported owning property. This included any of the following property types: the house they lived in; timeshares; holiday homes; and rental, overseas, commercial and other residential property. This confirms the assumption that people in New Zealand tend to invest in property rather than liquid assets. Approximately 54 percent of non-partnered individuals and 40 percent of couples who owned property were mortgage free. There is an obvious age relationship between property ownership and equity (property value less mortgage debt).

Net worth quartiles
For non-partnered individuals and couples, property ownership and the median value of property assets in general increased with each increasing net worth quartile. Five percent of non-partnered individuals in quartile one owned property with a median value of $60,700. This compares with non-partnered individuals in quartile four where 88 percent owned property with a median value of $184,000. This pattern is similar for couples. Thirty-one percent of couples in quartile one had property assets while 76 percent of couples in quartile four had property assets. The median value of property assets for quartile one was $100,000 compared to a median value for quartile four of $331,000.

House living in on the day of the interview
The HSS asked the selected respondent whether they themselves (or their partner) owned the house they were living in, not whether the house was owned by anyone else living there. This is a different concept to that used in the census, which looks at the number of homes that are owner occupied rather than the number of people who are homeowners. Where the house was part of a farm, the value was included in the value of the farm. This may have resulted in a lower count for home ownership.

Age
Figures 9.2 and 9.3 show values for non-partnered individuals and couples for the house they were living in (on the day of the interview) by the respondent’s age group. As expected, a pattern of increasing equity can be seen for each successive age group as those in the older age groups have had sufficient time to pay off mortgage debt. This pattern is also reflected when looking at the percentage of homeowners who are mortgage free. Ninety-five percent of non-partnered individuals and 90 percent of couples who were property owners over the age of 65 were mortgage free. The pattern shown in median house value may reflect a tendency to ‘trade up’ from the first house purchased.

In almost every age group, couples owned homes with a higher median value than non-partnered individuals. However, further investigation would be needed to see if this was influenced by other factors such as family size, the buying power of a non-partnered individual or multiple ownership (where they were asked to report their share of the value only).

At the aggregate level, the median value of the house owned by non-partnered individuals was $135,000 compared with $175,000 for couples.
The HSS also collected information on how long ago people bought their first property. This was asked separately of each partner in a couple and may give an indication of savings behaviour. The age at which people have enough financial resources to purchase property could have an impact on their lifetime accumulation of net worth. No analysis has been included in this initial report.
Rental property

Rental property was the second most common type of property owned. Three percent of all non-partnered individuals and 9 percent of couples were rental property owners. Rental property can be described as one of the characteristic 'small investor' forms of saving.

The total value of rental property estimated by the HSS was $18.887 billion. The median value for non-partnered individuals was $110,000 compared with $155,000 for couples.

Age

Figure 9.4 shows the percentage of the population who had rental property, by age group. Non-partnered individuals aged 55-64 and couples aged 35-44 were the highest proportion of rental property owners with 11 and 13 percent respectively. However, the median value of rental property assets (figures 9.5 and 9.6) was highest for non-partnered individuals aged 65-74 ($164,000) and couples aged 25-34 ($169,000).

Figure 9.4: Proportion of population with rental property by age

<table>
<thead>
<tr>
<th>Age</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>25-34</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>35-44</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>45-54</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>55-64</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>65-74</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Figure 9.5: Median value of rental property held by non-partnered individuals by age
Figure 9.6: Median value of rental property held by couples by age

Business assets

Twelve percent of economic units reported owning business assets. These were more commonly held by couples (20 percent) than non-partnered individuals (4 percent). The median value of business assets held by non-partnered individuals was $30,000; the figure for couples was $50,000.

Figures 9.7 and 9.8 show the median value of business assets by age. This was highest for non-partnered individuals over 55 ($115,000) and couples 35–44 years old ($80,000).

Ownership of business assets peaked in the 45–54 age group for non-partnered individuals (10 percent) and the 35–44 age group for couples (28 percent). Ownership was lowest for both non-partnered individuals and couples aged 55 or older.

Figure 9.7: Median value of business assets of non-partnered individuals by age
Farms

Farm ownership was reported by 4 percent of economic units. When looking at the separate populations, 2 percent of non-partnered individuals and 7 percent of couples indicated they owned this type of asset. The total estimate of farm assets was $38.257 billion, or 9 percent of the total asset value. Non-partnered individuals had a median value in farm assets of $190,000 while couples had $375,000.

The significance of farms on the accumulation of net worth is most noticeable when looking at the difference between economic units living in urban areas and those living in rural areas. The population of economic units is used in this analysis to provide a large enough sample for the rural population.

Not surprisingly, 22 percent of economic units living in rural areas had farm assets compared with 2 percent living in urban areas. The median farm value in rural areas was $475,000. This helps explain why, at $122,700, the median net worth of economic units living in rural areas was twice that of economic units living in urban areas. It should be noted that only 11 percent of economic units were living in rural areas.

The number of non-partnered individuals and couples with farm assets is too small to allow reliable analysis by age.

Bank deposits

Bank deposits included all bank accounts in credit as well as any bonus bonds the non-partnered individual or couple had. Bank deposits were the most common asset held in the HSS with 89 percent of non-partnered individuals and 93 percent of couples reporting bank assets. The total value of bank deposits as collected by the HSS was approximately $26 billion.

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8 The same definitions are used as in the 2001 Census. Urban areas are settlements centred around small towns with a population of at least 1,000 people. Conversely, rural areas are those areas not designated as urban.

9 See discussion in Data quality: comparison and imputation chapter.
Figures 9.9 and 9.10 show the median value of bank assets by age for non-partnered individuals and couples. As almost everyone has this type of asset, a finer age breakdown (5-year age groups) is possible. In general, the median value of bank assets increases with each successive age group and drops off after 79 years for non-partnered individuals and 85 years for couples. The median is lowest for non-partnered individuals and couples aged 18-24 ($500 and $800 respectively) and highest for non-partnered individuals 70-74 years old ($11,100) and couples 80-84 years old ($16,000).

**Income**

The median value of bank deposits tends to increase with income. Those non-partnered individuals with income between $1 and $15,000 had a median bank asset value of $600 while those non-partnered individuals with income of $100,000 or more had a median bank asset value of $19,000. This pattern was similar for couples.
Net worth quartiles

Figure 9.11 shows that the median value of bank assets also increases with net worth. Those with higher net worth (quartile four) have a higher median bank asset value than those in each previous quartile. Those with the lowest net worth (quartile one) also have the lowest median bank asset value.

Figure 9.11: Median value of bank assets by net worth quartile

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quartile 1</td>
<td>$300</td>
<td>$600</td>
</tr>
<tr>
<td>Quartile 2</td>
<td>$300</td>
<td>$3,200</td>
</tr>
<tr>
<td>Quartile 3</td>
<td>$3,000</td>
<td>$6,500</td>
</tr>
<tr>
<td>Quartile 4</td>
<td>$10,000</td>
<td>$13,600</td>
</tr>
</tbody>
</table>

Superannuation

It should be noted that investing in superannuation schemes is only one of many ways New Zealanders can use financial assets to prepare for retirement. Therefore, when looking at liquid superannuation assets, holdings in managed funds (such as unit trusts) should also be taken into account. Furthermore, the distinction between managed funds and superannuation is often difficult for people to make. Managed funds and specific bank accounts can often be loosely thought of as superannuation assets, and are commonly sold to people as superannuation schemes. Other sources of data, such as Reserve Bank figures, show people are saving for retirement in unit trusts as well as in registered superannuation funds. As such, further analysis beyond this report could look at combining the HSS data from private/retail schemes with the managed funds data.

Notwithstanding the points above, the initial analysis below looks only at registered superannuation schemes. Managed funds and other financial assets are looked at in a separate section.

Definitions

The HSS asked respondents whether they (or their partner) had any superannuation schemes they were not yet receiving payments from. This means the asset count excludes any schemes people were receiving income from. When a couple was interviewed, the partner who owned the scheme was identified.

The question also established whether an employer contributed to the scheme (defined contribution and defined benefit schemes) or whether it was a private/retail scheme.

For defined contribution schemes the benefit paid out is based on the contributions made to the scheme by the employee and employer. For defined benefit schemes the benefit is usually based on the value of final average salary. The Government Actuary provided an estimate of the value of the defined benefit schemes as at the day of the interview. There is a growing trend to move away from defined benefit to defined contribution schemes. This is significantly affected by employers wishing to have certainty of cost. This is the case for defined contribution schemes where the contribution costs are defined for employers (and employees).

In general, the annual reports from the Government Actuary indicate that membership of employment-linked schemes has been declining while, until recently, that of private/retail schemes (such as those offered by banks) has been rising.
The HSS also asked which year the scheme was set up in, how much is contributed and how often. This allows for analysis by the age people begin to look at this form of retirement saving. Analysis of this information is not included in this initial report.

Analysis

Overview

Twenty-one percent of economic units had superannuation assets with an estimated total value of $24.737 billion. This represents 6 percent of the total value of all assets.

A median value invested in superannuation assets of $12,000 was estimated from the 12 percent of non-partnered individuals with such assets. Thirty-two percent of couples (where at least one partner had a scheme) had superannuation assets with a total median value of $30,000.

Sex

Distribution by sex was equal for non-partnered men and women. For 24 percent of couples with superannuation assets both partners had schemes. For the remaining 76 percent of couples where only one partner had such assets, the majority were male (75 percent). This may reflect different employment opportunities for males or the tendency to set schemes up under the name of the male in the couple. Women in couples still benefit from the income stream whilst in the relationship.

Type of scheme

The following analysis looks at the type of superannuation scheme people invested in. Respondents may have more than one type of superannuation scheme. This means the count by total response is greater than the total population. For example, where an individual had a private/retail scheme and an employer sponsored scheme, they were counted as two separate responses. Usual analysis would count this as one response of an individual with superannuation assets.

Of total schemes, 36 percent of non-partnered individuals’ schemes were employer sponsored. The median value of these schemes was similar to private schemes at around $12,000.

Just under half of couples with superannuation assets had employer-sponsored schemes. At $39,700 the median value of these schemes was double that of private schemes held by couples. Further analysis beyond this initial report is required to explain these differences.

Age group

Figure 9.12 shows a general trend for ownership of superannuation to increase fairly quickly with age until the 35-44 age group when ownership evens out beyond this.

Figure 9.12: Proportion of each age group with superannuation assets

<table>
<thead>
<tr>
<th>Age group</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>25-34</td>
<td>17</td>
<td>33</td>
</tr>
<tr>
<td>35-44</td>
<td>23</td>
<td>43</td>
</tr>
<tr>
<td>45-54</td>
<td>21</td>
<td>40</td>
</tr>
<tr>
<td>55-64</td>
<td>22</td>
<td>34</td>
</tr>
</tbody>
</table>
Figure 9.13 illustrates the difference in net worth between those non-partnered individuals with superannuation and those without. In each age group, the median net worth is higher for those who have superannuation assets. The difference between the two groups is not consistent throughout the age groups.

By comparison, the difference between those with superannuation and those without is more consistent for couples, notably in the three older age groups (around 1.5 times higher for those with superannuation in each age group). This is illustrated in Figure 9.14. The age group is of the partner selected to participate in the survey, not the age of the partner with the scheme.

**Figure 9.13: Median net worth of non-partnered individuals with and without superannuation assets, by age**

**Figure 9.14: Median net worth of couples with and without superannuation assets, by age group**
**Occupation**

*Figure 9.15: Proportion of non-partnered individuals in each occupation with superannuation assets*

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percent with superannuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislators, administrators and managers</td>
<td>29</td>
</tr>
<tr>
<td>Professionals</td>
<td>33</td>
</tr>
<tr>
<td>Technicians and associate professionals</td>
<td>23</td>
</tr>
<tr>
<td>Clerks</td>
<td>22</td>
</tr>
<tr>
<td>Service and sales workers</td>
<td>6</td>
</tr>
<tr>
<td>Agriculture and fisheries workers</td>
<td>6</td>
</tr>
<tr>
<td>Trades workers</td>
<td>13</td>
</tr>
<tr>
<td>Plant and machinery operators and assemblers</td>
<td>15</td>
</tr>
<tr>
<td>Elementary occupations</td>
<td>11</td>
</tr>
</tbody>
</table>

Figure 9.15 shows the superannuation asset holdings of non-partnered individuals by occupation. People in white collar occupations (the first five in figure 9.15) are more likely than those in the remaining blue collar occupations to have superannuation assets. The exception to this is the service and sales workers. These workers tend to be the young (54 percent of this group were aged 18-24) and those in part-time work and casual work.

**Income and net worth**

The HSS data showed that superannuation assets were more likely to be held by middle and upper income non-partnered individuals and couples in wage and salary employment. The value of superannuation assets rises fairly systematically with income level. Couples with a total joint income of $15,001-50,000 had a median superannuation value of $17,500. The median value rose to $74,400 for those with a joint income of $200,001 or more. However, this latter group only accounted for 3 percent of all couples with superannuation assets.

Those in the income bands between $50,001 to $200,000 had median superannuation asset values near the total median of $30,000.

The relationship between superannuation assets and income was replicated when looking at net worth. The highest value of superannuation assets was held by people in the top net worth quartile (median value of $75,000). Much of this pattern is also an age group effect. Older middle-aged people have had a longer period to accumulate net worth hence they are the most likely group to have substantial net worth.

**Financial assets**

The financial assets module of the HSS included shares, managed funds and ‘other’ financial assets such as fixed interest investments, securities, bonds and syndicated investments.

When grouped together, shares, managed funds and other financial investments had a total value of $31.642 billion, 7 percent of the total value of assets. Sixteen percent of non-partnered individuals and 36 percent of couples reported owning some financial assets in the HSS.
Figures 9.16, 9.17 and 9.18 show the distribution and value of financial assets by age group. In general, for both non-partnered individuals and couples, ownership increased with age. However, there was little difference in financial asset ownership between the 45-64 and 65 and over age groups for both populations. The median value of financial assets was highest for non-partnered individuals and couples 65 years or older ($35,100 and $32,200 respectively).

Net worth quartiles
Of those with financial assets, 59 percent of non-partnered individuals and 42 percent of couples were in quartile four (the 25 percent of the population with the highest net worth). When quartiles three and four are combined (the 50 percent of the population with the
highest net worth) these proportions increase to 89 percent of non-partnered individuals and 75 percent of couples. The median value of financial assets held by non-partnered individuals in quartile four is $20,000 and for couples in quartile four the median value is $49,000. This is markedly higher than the median value of financial assets for other quartiles.

**Shares**

Shares were the largest of these types of financial assets in terms of ownership and value. Twenty-one percent of all economic units had shares with an estimated value of $13.986 billion. However, the HSS was undertaken between August and December 2001, a period when the stock market was not performing well, and this may have impacted on the aggregate value of shares.

*Figure 9.19: Median value of share assets of non-partnered individuals by age*

For non-partnered individuals and couples, ownership of share assets was highest for those in the 45-64 year old age group (21 percent and 37 percent respectively). Non-partnered individuals and couples in the 18-24 age group had the lowest incidence of share ownership. Figures 9.19 and 9.20 show that the age groups with the highest median share value were non-partnered individuals aged 65 and over ($8,100) and couples aged 45-64 ($8,000).
Managed funds

This module in the HSS asked respondents to provide information about their managed funds as a whole without defining the type of managed fund. This included items such as unit trusts, group investment funds and cash management trusts. Managed funds are often used specifically as a way to save for retirement, much like a private superannuation scheme.

Managed funds had a total value of $11.864 billion as captured by the HSS. Nine percent of economic units reported owning managed funds with a total median value of $23,900. Couples had higher ownership of this asset type than non-partnered individuals, with 12 percent and 6 percent respectively.

Figures for those aged 18-24 with managed funds have been excluded from age analysis as the counts were not statistically reliable.

*Figure 9.21: Median value of managed funds of non-partnered individuals by age*

*Figure 9.22: Median value of managed funds of couples by age*
Managed funds are a more common asset among non-partnered individuals and couples over the age of 45. Figures 9.21 and 9.22 show that the median value of managed funds is highest for non-partnered individuals and couples aged 65 years or older ($50,000 for both groups).

Motor vehicles

Motor vehicles were the second most commonly held asset. Sixty-three percent of all non-partnered individuals and 93 percent of all couples reported owning at least one motor vehicle in the HSS. These assets had a total value of $16.871 billion.

Motor vehicle ownership by age was relatively equally distributed, particularly for couples. However, the proportion who owned motor vehicles was notably lower for non-partnered individuals and couples aged 18-24 years old. The median value of motor vehicle assets was highest for non-partnered individuals aged 45-54 and couples aged 55-64 ($6,500 and $12,500 respectively). The median was lowest for non-partnered individuals and couples aged 18-24 ($3,000 and $7,000 respectively).

Life insurance

Values of life insurance policies were only collected in the HSS if the respondent said the policy had a surrender value. This included whole of life policies and endowment policies. The surrender value of a life insurance policy is the amount a respondent would receive if they decided to cash it in at any point in time. With other types of life insurance policies (such as term policies) benefits are only payable on death or at a specified age. So were not considered an asset to the respondent on the day of the interview.

Life insurance assets, as defined above, had a total value of $8.797 billion and were held by 14 percent of economic units. Eight percent of non-partnered individuals and 22 percent of couples reported life insurance assets. Figures 9.23 and 9.24 show that the age group with the highest median value of life insurance for non-partnered individuals and couples was the 45-64 year old age group ($16,000 and $20,000 respectively). This was also the age group with the highest proportion of life insurance holders: 15 percent of non-partnered individuals and 29 percent of couples in this age group.

*Figure 9.23: Median value of life insurance of non-partnered individuals by age*
Collectibles

Collectibles included items such as antiques, art, coin or stamp collections, jewellery and precious metals. Twenty-five percent of economic units said they owned collectibles worth more than $1,000. These collectibles came to a total value of $6.857 billion, approximately 2 percent of the total value of assets.

Approximately 16 percent of non-partnered individuals and 36 percent of couples owned collectibles. The age groups with the highest proportion of non-partnered individuals with collectibles were the 45-64 year old and 65 and over age groups (22 percent). For couples, those in the 45-64 age group were most likely to own collectibles.

Median values of collectibles were relatively equal across the older age groups for both non-partnered individuals and couples. These values ranged from $5,000 to $8,000 for those aged over 25. The median value of collectibles for both non-partnered individuals and couples aged 18-24 was lower at $2,000.

Other assets

Other assets included items such as computers, sporting equipment and hobby gear. This category excluded items like furniture, household appliances and clothing. Items counted had to be worth $1,000 or more.

Forty-four percent of economic units had at least one ‘other’ asset worth more than $1,000. Some of the most common asset types that were recorded in this section of the questionnaire were computers, electronics (such as video cameras and entertainment systems), musical instruments, sporting equipment and gun collections. The total value of ‘other’ assets as collected by the HSS was $6.685 billion.

Thirty-three percent of all non-partnered individuals and 55 percent of all couples had ‘other’ assets in the HSS. Non-partnered individuals aged 25-44 were the most likely age group to own such assets (39 percent of this age group), while for couples, 61 percent of those in the 25-44 age group owned ‘other’ assets. Median values were relatively equal across all age groups, at around $2,000 for non-partnered individuals and $3,000 to $4,000 for couples.
Money owed asset

Eight percent of economic units reported that a person or organisation owed them money to the value of $1,000 or more. The total value of this asset was estimated at $3.835 billion. The age group with the highest proportion of non-partnered individuals and couples reporting this asset type was the 45-64 year old age group (12 percent and 11 percent respectively). The age group who were least likely to have money owed to them was the 18-24 year old age group (4 percent of non-partnered individuals and couples).

Credit card assets

A small percentage of economic units (3 percent) had credit card assets (credit cards with a positive balance). Credit card assets were the smallest asset in terms of value making up less than 1 percent of the total asset value ($95 million). The median value of this asset type was also small with $500 for economic units.

Asset distribution by net worth quartile

Following is a brief analysis of asset ownership and asset value by net worth quartile. Assets covered are property, superannuation, bank, financial, business and trust assets. The value used for trust assets is the amount the trust owed the individual or couple on the day of the interview.

Dividing the population into quartiles is a useful way to look at how net worth is distributed across the population. The population is ordered from lowest to highest based on their net worth and then divided into four equal groups, the four quartiles. Quartile one represents the 25 percent of the population with the lowest net worth while quartile four represents the 25 percent of the population with the highest net worth.

Non-partnered individuals

Non-partnered individuals in quartile four had a higher proportion of asset ownership, as well as a higher median asset value than non-partnered individuals in other quartiles for each asset type. The most notable differences in asset ownership and value for those in quartile four were property and financial assets. Eighty-seven percent of non-partnered individuals in quartile four owned property with a median value of $184,000. This compares with non-partnered individuals in quartile one where only 5 percent owned property and the median value was $60,700. This may be an age-related effect as a high proportion (53 percent) of non-partnered individuals in quartile one were aged 18-24 years old, see chapter four ‘The distribution of net worth’ for age by quartile analysis. Thirty-nine percent of non-partnered individuals in quartile four owned financial assets with a median value of $20,000 while only 3 percent of non-partnered individuals in quartile one reported having financial assets in the HSS, with a median value of $2,500.

Couples

Couples in quartile four did not always have a higher proportion of asset ownership than the couples in quartile three, but they had a higher median asset value. For example, 76 percent of couples in quartile four owned property while 89 percent of couples in quartile three owned property. The median value of property for those in quartile four was $331,000 compared to a median property value of $210,000 for those in quartile three. This may reflect the preference of high net worth couples for investing in financial assets rather than property. There were a notably higher proportion of couples with financial assets, business assets and trust assets in quartile four.
A significant proportion of Māori wealth is held at a collective level, generally in trusts or incorporations. The term collective is used to cover joint ownership situations such as iwi (tribe) and hapū (sub tribe) assets. This chapter looks at the information on Māori assets collected in the 2001 Household Savings Survey (HSS) and the issues involved in collecting this type of data.

Background

The information sought from HSS respondents was designed to fit into an existing paradigm of net worth. From the outset, it was acknowledged that the concept of net worth used in the HSS was not necessarily compatible with a Māori concept of net worth. While part of Māori net worth can be measured by the survey’s framework, it is recognised that there are aspects of Māori net worth that do not have a financial value. The concept of net worth used in the HSS only measures market value.

The value of collective Māori assets has not been included in the calculation of net worth used in the rest of this report. This is because the HSS did not ask questions to determine whether the assets would be readily available to the respondent. Instead it assumed they would not be available as they are generally for the collective good. Analysis in this section investigates the extent of ownership of Māori assets and the difference Māori assets make when included in calculating the net worth of non-partnered individuals and couples. However, it is not necessarily correct to conclude that Māori net worth, in the context measured in this report, would be higher if the value of Māori assets was included as the concept of ‘asset’ used is not the same.

Only those who could provide a dollar value for their Māori assets have been included in the analysis.

Survey question

Following an explanation that the HSS collects information about ownership and value of assets, each respondent, regardless of ethnicity, was asked the following question about Māori assets:

‘Are you one of the owners or shareholders of assets that belong to an iwi or hapū such as land or another Māori asset?’
Respondents who gave an affirmative reply were asked:

*Can you put a dollar value on those Māori assets? What is the dollar value of those Māori assets?*

Only the respondent’s share of the asset was collected in the survey.

**Analytical framework**

Analysis in this chapter is an initial attempt at interpreting the net worth of those who held Māori assets. Data from this module prompts questions that are beyond the scope of the HSS which focused on individual ownership of assets.

The analysis below discusses holding Māori assets in terms of non-partnered individuals and couples. For couples, information about Māori assets was collected from each partner; however analysis at this level has not been included in this report. Instead, a couple is counted as having Māori assets if at least one partner held Māori assets. For 23 percent of couples with Māori assets, both partners indicated having Māori assets.

Given the lack of comparable data to measure the results against, the data has been accepted as reported and figures have not been imputed nor extreme values investigated or adjusted.

**Concepts of net worth used in analysis**

The analysis below recalculates the median net worth for people with Māori assets by including them as part of their total assets. Total debt is then subtracted to get the new calculation of net worth. These figures are reported as ‘Median net worth including Māori assets’ and displayed in the figures as ‘including Māori assets’.

As mentioned, the following analysis includes only those who could provide a dollar value for their Māori asset holdings. Of the estimated 108,800 non-partnered individuals and couples with Māori assets, just over half indicated holding Māori assets but were unable to provide a dollar value.

As is the convention used in the rest of this report, the age and ethnic group assigned to couples are those of the partner randomly selected to participate in the survey. For example, couples aged 25-34 refers to couples where the selected respondent was in the 25-34 age group.

**Analysis**

There were an estimated 25,800 non-partnered individuals and 24,100 couples who held Māori assets, with a total value $8.790 billion. Ninety percent of people who held Māori assets (regardless of whether they were partnered or non-partnered) identified themselves as part of the Māori ethnic group. The 10 percent who did not identify as Māori may have gained Māori assets, but did not consider themselves to be Māori when answering the question on ethnic group.

Three percent of all non-partnered individuals and couples, regardless of ethnic group, had Māori assets. When the Māori population is considered on its own, 15 percent of non-partnered individuals and 18 percent of couples had Māori assets. Unlike the convention in the rest of this report, the analysis for figure 10.1 defines a couple as Māori if *either* the respondent or their partner identified with this ethnic group.

Figure 10.1 shows the ownership of Māori assets by age group (of the respondent selected to participate in the survey) for the Māori population. In general, ownership of Māori assets increased for each successive age group.
There was a large number of non-partnered Māori individuals and couples who had Māori assets but were unable to provide a dollar value. If these people were included in the analysis in figure 10.1, the proportion in each age group owning Māori assets would double.

Figure 10.1: Proportion of each age group in the Māori population who held Māori assets

Median net worth
Māori assets formed a significant part of net worth for non-partnered individuals and couples who had Māori assets and gave a value for them, as illustrated in figures 10.2 and 10.3. For non-partnered individuals under the age of 54, Māori assets comprised over half of their net worth. The net worth was also higher in these age groups for couples but to a lesser extent than for non-partnered individuals. As the age of both non-partnered individuals and couples increased, the proportion that Māori assets contributed to their net worth decreased. For couples where the respondent was aged 35–44, the median net worth was similar regardless of ownership of Māori assets. Further research and longitudinal data is required to accurately explain the different net worth patterns.

Figure 10.2: Median net worth comparison for non-partnered individuals with Māori assets
Inheritance

All respondents in the HSS were asked whether they had ever inherited money or assets worth $10,000 or more. An estimated 19 percent of non-partnered individuals with Māori assets had inherited an asset at some time in their lives. This compared with 14 percent for all non-partnered individuals in New Zealand. For couples, 29 percent of those with Māori assets indicated they had inherited assets where either partner had inherited. Similarly 28 percent of all couples in New Zealand had inherited assets.

The percentage of those with Māori assets who had ever inherited assets was expected to be higher than it was, given that many Māori assets are passed on to family or tribal members through inheritance. Among other things, the low occurrence could be due to non-sampling error such as misinterpreting either question, or the value of the inherited Māori asset being less than the $10,000 question limit. The questionnaire did not collect the type of asset inherited.

Accuracy of the results

As expected, those with Māori assets found it difficult to attach a dollar value to their assets. Māori assets are more likely to be owned by large groups where the emphasis is on rights to access rather than monetary value. As the type of Māori asset (ie land) was not confirmed by the survey questions, it is possible that Māori assets were not consistently defined by those answering.

Concepts

It was agreed during the consultation process in developing the questionnaire that information on the value of Māori assets would be difficult to collect. This was particularly noticeable when attempts were made to value land shares held in customary or multiple ownership, which have no real market to provide dollar value estimates. A broad question about Māori assets was suggested and used. If the survey respondent was part of a couple, the same series of questions were asked for both partners and the value assigned only to the partner who owned them. This is different from the way other asset types were collected for couples where ownership by any one partner was not determined.

Collectives can be put into two major categories – the ability of the beneficiary to trade or not to trade their share of the asset in question. For many Māori assets an iwi member may gain benefits but will not be able to trade or sell any part of the asset. Individual iwi members...
may not gain income directly from iwi commercial assets. Alternatively, an individual may own shares which are non-tradable but are passed from generation to generation. Some areas of Māori land operate in this way.

For tradable assets, it is common for shares to be saleable only to other members of the collective or back to the collective itself. In these cases, there is a present day value attached to the asset for the individual in question. Dividend income is often derived from shares held by individuals, whether they are tradable or not. Income from such sources was collected in the general income questions in the HSS.

Data comparisons

Below are some estimates of the value of Māori assets. It is difficult to accurately compare these estimates given the different methodologies used to collect information about Māori assets.

The HSS estimate for Māori assets is $8.790 billion. By comparison the Te Puni Kokiri/Ministry of Māori Development estimate (not including housing) is at least $5.19 billion, with assets concentrated in farming, forestry and fisheries. A question on the type of Māori asset was not included in the HSS.

Statistics New Zealand national accounts estimate net equity for Māori assets of $4.2 billion for the 1999 tax year. This is total assets of $4.6 billion less total debt of $0.4 billion, based on the IR8 (Māori authorities tax return). However this only includes those assets earning income.

The 2001 Household Savings Survey (HSS) asked individuals and couples whether they were a settlor in a family trust to help determine the impact that this asset type, as a means of saving, would have on net worth. A settlor is the person who sets up the trust and transfers assets into it. During consultation it was decided that the settlor was more likely than a beneficiary (who eventually receives the assets) or a trustee (who looks after the trust for the beneficiary) to know the value of assets held in trust.

The HSS does not capture the monetary impact of trusts on the net worth of beneficiaries. A yes/no question did however ask whether non-partnered individuals or couples were beneficiaries of a trust. Fifteen percent of all economic units indicated they were.

Concepts

How a trust works

Trusts are set up so that the individual does not own the asset. They may still use the asset (such as continuing to live in the family home) but they no longer legally own it. Trusts may be set up for a variety of reasons such as to pass assets on to family members, for protection from matrimonial property claims and future asset testing or for income tax.

A settlor establishes a trust by selling assets to it at a fair price. The purchase of these assets is usually funded by a debt from the trust back to the settlor. This means that the settlor has swapped an asset (such as a house) for a debt owed to them by the trust. The debt is considered an asset to the settlor. The debt is usually repaid by the settlor ‘gifting’ the trust $27,000 per year ($54,000 for a couple) tax free. Gifting means the settlor forgives the trust’s debt to them – they do not actually receive any money from the trust.

Trusts are becoming increasingly common1 and this has implications for accumulating net worth. Trusts do not have to be registered so there is little other data available about trusts. Only those trusts that earn income are required to file a tax return with the Inland Revenue Department.

Information collected in the HSS

The HSS collected information to allow the calculation of the following:

Respondent’s monetary trust assets as settlor of the trust. This was taken as the total amount of debt owed to them as the settlor by the trust. For example, if the settlor transferred a $150,000 property into trust and had gifted $27,000 then the amount that is legally

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1 From a presentation on family trusts by ‘Family Trusts: A New Zealand Guide’ author Martin Hawes.
an asset to them is $123,000. This is the value used in the calculation of net worth throughout the report and is referred to as ‘trust asset’ in the following analysis. It is a subset of ‘total trust holdings’.

**The total trust holdings.** This was taken as the total value of current trust assets regardless of debt. For example, in the situation above the total trust holdings would be $150,000 (though the respondent is only able to claim the $123,000 as theirs). This is called ‘total trust holdings’ in the following analysis.

**The total value of trust equity.** This was taken as the total value of current trust assets minus any debts on those assets (such as mortgages) and any debts owing to the settlor. For example, if they put $150,000 in trust and there was a mortgage of $100,000. Then the trust equity would be $50,000. This is not discussed in the following analysis.

The data was unable to capture assets in trusts arising from estates as this information would need to be provided by beneficiaries.

**Analysis**

Below is a brief investigation of the impact of trust ownership on net worth. It looks at the impact trust assets (those legally considered an asset to the settlor) have on net worth as well as the value and type of assets for total trust holdings. Further research into assets held in trust will help researchers assess how much annuitisable net worth people have and the characteristics of different cohorts.

Analysis is by non-partnered individuals and couples separately, unless otherwise stated. For couples, the age group of the partner randomly selected to take part in the survey has been assigned to the couple.

**Respondent’s monetary trust assets as settlor of the trust (trust assets)**

Trust assets were valued at $28.709 billion. This represented six percent of the total value of all assets in New Zealand.

**Ownership**

Ownership of trusts was relatively low at one percent for individuals and six percent for couples. However, as illustrated in figure 11.1, the median value of individuals’ and couples’ trust assets was high at $101,700 and $300,000 respectively. This made a significant difference to the level of net worth for these people when compared with the total population.

**Figure 11.1: Trust assets summary**

<table>
<thead>
<tr>
<th>Economic unit</th>
<th>Proportion with trust assets</th>
<th>Median trust value</th>
<th>Median net worth of those with trust assets</th>
<th>Median net worth of total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>1</td>
<td>101,700</td>
<td>185,600</td>
<td>10,300</td>
</tr>
<tr>
<td>Couples</td>
<td>6</td>
<td>300,000</td>
<td>593,100</td>
<td>172,800</td>
</tr>
<tr>
<td>Total economic units</td>
<td>4</td>
<td>216,000</td>
<td>533,000</td>
<td>68,600</td>
</tr>
</tbody>
</table>

**Age**

To allow for the impact of different ownership by age, the 45-64 age group was looked at as this was where trust asset ownership was at its highest (figure 11.2). Median net worth of non-partnered individuals aged 45-64 with trust assets was $541,200. For all non-
partnered individuals in New Zealand in the same age group, the median net worth was $118,600. For couples in this age group the figures were $746,100 and $296,700 respectively. This further emphasises the relationship between trust assets and the level of net worth. Note, those with trust assets have not fully gifted the asset to the trust.

The distribution and value of trust ownership varied by age group as figure 11.2 illustrates. Individuals and couples in the 45-64 age group made up the largest proportion of trust asset holders with 42 percent and 54 percent respectively.

Figure 11.2: Trust asset holders by age group

Marital status
By marital status, widowed individuals represented half of all individual trust owners while married couples accounted for 93 percent of all couple trust owners.

Total trust holdings
As mentioned in Information collected in the HSS the total trust holdings also includes those where the trust is legally defined as an asset to the settlor (those in the analysis above).

Ownership
When total trust holdings are examined, 3 percent of non-partnered individuals and 12 percent of couples had such holdings. These amounted to a total of $93.015 billion compared with the earlier figures for trust assets of $28.709 billion. It should be noted that around 2,800 non-partnered individuals and 3,500 couples were unable to provide a value for their total trust holdings.

Age and median value
As with trust assets, figure 11.3 shows ownership and median value of total trust holdings varied by age. In general, ownership of total trust holdings increases with age, with couples aged 55-64 and non-partnered individuals aged 65-74 being most likely to have such holdings. Median values were high and showed no consistent pattern by age.
**Figure 11.3: Summary of total trust holdings**

<table>
<thead>
<tr>
<th>Age group</th>
<th>Non-partnered individuals</th>
<th>Median value of trust holdings $</th>
<th>Couples</th>
<th>Median value of trust holdings $</th>
</tr>
</thead>
<tbody>
<tr>
<td>35-44</td>
<td>3</td>
<td>240,000</td>
<td>12</td>
<td>385,000</td>
</tr>
<tr>
<td>45-54</td>
<td>7</td>
<td>217,000</td>
<td>14</td>
<td>730,000</td>
</tr>
<tr>
<td>55-64</td>
<td>6</td>
<td>270,000</td>
<td>18</td>
<td>500,000</td>
</tr>
<tr>
<td>65-74</td>
<td>10</td>
<td>180,000</td>
<td>16</td>
<td>371,000</td>
</tr>
<tr>
<td>75-84</td>
<td>8</td>
<td>–</td>
<td>8</td>
<td>–</td>
</tr>
</tbody>
</table>

*Note: – indicates where the median value was not calculated as the data was not statistically reliable.*

**Type of asset in total trust holdings**

A family trust can own any type of asset but most trust holdings contain residential property. The HSS found five percent of all economic units had their own home in trust, (regardless of whether it was legally defined as an asset of theirs). Two percent had financial assets in trust holdings. It is not possible to establish the value of each individual item in trust as only a total value for all trust holdings was collected.

Respondents could have more than one type of asset in trust holdings. This means the count by total response is greater than the total population. For example, if an individual had their house and financial investments in trust these were counted as two separate responses; whereas the usual analysis would count this as one response of an individual with trust assets. The total in figure 11.4 is the total responses of total trust holdings. This was 47,700 for non-partnered individuals (compared with total count of individuals of 34,900) and 169,500 for couples (compared with total count of couples of 102,900). This indicates the extent to which multiple assets were held in trust.

**Figure 11.4: Type of asset in trust holdings**

<table>
<thead>
<tr>
<th>Type of asset in trust</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>House living in</td>
<td>45</td>
<td>36</td>
</tr>
<tr>
<td>Investment property</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>Holiday home</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Other residential property</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Business or farm</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Financial assets</td>
<td>21</td>
<td>18</td>
</tr>
<tr>
<td>Other type of asset</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 11.4 illustrates the composition of assets held in trust by total trust holdings. As mentioned above, of all assets held in trust the house the respondent (and their partner) was living in was most likely to be in trust. Financial assets were the next most common asset type in trust.
Impact on other data

The assets collected in the trust module of the questionnaire were not discussed elsewhere during the interview. This means that if a house was in trust and nothing was owed to the respondent (so it is not their asset) then it wasn’t counted as being owned by the respondent and no value was collected. This, in part, could account for lower counts and aggregate property values when comparing with other sources of aggregate data such as Quotable Value New Zealand, national accounts or the Reserve Bank of New Zealand.
The value of total debt held by New Zealanders as estimated by the 2001 Household Savings Survey (HSS) was $68.263 billion. Mortgage debt, made up the largest proportion at $54.526 billion or 80 percent of total debt. The next largest debt type in terms of value was bank debt at approximately $6.707 billion or 10 percent of total debt.

Non-partnered individuals had total debt of $18.796 billion with a median value for those who had at least one debt of $1,400. Couples, where the debt was the total for the two people, had total debt of $49.467 billion with a median value of $13,000. Debt levels in these two populations varied significantly by age.

Student loan debt is the most significant debt type for those in the younger age groups, whereas for those in the middle age groups mortgage debt is the most significant and for those 65 years and over credit card debt is the most common debt type. Credit card debt (and bank debt to a lesser extent) is relatively common across all age groups but the value tends to be lower than student loan or mortgage debt.

Credit card debt was the most common type of debt with 59 percent of couples and 34 percent of non-partnered individuals reporting credit card debt. The second most common debt type for non-partnered individuals was bank debt with 21 percent of all non-partnered individuals having bank debt. For couples the second most common type of debt was mortgage debt where 42 percent of couples had mortgage debt.

Student loan debt is discussed separately in the following chapter.

Figure 12.1 shows an overview of the debt composition of economic units; that is, non-partnered individuals and couples combined to form one population. The median value of total debt for economic units who had at least one debt was $15,000, while the mean value was $52,500.

Concepts

The HSS randomly selected individuals to participate in the survey. Where the selected individual was part of a couple, information was collected about the couple and net worth was the combined total from both partners. For couples, demographic characteristics, such as age and labour force status, are those of the member of the couple who was randomly selected to participate in the survey.


**Figure 12.1: Debt composition by economic units**

<table>
<thead>
<tr>
<th>Debt type</th>
<th>Proportion of population with debt</th>
<th>Total value (million)</th>
<th>Proportion of total debt value</th>
<th>Median debt value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>29</td>
<td>54,526</td>
<td>80</td>
<td>86,000</td>
</tr>
<tr>
<td>Bank debts (including accounts in overdraft)2</td>
<td>24</td>
<td>6,707</td>
<td>10</td>
<td>3,000</td>
</tr>
<tr>
<td>Credit card (money owing)3</td>
<td>46</td>
<td>1,926</td>
<td>3</td>
<td>1,000</td>
</tr>
<tr>
<td>Student loan4</td>
<td>16</td>
<td>3,511</td>
<td>5</td>
<td>8,500</td>
</tr>
<tr>
<td>Hire purchase</td>
<td>18</td>
<td>741</td>
<td>1</td>
<td>1,100</td>
</tr>
<tr>
<td>Other debt5</td>
<td>6</td>
<td>852</td>
<td>1</td>
<td>4,000</td>
</tr>
<tr>
<td><strong>Total value</strong></td>
<td><strong>68,263</strong></td>
<td></td>
<td><strong>15,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Total population of economic units 1,786,800**

**Analysis**

**Mortgage debt**

Mortgage debt is the largest debt type held by New Zealanders, accounting for 80 percent of total debt by value. Mortgage debt, by its own definition, is tied to an asset with a large resale value. In this sense it is a form of investment compared with other types of debt, which tend to finance general expenditure.

Of the estimated $54.526 billion of mortgage debt held by New Zealanders, three-quarters was held by couples, with the remaining quarter by non-partnered individuals. This is as expected given the different age distribution of the two populations. Seventeen percent of non-partnered individuals had mortgage debt with a median value of $68,000. Forty-two percent of total couples had mortgage debt with a median value of $91,400.

**Mortgage debt and age group**

Figure 12.2 shows the percentage of mortgage debt by age group. The age group with the highest percentage of non-partnered individuals and couples with mortgage debt was the 35-44 age group. Forty-two percent of all non-partnered individuals and 58 percent of all couples in this age group had mortgage debt. This was notably higher than the percentage for non-partnered individuals and couples 18-24 years old and 65 years or older. As would be expected, the age group with the smallest percentage of couples with mortgage debt was those 65 and over (7 percent). This group, in general, will have taken out mortgages earlier in life and paid them off by this point.

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1 Counts used to calculate percentages are whether respondent had at least one such liability type, ie if they had three mortgages this is counted as one response with a corresponding value totaled from all three mortgages. Counts are total response. This means a person is counted in each applicable liability type so the total count is greater than the total population.

2 The count of bank liabilities excludes those who had a zero balance for their accounts. 35,900 individuals and 11,500 couples had total bank accounts with a zero balance.

3 Count excludes those who had a total zero balance for all their cards. 101,600 individuals and 144,900 couples, held credit cards with a zero balance.

4 Unlike the other asset types, student loans were collected separately from each person in the couple. The count is where at least one person in the couple had a student loan. The value is the total student loan value of the couple.

5 Debts that don’t fit into any other category and have a value greater than $1,000.

6 The median value was calculated using only those economic units who had at least one debt.
Figures 12.2, 12.3, and 12.4 show that for both non-partnered individuals and couples the median mortgage debt was less for each successive age group. The median mortgage debt of non-partnered individuals aged 25–34 years old was $86,500 while the median mortgage debt of non-partnered individuals over 65 years of age was $28,000. This pattern was similar for couples, with 25–34 year olds having a median mortgage debt of $115,000, and the median for those over 65 years of age being $42,000. Again, this pattern follows expectations of people paying off mortgage debt over their lifetime.
Mortgage debt and net worth
In general, the median net worth for those with mortgage debt increased for each successive age group, illustrating a close relationship between housing equity, age and net worth. For example, the median net worth of non-partnered individuals 55-64 with mortgage debt was approximately $131,000, while it was approximately $28,000 for 25-34 year olds. This follows the distribution of median mortgage debt by age which decreased for each successive age group.

Mortgage debt and labour force status
Of all non-partnered individuals with mortgage debt the majority (82 percent) were employed. A further 17 percent were not in the labour force (this included retired people) and only one percent of non-partnered individuals with mortgage debt were unemployed. The median mortgage debt of unemployed non-partnered individuals was the lowest of these three groups at $41,000, compared with a median of $76,000 for the employed.

The proportions for couples with mortgage debt, by labour force status of the respondent, were similar to those for non-partnered individuals mentioned above. However, the median mortgage value for couples where the respondent was unemployed ($90,000) was similar to those where they were employed ($96,000).

Figure 12.5 shows the ownership and median value of mortgage debt by labour force status of non-partnered individuals and couples.

Figure 12.5: Mortgage debt by labour force status

<table>
<thead>
<tr>
<th>Labour force status</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Median mortgage value</td>
<td>Median mortgage value</td>
</tr>
<tr>
<td></td>
<td>%  $</td>
<td>%  $</td>
</tr>
<tr>
<td>Employed with mortgage debt</td>
<td>24  76,000</td>
<td>50  96,000</td>
</tr>
<tr>
<td>Unemployed with mortgage debt</td>
<td>5  41,000</td>
<td>29  90,000</td>
</tr>
<tr>
<td>Not in the labour force with mortgage debt</td>
<td>7  48,000</td>
<td>22  65,000</td>
</tr>
</tbody>
</table>

Change in mortgage type and borrowing conditions
Figures from the HSS show that 31 percent of all mortgages were either fully or partially revolving credit. Further research could examine the impact that revolving credit mortgages have had on the take-up of mortgage debt.

Revolving credit operates like an overdraft account where a total limit is determined and the borrower can keep borrowing up to this limit without reapplying. The borrower can save on interest charges by direct crediting salary into this account. Purchases such as groceries can be drawn from the account as they are made (for example, by cheque or EFTPOS). This effectively means the mortgage can be treated like a cheque account.

Table mortgages are where repayments are made at regular intervals for a fixed term. These repayments include both principal and interest, with higher amounts of interest being paid earlier in the period of the loan. The payments are constant throughout the term of the loan unless the interest rate changes.
Changes to mortgage interest rates, government assistance and the availability of credit are likely to have had an impact on the role of housing equity in net worth accumulation for different groups. For example, during the 1950s, the State Advances Loan allowed low income earners to become homeowners. The mortgage interest rate was lower at approximately 3 percent. With inflation in land and property prices (particularly in the early 1970s), new mortgagors faced increasing pressure on income. Today’s conditions are different again and the mortgage interest rate is around 7.5 percent.

Further analysis into life-cycle events (such as whether today’s 30-year olds will have reduced their mortgage to the same extent as today’s 65 year olds, by the time they reach 65) will require repeated cross-sectional surveys or a longitudinal survey.

Bank debt

By value, bank debt is the second largest debt type held by New Zealanders, accounting for 10 percent of total debt. Bank debt included accounts in overdraft and bank loans with any of the following institutions – banks, finance companies, building societies and credit unions. The HSS estimated total bank debt at a value of $6.707 billion. As with mortgages, three-quarters of total bank debt was held by couples. Of all non-partnered individuals, 21 percent had bank debt with a median value of $2,000. Twenty-seven percent of all couples reported bank debt with a median value of $4,000.

Figure 12.6: Proportion of each age group with bank debt

<table>
<thead>
<tr>
<th>Age group</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>27</td>
<td>48</td>
</tr>
<tr>
<td>25-34</td>
<td>32</td>
<td>42</td>
</tr>
<tr>
<td>35-44</td>
<td>28</td>
<td>31</td>
</tr>
<tr>
<td>45-54</td>
<td>18</td>
<td>27</td>
</tr>
<tr>
<td>55-64</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>65 and over</td>
<td>1</td>
<td>8</td>
</tr>
</tbody>
</table>

Figure 12.7: Median bank debt of non-partnered individuals by age

---

1 Oliver, William; The Oxford History of New Zealand (1981)
2 Average from various banks as at August 2001
Bank debt and age group

Figure 12.6 shows that for both non-partnered individuals and couples the age groups with the highest proportion of bank debt holders were the 18-24, 25-34 and 35-44 age groups. The age group with the lowest proportion of bank debt holders was those 65 and over for both non-partnered individuals and couples. The median bank debt, as shown in figures 12.7 and 12.8, was highest for non-partnered individuals 45-54 and 55-64 years of age and for couples 55-64 years of age.

Non-partnered individuals aged 18-24 with bank debt had a higher incidence of bank overdrafts than bank loans. Of all 18-24 year olds with bank debt, 70 percent had an overdraft and 46 percent had a bank loan (in 15 percent of cases non-partnered individuals had both bank debt types). Overdraft debts, in general, were smaller debts than bank loans and this explains why median bank debt of non-partnered individuals 18-24 is relatively low even though the incidence of bank debt is relatively high for this group. Non-partnered individuals aged 45-54 and 55-64 had higher proportions of bank loan holders. These bank loans tended to be larger debts making the median bank debt higher for these two groups. This, in part, may be due to the higher net worth of these age groups as people with lower income (and thus net worth) generally do not have large amounts owing in bank debt.

Bank debt and ethnic group

By ethnic group, Pacific people had the highest proportion of bank debt holders with 31 percent of non-partnered individuals and 44 percent of couples. The ethnic group with the lowest proportion of debt holders was the Asian ethnic group, with 12 percent of non-partnered individuals and 20 percent of couples. This may in part be explained by the difference in age structure.

Pacific peoples also had the highest median bank debt held by non-partnered individuals ($3,900), while those of Asian ethnicity had the lowest with a median at $700.

This pattern was reversed for couples with bank debt. Those of Asian ethnicity had the highest median at $10,000 and those of Pacific peoples ethnicity had the lowest median at $2,500.

Bank debt and net worth

For non-partnered individuals and couples, the median net worth of those with bank debt is lower than the median net worth of those who had no bank debt. When these groups are further broken down by age (as shown in figures 12.9 and 12.10) it is seen that this was the
case for all age groups. Further analysis would need to be undertaken to determine whether those with bank debt were more likely to have other types of debt as well, thus exacerbating the difference between those with and those without bank loans. This type of analysis was done for those with student loans and can be found in the Student Loans chapter.

Figure 12.9: Median net worth of non-partnered individuals by bank debt status by age

![Figure 12.9: Median net worth of non-partnered individuals by bank debt status by age](image)

Figure 12.10: Median net worth of couples by bank debt status by age

![Figure 12.10: Median net worth of couples by bank debt status by age](image)

**Credit card debt**

Personal credit card debt was the most common form of debt held by both non-partnered individuals and couples, but only represented 3 percent of the total value of debt held by all economic units. The estimated total value of credit card debt as recorded by the HSS was $1.926 billion, with a total median value of $1,000. Thirty-four percent of non-partnered individuals and 59 percent of couples had credit card debt.

There is relatively easy access to credit card debt and this is reflected in the HSS data by the high proportion of non-partnered individuals and couples with this debt type. Credit cards can be a cheaper alternative to bank cards at ATMs and EFTPOS machines as credit
card transactions incur no extra charges if the balance is paid at the end of each interest-free period. There may have been some under-reporting of credit card debt, as those who pay their credit card off at the end of each month may not consider this as credit card debt.

**Figure 12.11: Proportion of each age group with credit card debt**

<table>
<thead>
<tr>
<th>Age group</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>22</td>
<td>48</td>
</tr>
<tr>
<td>25-34</td>
<td>39</td>
<td>68</td>
</tr>
<tr>
<td>35-44</td>
<td>48</td>
<td>63</td>
</tr>
<tr>
<td>45-54</td>
<td>47</td>
<td>61</td>
</tr>
<tr>
<td>55-64</td>
<td>39</td>
<td>57</td>
</tr>
<tr>
<td>65 and over</td>
<td>24</td>
<td>40</td>
</tr>
</tbody>
</table>

**Figure 12.12: Median credit card debt of non-partnered individuals by age**

<table>
<thead>
<tr>
<th>Age group</th>
<th>Median debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>$2,500</td>
</tr>
<tr>
<td>25-34</td>
<td>$2,250</td>
</tr>
<tr>
<td>35-44</td>
<td>$2,000</td>
</tr>
<tr>
<td>45-54</td>
<td>$1,750</td>
</tr>
<tr>
<td>55-64</td>
<td>$1,500</td>
</tr>
<tr>
<td>65 and over</td>
<td>$1,250</td>
</tr>
</tbody>
</table>

**Figure 12.13: Median credit card debt of couples by age**

<table>
<thead>
<tr>
<th>Age group</th>
<th>Median debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>$2,250</td>
</tr>
<tr>
<td>25-34</td>
<td>$2,000</td>
</tr>
<tr>
<td>35-44</td>
<td>$1,750</td>
</tr>
<tr>
<td>45-54</td>
<td>$1,500</td>
</tr>
<tr>
<td>55-64</td>
<td>$1,250</td>
</tr>
<tr>
<td>65 and over</td>
<td>$1,000</td>
</tr>
</tbody>
</table>
Credit card debt and age

Figure 12.11 shows the percentage of each age group with credit card debt. For non-partnered individuals, the 35-44 age group had the highest proportion with credit card debt (48 percent). This is more than double the percentage for the lowest group, 18-24 year olds (22 percent). For couples the age group with the highest proportion reporting credit card debt was the 25-34 year olds (68 percent). Couples aged 65 years and older had the smallest proportion with credit card debt at 40 percent.

Figures 12.12 and 12.13 show that for both non-partnered individuals and couples the median credit card debt is highest for those aged 35-44 ($1,500 for non-partnered individuals and $2,000 for couples) and lowest for those over the age of 65 ($250 for non-partnered individuals and $400 for couples).

Credit card debt and net worth quartiles

Credit card debt is relatively evenly spread across the population when looking at median credit card debt by net worth quartile. For non-partnered individuals median credit card debt is lowest for quartile two ($600) and highest for quartile one ($900). For couples, the median is lowest for those in quartile three ($1,300) and, as with non-partnered individuals, highest for those in quartile one ($1,600).

Hire purchase debt

Hire purchase debt was the smallest debt type accounting for approximately 1 percent of total debt value. Total hire purchase debt came to an estimated $741 million with a median value of $1,100. Fifteen percent of non-partnered individuals and 21 percent of couples had hire purchase debt.

Hire purchase debt and labour force status

For both non-partnered individuals and couples the median hire purchase debt was highest for the unemployed, $1,400 for non-partnered individuals and $2,000 for couples (using the labour force status of the respondent). The lowest median hire purchase debt for non-partnered individuals was for those not in the labour force ($700) and for couples it was for those employed part time ($1,000). This may be due to the ability of higher income earners (the full-time employed) to pay cash or use credit instead of using a hire purchase facility.

Hire purchase debt and ethnic group

Hire purchase debt by ethnic group showed that for both non-partnered individuals and couples, Pacific peoples and Māori had higher proportions of hire purchase debt holders than Europeans. Figures for those of Asian ethnicity were too small to be statistically significant. Median hire purchase debt was similar between the different ethnic groups.

Hire purchase debt and age group

Non-partnered individuals aged 25-44 had the highest proportion of hire purchase debt (23 percent) while couples where the respondent was aged 18-24 had the highest proportion (47 percent). These two groups also had the highest median value of hire purchase debt at $1,200 and $1,500 respectively. Those over 65 had the lowest proportion of hire purchase debt (4 percent of non-partnered individuals and 5 percent of couples). This group also had the lowest median hire purchase debt, $700 for non-partnered individuals and $900 for couples.
The debt ratio

The debt ratio shows how many dollars of debt an individual or couple had for every $100 they had in assets. The debt ratio for the total population of economic units was $16 for every $100. This varies significantly by age group of the respondent.

Figure 12.14: Debt ratio by age

Debt ratio by age, as shown in figure 12.14, in general displays a pattern of decreasing debt ratio with increasing age. Those with the highest debt ratio are in the age groups 18-24 and 25-29 for non-partnered individuals and 18-24 for couples. This means that non-partnered individuals aged 25-29 had $69 in debt for every $100 of assets. For couples aged 18-24 the ratio was $74 in debt for every $100 of assets. The debt ratio then decreases with each successive age group until the debt ratio is less than one for non-partnered individuals aged 70 or older and couples where the respondent is aged 80 or older.

This age pattern follows the expected trend. Those in the younger age groups, 18-24 and 25-29, have debt in areas such as student loans, bank debt, credit card debt and hire purchase debt and have comparatively small accumulations of assets resulting in a relatively high debt ratio. Those in the middle age groups, 30-34 up to the 55-59 age group, have these debt types plus a higher incidence of mortgage debt (the value of which does decrease within these age groups) but also have an increasing value of assets, meaning that overall their debt ratio decreases. Those in the older age groups, 60 and over, have the assets they have accumulated throughout their lives but very little debt in comparison. For example, only 4 percent of non-partnered individuals over 65 have mortgage debt. This means these age groups have a very small or zero debt ratio.

The debt ratio of non-partnered individuals with dependent children (sole parents) shows an increase with each additional child. For non-partnered individuals with three or more dependent children, the debt per $100 assets was $56 compared with $25 for non-partnered individuals with one or two dependent children and $15 for non-partnered individuals with no dependent children. As would be expected, this pattern is different to couples with dependent children. While the debt ratio of couples with dependent children is still higher than the debt ratio of couples with no dependent children the difference is not as pronounced. For example, the debt ratio of couples with no dependent children was $11 for every $100 assets while for couples with three or more dependent children it was $18.
Debt ratio and net worth quartile

When non-partnered individuals and couples are ordered into net worth quartiles it is obvious that those in the lowest quartile have the highest debt ratio (see figure 12.15). Indeed for non-partnered individuals in quartile one, debt was more than double the value of assets. This quartile was dominated by those in the 18-24 year old age group, accounting for over half of all non-partnered individuals in quartile 1. See the chapters on Assets and The distribution of net worth, for more analysis by net worth quartile.

Figure 12.15: Debt per $100 of assets by net worth quartile

<table>
<thead>
<tr>
<th>Net worth quartile</th>
<th>Non-partnered individuals $</th>
<th>Couples $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quartile 1</td>
<td>234</td>
<td>85</td>
</tr>
<tr>
<td>Quartile 2</td>
<td>62</td>
<td>41</td>
</tr>
<tr>
<td>Quartile 3</td>
<td>40</td>
<td>17</td>
</tr>
<tr>
<td>Quartile 4</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>15</td>
</tr>
</tbody>
</table>
chapter thirteen

Student loans

This chapter looks at the student loan debt of non-partnered individuals and couples.

The Student Loan Scheme was established in 1992 to assist students undertaking tertiary study. Repayment is deferred until the borrower’s earnings reach the income threshold, currently $15,496. Debt levels have risen quickly since the scheme began.

While student loan debt makes up a relatively small percentage of total debt across the whole population (five percent), it is a particularly significant debt for certain sub-groups of the population, particularly those aged 18-24. 2001 Household Savings Survey (HSS) figures show that approximately 40 percent of people within this age band had student loan debt. The average amount borrowed by this group is greater than the amount borrowed by the same age group in the past. Inland Revenue Department (IRD) data showed that the average amount borrowed per academic year in 2000 was almost double the average amount borrowed per year in 1992. The cumulative student loan debt held by this group could lead to an inability to save and accumulate assets when starting their working life. Longitudinal data would be very useful in discovering the impact that student loan debt has on different groups’ ability to accumulate wealth.

Total student loan debt as estimated by the HSS was approximately $3.511 billion. Of all non-partnered individuals (not just students), 21 percent reported having a current student loan while the figure for couples was 10 percent. The median student loan was $9,000 for non-partnered individuals with a student loan and $8,000 for couples with a student loan. Student loan debt made up approximately five percent of total debt held by all New Zealanders. The proportion of people with student loan debt and the contribution of student loans to non-partnered individuals’ and couples’ debt varied substantially by age.

Unlike other debt types (such as mortgage debt) student loans have no corresponding material asset. It is an investment in the borrower’s human capital. This means that no real asset is measured to balance the resulting debt. In contrast, those with a mortgage will have a housing asset that either equals or outweighs the mortgage debt.

Impact of student loans on males and females

An important issue, which requires analysis beyond the scope of the HSS, is the impact of student loans on women as they are generally more likely to be employed in part-time work and receive lower income. The 2001 Census showed 17.8 percent of women aged 20-34 years

1 www.ird.govt.nz Payment threshold April 2002 – March 2003
2 Student Loan Scheme Annual Report 2000/01 p. 4
worked part-time compared with 6.9 percent of men in the same age group. The median income for women was $13,300 and $18,500 for women aged 20-24 and 30-34 years respectively. For men, the figures were $16,400 and $33,100. This would suggest the time taken to pay off a loan is longer for women and that this affects their ability to accumulate net worth.

Concepts

Where the selected individual was part of a couple, the demographic characteristics (such as age and labour-force status) were those of the partner randomly selected to participate in the survey. A couple was counted as having student loan debt when at least one partner in the couple had a student loan. The HSS asked each partner how much student loan debt they held as individuals. These amounts were combined to produce the total value of the couple’s student loan debt.

Demographic analysis and median loan values could be more accurately analysed using student loan information from Inland Revenue. However this chapter discusses these using the estimates derived from the HSS sample and their relationship to net worth.

The presence of significant student loan debt for the younger age groups will have an effect on current and future patterns of net worth accumulation. These effects are too difficult to predict from a one-off survey such as the HSS and will require further research.

The HSS only covered students living in private dwellings. This means that students living in hostels or overseas were not included in the sample.

Analysis

Age

Non-partnered individuals

Figure 13.1 shows the proportion of student loan borrowers by age. As would be expected, the age group with the highest percentage of non-partnered individuals with a student loan was the 18-24 year age group, where 41 percent reported having a student loan. This was notably higher than the percentage of student loan holders in the other age groups. At 32 percent, non-partnered individuals aged 25-34 also had a relatively high incidence of student loan debt. The proportion of non-partnered individuals with a student loan decreased with age and was lowest for non-partnered individuals over 45 years where approximately 3 percent had student loan debt.

Couples

As with non-partnered individuals, the age group that had the largest proportion of couples with student loan debt was 18-24 year olds, at 44 percent. This was followed by 25-34 year olds (29 percent), 35-44 year olds (8 percent) and couples over 45 years (2 percent).

<table>
<thead>
<tr>
<th>Age group</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>41</td>
<td>44</td>
</tr>
<tr>
<td>25-34</td>
<td>32</td>
<td>29</td>
</tr>
<tr>
<td>35-44</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>45 and over</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

Figure 13.1: Proportion of each age group with student loan debt
Figures 13.2 and 13.3 show median student loan debt was highest for 18-24 year olds for non-partnered individuals and couples. The median value for couples’ student loan debt was calculated using the combined debt of both partners. Of all couples with student loan debt, 21 percent were couples where both partners had a student loan.

For both non-partnered individuals and couples, the median student loan debt decreased with each successive age group and then increased again for those over the age of 45 (though this may not be statistically significant given the sample error for this age group). The median student loan for non-partnered individuals 18-24 years old was $10,000. This compares with a median student loan debt of approximately $3,000 for non-partnered individuals 35-44.

Ethnic group

Results from the HSS indicate the proportion of people with student loan debt in each ethnic group was relatively equal. Approximately 24 percent of non-partnered individuals belonging to Māori, Pacific peoples and Asian ethnic groups reported student loan debt. This is slightly higher than the proportion of non-partnered individuals of European ethnicity with a student loan (19 percent).

For couples, the proportion of student loan holders was highest (23 percent) where the respondent was of Asian ethnicity. This was closely followed by Māori at 21 percent. Approximately 14 percent of Pacific couples had student loan debt, while eight percent of
European/Pākehā couples had student loan debt. This will be influenced by the different age structures of the different ethnic groups.

**Figure 13.4: Median student loan debt of non-partnered individuals by ethnic group**

![Bar chart showing median student loan debt by ethnic group.](chart)

Figure 13.4 shows that for non-partnered individuals, median student loan debt was lowest for people of Māori ethnicity. The other three ethnic groups had similar levels of median student loan debt to each other.

The difference in median student loan debt between ethnic groups was marginal for couples. Further analysis by the ethnic group of both partners in couples would be worthwhile.

**Highest qualification**

The following analysis looks at distribution of student loans by highest qualification for non-partnered individuals. This group made up almost 70 percent of all economic units (non-partnered individuals and couples combined together to from one population) with student loan debt.

Of all non-partnered individuals with student loan debt, 34 percent gave ‘school’ qualification as their highest completed qualification. This shows that a significant proportion of non-partnered individuals with student loan debt were either still studying at the time of the HSS interview or had left studying with uncompleted qualifications. A further 32 percent of people with student loans gave ‘post-school vocational’ qualification as their highest completed qualification and 23 percent gave ‘degree’ as their highest completed qualification. The remainder of non-partnered individuals with student loan debt either said they had no qualifications or a qualification that did not fit into the previous categories.

**Figure 13.5: Median student loan debt of non-partnered individuals by highest qualification**

![Bar chart showing median student loan debt by highest qualification.](chart)
As Figure 13.5 shows, median student loan debt of non-partnered individuals with a ‘degree’ as their highest completed qualification was notably higher (at $20,000) than the median student loan debt of all other qualification categories. This may reflect the years needed to gain a degree (three years or more) and the associated compounded student loan debt. In comparison, those with a school or no qualification as their highest completed qualification may have only partially completed their studies and their level of student loan debt may reflect this.

Net worth, assets and debts of those with and without student loan debt

Net worth

Figures 13.6 and 13.7 show that for all age groups, non-partnered individuals’ and couples’ median net worth is consistently lower for those with student loan debt. In the case of non-partnered individuals aged between 18-34 and couples 18-24 years old, the median net worth is negative for those with student loan debt but positive for those without.

Figure 13.6: Median net worth of non-partnered individuals by student loan status by age

The impact student loans have had on the current level of net worth accumulation appears to be significant. Thirty-seven percent of non-partnered individuals aged 18-34 had student loan debt and they made up 76 percent of non-partnered individuals with negative net worth in this age group. Figures for couples (where the respondent was in this age group) were 32
percent and 75 percent respectively. This compares to only 4 percent of non-partnered individuals and 15 percent of couples aged 18-34 with negative net worth having mortgage debt. This reflects the fact that student loans, unlike other debts such as mortgages, have no corresponding material asset to balance the debt. In addition, students have low earning potential whilst studying.

**Assets**

The asset composition of those with student loan debt is similar to those with no student loan debt, with the most common assets being bank assets, motor vehicles and ‘other’ assets (such as electronics and sports equipment). For couples with student loan debt, residential property is also a commonly held asset, with nearly 50 percent of these couples owning some type of residential property.

The proportion of non-partnered individuals and couples with student loan debt owning large assets, such as residential property, was lower than that of the overall non-partnered individuals and couples populations. It is difficult to determine whether this is a consequence of the student loan debt restricting asset accumulation or can be attributed to age, as a high proportion of those with student loan debt are grouped in the younger age groups. This was especially evident with non-partnered individuals, where 58 percent of all non-partnered individuals with student loan debt were between the ages of 18 and 24. This age group, in general, showed low ownership of assets such as housing. The analysis below investigates the impact of student loans on asset holdings by looking at the difference in asset patterns for non-partnered individuals and couples in the 18-34 age group.

**18-34 year olds**

Figure 13.8 shows the percentage of non-partnered individuals and couples aged 18-34 who owned specific assets. To show any differences in asset holdings, figure 13.8 is further broken down by those with student loan debt and those without.

*Figure 13.8: Proportion of 18-34 year olds with asset type by student loan status*

<table>
<thead>
<tr>
<th>Asset type</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>no loan</td>
<td>with loan</td>
</tr>
<tr>
<td>Property</td>
<td>3%</td>
<td>13%</td>
</tr>
<tr>
<td>Credit asset</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Bank asset</td>
<td>85%</td>
<td>87%</td>
</tr>
<tr>
<td>Financial assets</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Motor vehicle</td>
<td>55%</td>
<td>53%</td>
</tr>
<tr>
<td>Collectibles</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Other asset</td>
<td>45%</td>
<td>37%</td>
</tr>
</tbody>
</table>

The most notable difference is the proportion of 18-34 year olds with student loan debt who own property. This is much lower for those non-partnered individuals and couples with student loan debt than for those without. Non-partnered individuals in the 18-34 age group with student loans are more likely to own ‘other assets’ than those without loans. For couples the main difference was in owning financial assets.

Differences in asset patterns can also be seen when looking at the median value of assets held by those with student loan debt compared to those without such debt. For all asset types the median asset value was greater for non-partnered individuals and couples aged 18-34 without student loan debt. For example, the median value of motor vehicles for couples in
this age group with no student loan debt was $10,000 while the corresponding figure for those with student loan debt was $6,500. Likewise the median value of property assets was $170,000 for couples without student loan debt compared with $130,000 for those with such debt.

**Debts**

Sixty-seven percent of non-partnered individuals and 91 percent of couples with student loan debt also have some other form of debt.

*Figure 13.9: Proportion of debt by type for those with student loan debt*

Figure 13.9 shows that student loan debt makes up the largest proportion of total debt in terms of value, for non-partnered individuals with a student loan. The value of student loan debt for non-partnered individuals is approximately $2.418 billion or approximately 60 percent of total debt for this group. The next largest debt for non-partnered individuals was mortgage debt (25 percent of total debt). The pattern is reversed for couples with student loan debt where mortgage debt was the largest contributor to total debt (70 percent) followed by student loan debt (17 percent). This compares with the debt composition for all economic units, where student loan debt makes up five percent of the total value of debt.

*Figure 13.10: Proportion of people with other types of debt for those with student loans*

Figure 13.10 shows that the two most common types of debt held by non-partnered individuals and couples with student loan debt were bank debts (account overdrafts and bank loans) and credit card debt. The percentage of non-partnered individuals and couples
with bank debt seems relatively high for this group, when compared to the total population of non-partnered individuals and total population of couples.

Another difference between the debts of those with student loans and the debts of the population as a whole can be seen in the percentage of non-partnered individuals who have mortgage debt as well as a student loan. The percentage of total non-partnered individuals with mortgage debt is notably higher than the percentage of non-partnered individuals with student loan debt and a mortgage. Again this may be an age effect rather than the effect of student loan debt. Analysis of the 18-34 year age group is included below as they are the group most likely to have a student loan.

18-34 year olds

Figure 13.11 shows the percentage of non-partnered individuals and couples aged 18-34 who had each debt type. It is further broken down to show the difference between those who had student loan debt and those who didn’t.

Figure 13.11: Proportion of 18-34 year olds with debt type by student loan status

<table>
<thead>
<tr>
<th>Debt type</th>
<th>Non-partnered individuals</th>
<th>Couples</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>with loan</td>
<td>no loan</td>
</tr>
<tr>
<td>Mortgage</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Credit card</td>
<td>30</td>
<td>28</td>
</tr>
<tr>
<td>Bank</td>
<td>41</td>
<td>22</td>
</tr>
<tr>
<td>Hire purchase</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
<td>6</td>
</tr>
</tbody>
</table>

Figure 13.11 shows that there appears to be a difference in debt patterns for those with student loan debt. The most notable differences for those with student loan debt were a higher proportion of people with bank debt and a lower proportion of people with mortgage debt. The proportion of those with bank debt and student loan debt was 19 percentage points higher than those with no student loan debt for non-partnered individuals and 22 percentage points higher for couples. The proportion of non-partnered individuals with mortgage debt was nine percentage points lower for non-partnered individuals and 16 percentage points lower for couples with student loan debt.

Range of debt levels

Figure 13.12: Distribution by value of student loan debt

<table>
<thead>
<tr>
<th>Student loan value range $</th>
<th>Proportion of total student loan debt (count)</th>
<th>Proportion of total student loan debt (value)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-partnered individuals</td>
<td>Couples</td>
</tr>
<tr>
<td>1-10,000</td>
<td>60</td>
<td>61</td>
</tr>
<tr>
<td>10,001-20,000</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td>20,001-30,000</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>30,001-40,000</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>40,001-50,000</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>50,000 and over</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
Figure 13.12 shows that of all non-partnered individuals with a student loan, the majority (84 percent) had a loan worth $20,000 or less. Of the remaining 16 percent, only 2 percent of student loans held by non-partnered individuals were worth more than $50,000. These proportions were very similar for couples with student loan debt.

The 84 percent of student loans held by non-partnered individuals worth $20,000 or less accounted for just over 50 percent of the total student loan debt held by non-partnered individuals. Again this was very similar to the total student loan debt held by couples.

Further information on student loans

Statistics New Zealand is currently working on the development of a new data source on student loans. A dataset is being constructed by integrating administrative records from several agencies (Ministry of Education data on tertiary enrolments, Ministry of Social Development data on borrowings, and Inland Revenue data on loan repayments and incomes). New data will be added each year, providing a longitudinal student loans dataset.

This new data source will provide previously unavailable statistical information for forecasting, reporting of the asset in the Crown Accounts, understanding the cost of the Scheme to the Crown, costing policy changes, and assessing the socio-economic impact of, and the return on, education.

The first release of statistics from the integrated dataset is scheduled for 4 October 2002.
chapter fourteen

International comparison

Measuring the level and distribution of net worth change over time enables trends to be recognised and analysed. As the 2001 Household Savings Survey (HSS) is the first survey of its kind in New Zealand it is not possible to do this. As a consequence, similar surveys carried out overseas have been identified as providing a useful insight into the dynamics of accumulating net worth. This chapter looks at some of those surveys and how they relate to our New Zealand findings. At the same time, it is important to remember that the different social factors of the countries (such as age distribution) mean that the results cannot be directly compared.

Comparing data between countries is inherently difficult due to the different social and economic environments that exist. Particular to this survey are the underlying differences in concepts and collection methods. While it is best to compare changes over time in one country, it is still interesting to look at a broad comparison. This chapter provides some international results which highlight the need for further investigation.

It is tempting to compare median dollar values such as median net worth between countries. However analysing this properly requires significant work beyond the scope of this initial report. For example, median net worth value of NZ$60,000 may not provide the same standard of living in Canada as it does in New Zealand.

The main comparisons in this chapter are drawn from the 1999 Canadian Survey of Financial Security (SFS) and the 1998 United States Survey of Consumer Finances (SCF). These two surveys are the most comparable in methodology and coverage to the New Zealand Household Savings Survey. As these surveys are repeated cross-sectional surveys, they provide important information about changes in the distribution of net worth within the two countries. Repeating the HSS would also increase the usefulness of the data collected.

The main difference is that the Canadian and American surveys collected information about the whole family within a household. They selected one person to represent everyone living in that family. Where demographic characteristics (such as age group and labour-force status) are used for the family unit, they refer to the characteristic of the head of the household (US) or main income earner (Canada). In the HSS these characteristics are those of the person who was randomly selected to participate in the survey. A brief description of all three surveys is included below.
Overview of the three main surveys

New Zealand – 2001 Household Savings Survey

The sample
- sample size of 5,374 interviews made up of 2,392 non-partnered individuals and 2,982 couples
- included a Māori booster sample
- response rate of 74 percent

Collection method
- Interviews were conducted in person using an electronic questionnaire.
- If a respondent was part of a couple, the couple was interviewed as one unit.
- Information on assets and debts was only collected for the selected non-partnered individual or couple, not for other family or household members.

Concepts
Non-partnered individual – a respondent who could be living with other family members (ie children, parents) or non-family members but did not live with a partner.
Couples – where the respondent who was selected to participate in the survey lived with their partner they were defined as a couple. Definition of a partner living with them was self-defined.
Economic units – the two populations, non-partnered individuals and couples, combined form the population of economic units.
Individuals characteristics (ie age) assigned to the couple are those of the selected respondent.

1999 Survey of Financial Security (Canada)

The sample
- sample size of 22,999 dwellings
- 2,000 of the households in the sample were part of a high income sample.
- overall response rate of 76 percent
- the previous survey was conducted in 1984

Collection method
- Data was collected using personal interviews where one person reported asset and debts for the family as a whole. Respondents had the option of completing the questionnaire themselves (rather than the interviewer doing this) although not many chose this option.
- Respondents were able to authorise access to their tax files to gain the most accurate information on income (nearly 85% gave their IRD number).

Concepts
- The unit of measurement used in the SFS was the ‘economic family’. This was defined as a group of individuals sharing a common dwelling and related by blood, marriage, common-law union or adoption. Unattached individuals were people living alone or with people who were not relatives.
- For families, demographic characteristics (such as age) assigned to the family were those of the main income earner.
- Net worth data was produced for the family unit rather than individuals within a family, as the question of division of ownership of assets and debts was considered too complex.
Detailed information about the survey and analytical reports can be found on the Statistics Canada website [www.stat.can.ca](http://www.stat.can.ca)

**1998 Survey of Consumer Finances (US)**

**The sample**
- sample size of 4,309 dwellings
- 1,496 of these were from a high wealth sample
- response rates were 70% for the core sample and 35% for the high wealth sample
- the survey has been repeated every three years since it began in 1989

**Collection method**
- The majority of interviews were conducted in person but could also be by telephone. An electronic questionnaire was used.
- The central individual was the respondent and all information about the family’s behaviour (such as assets and debts) was collected from this person. A few exceptions were things like age, sex and living arrangements which were collected separately for all members of the household.

**Concepts**

*Family:* In the SCF a household is divided into a ‘primary economic unit’ (PEU), the family, and everyone else in the household. The PEU is intended to be the economically dominant single individual or couple and all other people living in the household who are financially dependent on that person or couple.

*Central individual:* The central individual is taken to be the head of the family in a PEU without a core couple, the male in a mixed-sex core couple, or the older person in a same-sex core couple.

Summary information was collected at the end of the survey for all household members who were not part of the PEU.

Detailed information about the survey and analytical reports can be found on the Federal Reserves website [www.federalreserve.gov](http://www.federalreserve.gov)

**Other surveys**

In addition, the 1998 Australian Asset and Wealth estimates developed by the National Centre for Social and Economic Modelling (NATSEM) have been used for comparative purposes on some issues.

The limitations of this survey are: the Australian data is built up from imputing probable asset values on the basis of income received, plus adding in estimates for some non-income earning assets such as housing. Implicitly, some types of non-earning assets are not counted. While this approach allows some conclusions to be drawn on general patterns and trends, much of the data cannot be closely compared with the New Zealand data.

Similar surveys have also been conducted in Finland and Norway but have not been covered in this report.

**Composition of assets**

**New Zealand, Canada, the United States**

All figures for Canada and the US refer to family units. For New Zealand, economic units are used. Figure 14.1 shows a comparison of the composition of total assets. Because of large differences in cash incomes and values between Canada, the US and New Zealand, comparisons are shown as a percentage of total assets.
There are differences in the definition of asset types between the three countries. However, at the aggregate level of total real assets and total financial assets, New Zealand’s asset holdings are similar to those in Canada and the US.

In all countries, the home-owner’s house or principal residence is the largest single household asset. It must be noted that the concept used in the NZ survey was if the selected respondent (or partner) owned they house they were living in and not whether the household was owned by anyone else living there. As such, the New Zealand home ownership figure may be higher if reported using the same definition as the other two countries.

Compared with the two North American countries New Zealanders have a low proportion of assets in superannuation or registered retirement funds, and low proportions in shares and managed assets. Caution should be used here as the policies are different in each country. For New Zealand, saving into superannuation schemes is not mandatory. Conversely, New Zealanders have a large amount held in trusts, a category which is too small to be separately calculated in the North American figures.

The New Zealand trust assets figure requires further analysis. The assets held in trust (such as the home) are not counted in any other category so may result in an under-estimation of those particular asset types. The figures shown above include only the $29 billion trust assets allocated to economic units. There was another $64 billion in trust assets not counted as an asset to the economic unit (see Trusts chapter). These trust assets are spread between real, financial, and business equity assets.

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1 The Canadian and US surveys measure the number of homes that are owner occupied whereas the New Zealand figure is only whether the selected respondent (or partner) owned the home.
The US focus on financial assets is an established trend. The US Survey of Consumer Finances noted that the financial asset share of US household assets had risen in every survey from 30.4 percent in 1989 to the 40.6 percent in 1998.

**Australia**

A comparison with the Australian data for 1998 is also interesting but must only be considered as an indication that requires further research. Currently Australia is looking at developing a survey using similar concepts to the HSS.

The Australian data is net and not gross assets. It also counts fewer asset categories, so the percentage shown for principal assets such as ‘house occupied’ are higher than they would be if a fuller asset count were done. To offset this, the mortgage value has been deducted from Australian figures. With these qualifications, the net asset pattern is shown in figure 14.2.

*Figure 14.2: Asset composition in Australia*

<table>
<thead>
<tr>
<th>Australian household assets</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Real assets</strong></td>
<td></td>
</tr>
<tr>
<td>House occupied</td>
<td>52</td>
</tr>
<tr>
<td>Less mortgage</td>
<td>9</td>
</tr>
<tr>
<td>Net</td>
<td>43</td>
</tr>
<tr>
<td>Other property (net)</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total real assets</strong></td>
<td>49</td>
</tr>
<tr>
<td><strong>Business equity</strong></td>
<td>12</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
</tr>
<tr>
<td>Interest bearing deposits</td>
<td>9</td>
</tr>
<tr>
<td>Shares and other investments</td>
<td>8</td>
</tr>
<tr>
<td>Superannuation</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>39</td>
</tr>
<tr>
<td><strong>All assets</strong></td>
<td>100</td>
</tr>
</tbody>
</table>

A notable difference between Australia and New Zealand is the high proportion of Australian household assets now held in the form of superannuation. This is not surprising given that superannuation is mandatory in Australia. As such, superannuation assets are now the principal form of financial asset in Australia, and the largest source of wealth for the lowest income earners.

**Debt and debt ratios**

**New Zealand, Canada, the US**

The three countries surveyed in detail had similar ratios of household debt to gross assets, as illustrated in figure 14.3.
As figure 14.4 illustrates, debt composition also had similarities, with mortgages being the principal form of household debt in each country. This is as expected due to the importance of the corresponding property asset.

New Zealand has a higher student loan debt in relation to household assets than Canada. Comparable ratios for the US are not available. Once again, the student systems operate in different ways and this will have an impact on the take up of student loan debt and other trends.

Australia

Australian total debt figures on a comparable basis are not available. However, ‘mortgage on own home’ was estimated at 12 percent of net assets. In comparison, the New Zealand total mortgage debt (from all property) was 15 percent of net household assets.

Net worth distribution

There are a number of ways in which net worth distribution can be compared. Unfortunately not all the surveys provide data on a comparable basis, so only some comparisons can be done. For example, data is provided in sufficient detail to allow Gini coefficients to be calculated for only one or two countries. However, in most cases some basis of comparison can be done.
The top 10 percent

One measure is the proportion of total net worth in the hands of the top 10 percent of households. For New Zealand the proportion was 53 percent. In Canada, in 1999, it was also 53 percent, while in the US the 1998 estimate was about two-thirds. In Australia the more limited NATSEM measure of net worth indicated that ‘more than half’ of the household net worth as measured was held by the top 10 percent.

As age is a key factor in the distribution of net worth, the differences between countries needs further examination by age. For example, a younger population will decrease the country’s net worth as this is accumulated throughout a person’s lifetime.

Mean and median ratio

Another method of valuation is to compare mean and median values of net worth. On this basis, the New Zealand ratio of mean to median net worth of economic units was 2.4. Split by categories, it was 9.5 for non-partnered individuals and 1.9 for couples, indicating net worth is more unequally spread for non-partnered individuals. This is most likely due to this group consisting of a high proportion of young people with low net worth and older people with high net worth. The distribution is more evenly spread for couples.

For the US the ratio of mean to median family net worth in 1998 was 3.95. In Canada the ratio was 2.5, indicating a more equal distribution of net worth in Canada and New Zealand.

Negative net worth

A further measure is to look at the net worth share of the lower decile net worth groups. In Canada the bottom 30 percent of all families ranked by net worth had only 1 percent of family net worth. Similarly, the bottom 30 percent in Australia (but ranked by income) had only 1 percent of household net worth. In New Zealand the bottom 30 percent did not hold any positive net worth (due to the overall impact of negative net worth). The position of these three countries is comparable; except New Zealand had a larger proportion with negative net worth (16 percent of economic units), which pushed the figures for the decile 3 total into negative. Canada had 6 percent of families with negative net worth whilst the US had an estimated 8 percent of families. In all four countries the bottom 30 percent held very little net worth. Some of this could be due to an age group effect.

Net worth deciles – Canada and New Zealand

For overall net worth distribution, the country, which, at this crude level of comparison, is most like New Zealand, is Canada. Figure 14.5 illustrates this similarity.
Figure 14.5: Proportion of total net worth by decile for New Zealand and Canada

How is net worth changing?

As the HSS was New Zealand’s first net worth survey there is no basis for comparison over time. A second survey will make this data more useful. However, it is interesting to look at the change in Canada over the 15 year period, as illustrated in figure 14.6.

Survey results indicated an increase in total median net worth of 11 percent; however this was not shared equally between all family units. The median net worth of the top net worth quintile increased 39 percent whilst there was little change in the net worth of family units in the two lowest quintiles.

<table>
<thead>
<tr>
<th>Quintile</th>
<th>Percentage change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quintile 1</td>
<td>no change</td>
</tr>
<tr>
<td>Quintile 2</td>
<td>2</td>
</tr>
<tr>
<td>Quintile 3</td>
<td>11</td>
</tr>
<tr>
<td>Quintile 4</td>
<td>27</td>
</tr>
<tr>
<td>Quintile 5</td>
<td>39</td>
</tr>
<tr>
<td>All family units</td>
<td>11</td>
</tr>
</tbody>
</table>

Net worth and age

As net worth is accumulated over a lifetime, age is a key factor in the distribution of net worth across a population. In general, net worth increases with age until later retirement where it begins to decrease as assets are used. Because data is grouped differently in each country, the countries are shown separately in Figures 14.7-14.11.

The median net worth of each age group is compared with the median net worth for the total population (which is indicated by the median line at 1.0). This was done due to the difficulty in comparing trends across different currencies.
Using the HSS as an example, the median net worth for all non-partnered individuals is $10,300. The median net worth value for non-partnered individuals aged 60-64 is $155,600. This equates to a ratio of 15 for the median of net worth for the age group 60-64; the median net worth for this age group is 15 times higher than the median net worth for all non-partnered individuals. This is illustrated in Figure 14.10.

As mentioned previously the total net worth for the population is closely related to the proportion of each age group in the population. If there is a high proportion of young people with low net worth the median for the total population is lower.

The United States

Figure 14.7 shows the US pattern for 1998 by age of the head of the household. The median value for the population in US dollars was $71,600.

Figure 14.7: Ratio of age group median net worth by age of head of household (US)

Canada

Figures 14.8 and 14.9 show the median net worth ratios for Canada in 1999 for unattached individuals and for families with two or more people. The median net worth for all unattached individuals in Canadian dollars was $21,700. For economic families of two or more people median net worth in Canadian dollars was $119,300.

The Canadian’s ‘unattached individuals’ are defined as people who live on their own or with people who are not their relatives. By comparison, the New Zealand ‘non-partnered individuals’ could be living with other relations (such as their children) but do not live with a partner.

Figure 14.8: Ratio of age group median net worth for unattached individuals (Canada)
Figure 14.9: Ratio of age group median net worth for families with two or more people (Canada)

New Zealand

Figure 14.10 shows the ratio for non-partnered individuals in each age group compared with the median net worth for all non-partnered individuals. Figure 14.11 shows the same information for couples. For couples, the age group is that of the partner that was randomly selected to participate in the survey.

The median net worth for the total population of non-partnered individuals was $10,300 and $172,900 for the total population of couples.

Figure 14.10: Ratio of age group median net worth for non-partnered individuals (NZ)
Figure 14.11: Ratio of age group median net worth for couples (NZ)
appendix one

Technical notes

Survey coverage

The survey population for the HSS was the usually resident population of New Zealand, aged 18 years and over, living in permanent private dwellings on the main islands of New Zealand (North, South) and Waiheke Island.

For the purposes of this survey, consideration was given to the need to include people living in non-private dwellings. Many residents of non-private dwellings are elderly or hospitalised. As with other surveys, it is difficult and relatively expensive to interview individuals in non-private dwellings because they are often incapacitated, and permission is often required from managers of the facility as well as families.

The definition of the usually resident population used in this survey excluded:

- non-New Zealand diplomats and non-New Zealand members of their staff and households
- overseas visitors who have been resident in New Zealand for less than 12 months and who do not intend to stay in New Zealand for a total period of more than 12 months

Also excluded were:

- those resident in non-private dwellings, for example, temporary dwellings, institutions, hotels/motels, etc (the proportion of the population usually resident in non-private dwellings is small)
- those resident on offshore islands (excluding Waiheke Island).

Where the specifically excluded groups have different characteristics from the population in private dwellings, statistics from the survey will differ from statistics from other sources that include any of these groups.

Specifically, it is worth noting that students aged over 18 years living in hostels or overseas and older people living in non-private retirement units were excluded. As at June 2000, student loan borrowers living overseas made up 4.8 percent of all student loan borrowers and 7.0 percent of total outstanding student loan debt, so student loan data from the survey will not match total student loans. As an approximation, at the 2001 Census, around 2 percent of 18-20 year olds lived in educational institutions. Figures from the Census also indicate approximately 7 percent of people aged 65 and over lived in non-private dwellings.
However, the size of the survey population was approximately 98 percent of the New Zealand resident adult population.

**Sample design**

In the core sample, 6,600 households were approached. An additional 6,600 households were screened for Māori residents, to provide a Māori booster sample. In both cases all households were randomly selected. Interviewers approached a selected household and, using the computer, randomly selected one person per household to collect information about that person (and their partner if applicable) rather than about the household as a whole.

A Māori booster sample was included in the HSS to improve the reliability of estimates for this group. Initial sample design work based on Household Economic Survey (HES) data indicated that a total sample size of 4,500 achieved interviews would produce estimates of mean individual Māori wealth with a sample error of around 32 percent. These estimates would not be of acceptable quality and would need to be used with caution. The booster sample aimed to ensure that the estimate of mean individual Māori wealth fell into a range where there were fewer concerns with quality. It was expected the sample error would be reduced to around 19 percent. The non-Māori sample error was expected to be about 11 percent by comparison.

**Sample frame**

The HSS used the standard SNZ household sampling frame.

New Zealand is divided into 19,102 small areas known as primary sampling units (PSUs). On average a PSU contains around 70 dwellings but can range from 30 to 260 dwellings. The only areas not included in PSUs are offshore islands (except Waiheke Island). PSUs are then assigned to groups called strata. There are two stages to this stratification. The first stage assigns a PSU to a superstrata based on its regional council area. In the next stage, PSUs are assigned to strata based on a number of PSU characteristics. These include urban/rural classification, proportion of Māori in the PSU, proportion of Pacific people in the PSU and socio-economic variables such as level of education and employment. In total 120 strata are formed.

For the HSS, a responding sample of 4,500 was designed for in the core sample and 740 in the Māori booster sample. A selection of 675 PSUs was made to obtain this sample. The 675 PSUs were allocated across all 14 regions in New Zealand. The allocation was further broken down into urban and rural splits, then high and low Māori strata. The average number of households approached per PSU was approximately 10, with a maximum of 12 households. Booster households were in the same PSUs as the core sample.

**Achieved sample size**

The total achieved sample size for the Household Savings Survey was 5,374 households. The number of individual interviews was 2,392 and the number of couple interviews was 2,982. When these numbers were weighted up to the total population of New Zealand, the figures became 930,900 non-partnered individuals and 855,900 couples.

The overall response rate was 74 percent. For the core sample it was 73 percent while the response rate for the Māori booster sample was 82 percent.
Eligibility for the survey
A household member was eligible to be selected to participate in the survey if they were:

- staying in the household and had no other address that they usually lived at
- 18 years of age or older
- a usual resident of New Zealand, i.e., not a foreign diplomat; member of overseas armed forces; nor an overseas visitor in New Zealand for less than a total of 12 months.

In addition, in the Māori booster sample, only those who listed Māori as one of the ethnic groups to which they belonged were eligible to be selected.

In both the core sample and the Māori booster sample only one individual per household was selected. If this individual had a partner living in the same household then the couple was interviewed. This was based on the assumption that a couple shares resources.

Reason for choice of collection unit
In consultation with users it was decided to interview either a non-partnered individual or a couple as it would provide the most meaningful data in relation to the survey objectives. Each of these two units are referred to as economic units. This was predominantly due to the practical application of government retirement policies, which are based on the single economic unit only. For couples it is difficult to separate the net worth of each partner given that their economic arrangements are usually intertwined. Therefore, it was more practical to regard them as a single economic unit and collect information from one economic unit per household.

The reasons for excluding information from other family members in the household are as follows:

- Collecting information from (adult) children of member(s) of the economic unit adds an assumption that the wealth of children living in the same household as their parents is available to the parents in their retirement. It was decided that this is not a valid assumption, as the wealth of the children will most likely go to a different unit, for example, that child and their partner.
- Collecting information from (adult) children of member(s) of the economic unit would also be inconsistent because of another underlying assumption: that the wealth of sons/daughters living in different households will not be available to parents in retirement, while that of live-in children would be available.
- Collecting information from parents of member(s) of the economic unit would add an assumption that children may have access to their parents’ wealth in retirement, for example through inheritance, only if they live in the same household. This is not considered to be a valid assumption. Furthermore, asset testing for retired people currently only includes their assets and that of their spouse. New Zealand government superannuation only considers non-partnered individuals or married couples.

It is important to be aware that restricting the collection of data to non-partnered individuals and couples only, when there are other (adult) household members, limits the information that will be available. No information about the assets, liabilities, or wealth of households or families will be available. The term ‘household’ in the HSS refers to the household as the unit of selection. It also refers to the HSS as being a survey of the household sector rather than the business or government sectors. See Sample Design, p 125, for more information.
Unit of analysis

There are two different analysis concepts used in the analysis.

Economic units

The first concept looks at non-partnered individuals (approximately 930,900 people) as a separate population to couples (approximately 855,900 couples). This concept is used in all tables except 1.01, 1.02, 9.01 and 9.03. In this case net worth for the couple is the combined net worth of the two people in the couple, with the information collected and recorded jointly.

All adults/individuals

The second concept looks at all individuals (approximately 2,642,700 people) regardless of their relationship status. This concept is used to analyse results for the total population of adults aged 18 and over. In this case net worth of the couples has been halved and apportioned to each individual and is referred to as an 'individual in a couple'.

Collection method

The HSS was administered in face-to-face interviews. The interviewers used laptop computers to capture the data into an electronic questionnaire (EQ). The initial contact with the household was made at the door, where the name, age, sex and ethnic groups of all household members were collected. An individual from the household was then randomly selected as the respondent by the EQ program, and their partner established if applicable. Couple interviews could either be joint interviews (with both partners present) or proxy interviews where only one partner was present and responded on the absent partner’s behalf. The proxy could only be carried out by the respondent or their partner, not by other household members. Out of all couple interviews 35 percent were proxied and 65 percent had both partners present. If a respondent was unable to immediately provide some of the information required, the interviewer was able to use a ‘bookmark’ function to mark that question for later completion. Telephone contact was only allowed to finish any partially complete interviews using the bookmark function.

The Māori booster sample involved using a paper form to collect the initial household information - name, age, sex, and ethnic groups of all household members. To be eligible to participate in the Māori booster sample an individual had to meet the same criteria as for the core sample (unless that person was the partner of a respondent) and, in addition, give Māori as one of their ethnic groups. A respondent was selected at random using a selection grid on the paper form, then the household information was entered into the laptop and the survey continued as for the core sample. A copy of the paper form used to select respondents for the Māori booster sample can be found on p 145.

The information collected in the questionnaires was transferred to SNZ via the Internet by the interviewers using a secure connection.

Reliability of survey estimates - sampling errors

The estimates derived from this survey are based on a sample of individuals. The variability of a survey estimate due to the random nature of the sample selection process is measured by its sampling error.

Sampling error is a measure of the variability that occurs by chance because a sample, rather than the entire population, is surveyed. The size of the sampling errors in this survey has been controlled by the size of the sample and the use of stratification, sample allocation and estimation techniques.
Variability in the weights used to rate the sample up to the total population contributes to
the level of sampling error. For example, if there are units with weights ranging from 30 to
1,000, this causes an increase to the variance. See Weighting, p 129 for a detailed
description of sample weights.

The distribution of a variable also impacts on the magnitude of the sampling error. For
example, net worth is highly variable as it covers a broad range of values from large
negative to large positive. By comparison the value of a car varies much less and would
hence have a lower sample error.

Furthermore individual item estimates in the HSS differ in their level of variability, and this
impacts on relative sampling errors. Higher variability and/or smaller sample size lead to
larger sampling errors. For example, the contribution that variability makes to the sampling
error for the total value of farms is lower than for the total value of trusts, as farm values
are less variable.

All sampling errors for the HSS are measured at the 95 percent confidence level.

The estimates in the tables have had specific sampling errors calculated for them. Where
estimates have a large sampling error they will be annotated as follows:

*   denotes a relative sampling error of greater than 30% and less than or
equal to 50%; use data with caution.

**  denotes a relative sampling error of greater than 50% or when the sampling error could
not be calculated for a median; data is too unreliable for most practical purposes.

Tables of sampling errors for the standard tables can be provided on request. See Contact
Details, back cover.

How to use the sampling errors

As an example, the estimated number of 18-24 year old individuals with student loan debt
is 111,817. This estimate is subject to a relative sampling error of plus or minus 21 percent.
This means that there is a 95 percent likelihood that the true value lies between 135,298
and 88,335 people. That is,

111,817 + (111,817 x 21%) and 111,817 - (111,817 x 21%).

The absolute sampling error of an estimate can be calculated by multiplying the estimate
by its relative sampling error. For example, the (absolute) sampling error for the above
estimate is 111,817 x 21% = 23,481.

Data that contains a large sample error can still be useful. For example, someone might
want to know whether the median net worth for a subpopulation is less than $20,000. If
the estimate is $5,000 ± 100%, this answers the question, even though the sampling error
is very high.

Non-sampling errors

Non-sampling errors are present in both surveys and censuses. There are many ways in
which non-sampling errors can occur and they can arise at any stage in the survey process.
One possible effect of non-sampling errors is to introduce bias into the results, where the
estimated value moves to one side of the true value. Unlike sampling error, non-sampling
error is not readily quantified. Four main sources of non-sampling error can be identified:
– coverage error - for example failing to give all eligible respondents a chance of selection in the survey
– response error - for example misinterpretation of the question, or respondents who, willingly or not, provide inaccurate responses
– non-response error - occurs in sample surveys because not all potential respondents cooperate
– processing error - may occur in any of the data processing stages, for example, during data entry, coding, editing, imputation, weighting, and tabulation.

Weighting
A basic survey weight is attached to each sample record. The weight reflects the probability sample design and permit estimation to be made for the total population.

This weight reflects the probability of selection of:
– the person within their household
– the household within its PSU
– the PSU within its stratum

as well as:
– the adjustment for non-response
– an adjustment factor to ensure population counts for age, sex and Māori correspond to benchmark population estimates.

Imputation
Missing responses were imputed for all key fields in the questionnaire, to ensure that ‘net worth’ could be derived for each responding unit. Where possible, information was imputed deterministically, using other information reported by the respondent to provide a likely estimate for the missing value. When deterministic imputation was not possible, a ‘hotdeck’ imputation method was used in most cases. This method involves identifying another respondent with similar characteristics to become the ‘donor’ and provide the imputed value.

Questionnaires with a high proportion of refusals were removed from the dataset.

Information about imputation of each specific variable can be requested from Statistics New Zealand, see Contact Details, back cover.

Validation
Data validation is the process of checking the data to ensure it is as accurate as possible. In addition to these checks, respondents were encouraged to use statements or other documents to help with their responses to questions. Validation of HSS data occurred at both the micro level and the macro level.

– Micro level validation - This is validation of individual questionnaires and response to questions. The electronic questionnaire contained a number of logic and extreme value edit checks. When a response was entered into the questionnaire that was higher or lower than a specified value range, an edit check was triggered. When this occurred, the interviewer had to check the value entered and either suppress the edit check if the value was correct or go back and correct the value. However, the ranges used were kept quite broad as this is the first time this type of information has been collected and there is often great variability in the asset and liability values.
Micro level validation also involved some outlier checks, property value checks and reviewing all interviewer remarks made throughout the questionnaires.

- **Macro level validation** - This is validation using aggregated responses. There are a small number of other data sources on aspects of the level and distribution of net worth in New Zealand from which expected aggregate asset and liability totals were estimated. These sources had some definition and measurement differences but were useful in providing a general indication of expected estimates.

HSS demographic distributions were compared with those obtained from 2001 Census data. This included distribution comparisons of variables such as age, ethnic group, sex and income.

**Value of asset and debts as given in tables**

The count assigned to a non-partnered individual (or couple) represents the non-partnered individual’s (or couple’s) total holdings in an asset or debt type. For example, if a non-partnered individual (or couple) had two bank accounts, one worth $8,000 and the other worth $10,000, they would be counted once in the $15,001-$20,000 value range rather than twice in the $1-$15,000 range.

Only the non-partnered individual’s (or couple’s) share of the asset or liability was assigned to them. For example, if the respondent co-owned a holiday home valued at $150,000 with two other owners, the respondent was recorded as owning a holiday home asset valued at $50,000. An equal share was assigned unless the respondent stated the exact proportion owned.

**Showcards**

Range showcards were used in the HSS in all value questions. If a respondent was unable to provide an exact value they were asked to estimate the value in New Zealand dollars by choosing a value range from a showcard. For those respondents who gave a range value as a response, a point value within that range was assigned during the imputation process. In most cases the mean of all given values that fell within each range was used as the point value. For example, if a respondent selected the range $5,001-$10,000, the point value assigned to them would be calculated using all actual responses that fell within that range, for example,

\[
\frac{6,450 + 7,000 + 8,400 + 9,650 + \ldots}{\text{number of values (n)}}.
\]

Where there were less than 10 observations (given values) per range the mid-point of the range was used. Using the above example with less than 10 observations would result in a mid-point value of $7,500.

**Derived variables**

Rules called derivations were used in all asset and liability modules in the HSS to derive a total value for each respondent’s holdings in each type of asset or liability. In most cases this involved simple summations of a series of questions used within each module. Also included were derivations to assign the actual value of each asset or liability to the respondent. A simple example is if a holiday home had a government valuation of $200,000 and the respondent owned 50 percent of this asset, a derivation would be used to work out that $100,000 was the actual value of this type of asset to the respondent. A more complex derivation is the prioritisation of ethnicity to assign one ethnic group to a respondent if they gave more than one ethnic group.
Values given in foreign currency were converted to New Zealand dollars. When a value was given in a foreign currency, a monthly average of the exchange rate for the relevant currency was used to convert the value into New Zealand dollars. The month that the respondent was interviewed determined which monthly average exchange rate was applied.

**Mean (average)**

The mean or average is calculated as the total or ‘aggregate’ divided by the number of units in the population. For the HSS, the mean is calculated using the total value held by a non-partnered individual (or couple) in each asset or debt type rather than the value of each item. For example, if a non-partnered individual (or couple) had two motor vehicles worth $4,000 and $6,000 respectively, the value used in the calculation of the mean would be $10,000.

The drawback to the use of the mean is that it is sensitive to extreme values. Unusually high or low values will have a large impact on the estimate of the average.

**Median**

The median is the value at which half of the units in the population have lower values and half have higher when all values have been ordered from highest to lowest. It corresponds to the fiftieth percentile. The median is less sensitive to extreme values than the mean. This makes it a more robust measure of the centre of a distribution than the mean for highly skewed distributions. If the mean is higher than the median it could indicate the distribution is skewed towards the top end of the sample or that the distribution is bimodal (ie it has two ‘peaks’).

For the HSS, the median value of an asset or debt type is the median of the total value held in a particular asset. For example, if a non-partnered individual (or couple) owned three properties with individual values of $120,000, $200,000 and $160,000, this would be counted once in the tables as $480,000 held in property assets. This would then be the value used in working out the median value for property assets.

**Deciles**

A decile covers a tenth of the population when all values have been ordered from highest to lowest. The bottom decile (decile 1) in terms of net worth represents the 10 percent of the population with the lowest net worth. The second decile in terms of net worth represents the next 10 percent of the population, while the top decile (decile 10) represents the 10 percent of the population with the highest net worth.

Quintiles were also used. The same concept as deciles applies, with the population divided into fifths with 20 percent in each quintile. Occasionally quartiles were used, with the population divided into quarters with 25 percent in each quartile.

**Rounding**

Due to rounding procedures, stated table totals may differ from the sum of individual cells. All counts and values in the tables have been rounded to the nearest hundred. All percentages have been rounded to the nearest whole number.
Survey concepts

Computer assisted interviewing (CAI)
Computer assisted interviewing (CAI) involves the use of a computer to collect and store data from interviews.

Child dependency
A dependent child is a child, aged under 18 years of age, who is not employed more than 30 hours a week. Child dependency was only determined for those children living in the same household as the respondent. It included all children the respondent was acting as a parent for in the household. For example, any nieces, nephews, grandchildren, foster children or any other child that the respondent said they were acting as a parent to.

Children ever had
Children ever had includes all sons and daughters (not other dependents) regardless of whether they live in the same household as the respondent.

Couple
Each individual who was selected to take part in the survey was asked if they had a partner living in the same household. If they answered yes they were defined as a couple and interviewed jointly as one economic unit. No attempt was made to define couples in the HSS based on the amount of time spent together. Couples include legally married, de-facto and same-sex relationships.

All questions about assets and liabilities were asked jointly except Māori assets, student loans and superannuation. Demographic information (labour force status, education, occupation and qualification) was also collected separately from each partner.

Demographic characteristics
The age, ethnic group, labour force status, occupation and highest qualification are always the respondent’s characteristics, not the characteristics of the respondent’s partner. For example, age can not be assigned to a couple, rather, there can be a couple where the respondent is 32 years old.

Economic unit
Information was collected from either a non-partnered individual, or a couple. A non-partnered individual is considered one economic unit and a couple is also considered one economic unit. From this we can analyse data using a population of total economic units. For further details refer to Reason for choice of collection unit, p 126, and Unit of Analysis, p 127.

Ethnic group
A respondent was able to list up to six ethnic groups. Each respondent was then allocated to a single ethnic group using the priority recording system, as was done in the 1996 Census. Therefore, each respondent appears only once in the data and the rows sum to give the total population. This form of output does not necessarily give a total count of all people who selected a particular ethnic group as any one of their responses.
When more than one ethnic group is recorded, and New Zealand Māori is one of these, the respondent is assigned to New Zealand Māori. Otherwise, if Pacific peoples is one of the groups recorded, then the respondent is assigned to Pacific peoples. Otherwise, if Asian is one of the groups recorded, then the respondent is assigned to Asian. Otherwise, if any ethnic group other than European/ Pākehā is recorded, the respondent is assigned to 'Other'. Otherwise, the respondent is assigned to European/Pākehā.

**Electronic questionnaire (EQ)**

Electronic questionnaire (EQ) is the name for a questionnaire which is on a laptop computer and not on paper.

**Hapū**

Māori sub-tribe.

**Income**

If the respondent was part of a couple, each member of the couple was asked separately about income they received from wages, salary and self-employment. The couple was asked jointly to give information about income from other sources. Income amounts were collected as the amount they had received in the 12 months ending on the day of the interview. Before-tax amounts were collected for income from wages, salary and self-employment. With other sources of income the respondent was able to give either a before-tax amount or an after-tax amount. All amounts were then converted to before-tax amounts.

**Iwi**

Māori tribe.

**Labour force status**

A respondent’s labour force status is defined as being either employed, unemployed or not in the labour force. The definition used in the HSS is the same as that used in the Household Labour Force Survey (HLFS).

**Employed**

In the week prior to the interview the respondent:

- worked for one hour or more for pay or profit in the context of an employee/employer relationship or self-employment, or
- had a job but was not at work due to: own illness or injury, personal or family responsibilities, bad weather or mechanical breakdown, direct involvement in an industrial dispute, leave or holiday, or
- worked without pay for one hour or more in work that contributed directly to the operation of a farm, business or professional practice owned or operated by a relative.

**Unemployed**

In the four weeks prior to the interview, the respondent:

- was without a paid job, and
- was available for work, and
- had actively looked for work* in the past four weeks ending with the reference week.

* Actively looking for work means doing something other than just looking in newspapers.
Not in the labour force

The respondent:
- was neither employed nor unemployed as defined above.

Market value

The HSS attempted to collect the market value of a respondent’s assets as at the day of the interview. As the market value of an asset can not be realised until the point of sale (due to market fluctuations, fads, reason for selling, etc), the values collected were the respondent’s best estimate.

Net worth

For the purposes of the HSS, net worth is defined as the value of a non-partnered individual’s (or couple’s) assets less the value of their debts on the day of the interview. Māori assets have been excluded from the net worth calculation unless otherwise stated as the concept of Māori wealth is collective rather than individual. The value of trusts included in the calculation of net worth is the amount the trust owes the respondent, unless otherwise stated. As an estimate of net worth for the total population of adults (Tables 9.01-9.03), couples’ net worth has been halved. This is in accordance with the Matrimonial Property Act 1976, which attributes 50 percent to each partner.

Non-partnered individuals

A person randomly selected to participate in the HSS who was not living with a partner. This person may be living with other family members (ie, children, parents) or other non-family members.

Respondent

The respondent is the one person per household who was randomly selected to participate in the HSS. If the respondent had a partner living with them and identified as a couple, the couple was interviewed as one unit. The initial person selected as the respondent was still defined as the respondent.

Retirement Commission (RC)

The Retirement Commission (RC) is a Crown entity established by the government to provide factual and impartial information to New Zealanders to encourage them to plan for their retirement. The RC contracted SNZ to conduct the HSS.

Asset and liability modules

Any other asset

This module was intended as a ‘catch all’ module to capture information about any significant assets that a respondent might have that had not previously been covered in other modules. Information in this module was only collected if the value of each asset amounted to NZ$1,000 or more. The type of asset was recorded and included items such as computers, sporting equipment and hobby gear, and specifically excluded items like furniture, household appliances and clothing. Consumer durables were not collected.

Any other debt

This module was intended as a ‘catch all’ module to capture any information about significant debts that a respondent might have that weren’t previously covered in other modules. Information in this module was only collected if the value of each debt amounted to NZ$1,000 or more. Only outstanding debts were collected, for example, overdue tax.
Bank

The bank module was divided into three areas:

- Bank accounts: Bank accounts included items such as cheque, current and savings accounts, term deposits, overseas accounts, building society accounts and credit union accounts. The respondent was asked to provide the current balance of each of their bank accounts in credit or overdraft. For the output tables, overdraft accounts were combined with bank loans to provide a value for bank liabilities.
- Bonus bonds: Respondents were asked to provide the total value of all the bonus bonds they had.
- Bank loans: Bank loans included items such as normal bank loans, finance company loans, building society loans and credit union loans. For each bank loan the respondent had they were asked to give the amount owing on the day of the interview.

Business equity

Business equity is the estimated amount the respondent would receive if the business were sold, after deducting any outstanding debts to be paid. If it were a business that could be sold, respondents were asked, in terms of market value, how much they would personally receive if they were to sell their business on the day of the interview. Market value is perceived as the most accurate value for a business as a business's assets can make up a significant portion of a business's value at sale. For businesses that could not be sold, respondents were asked to provide either the net book value of the business or the value of business accounts, assets and any debts.

Cash

Information in this module was only collected when the value of cash assets was more than NZ$1,000. Cash assets included items such as cash not in a bank, traveller's cheques, vouchers and foreign currency.

Collectibles

Information in this module was only collected when the combined value of a respondent’s collectibles amounted to NZ$1,000 or more. Collectibles included items such as antiques, art, coin/stamp collections, jewellery and precious metals.

Commercial property

For commercial property both in New Zealand and overseas, the respondent was asked to provide the rateable value (capital value). Rateable value is the assessment of the probable price that would have been paid for the property if it had been for sale at the date of the last general revaluation. A rateable value does not include chattels, stocks, crops, machinery, goodwill or plantation trees.

Respondents were also asked whether they were the sole owners, and if not, what proportion of the property they owned.

Credit cards

The credit card module included any credit cards, store cards and charge cards, but excluded any that were used only for business purposes or paid for by an employer. Respondents were asked to provide the value of each credit card they had. This could be an amount owing, an amount in credit, or a zero balance. Amounts owing were included in the liability total, and amounts in credit were included in the asset total. The value of each credit card could either be the balance on the day of the interview, or the amount showing on the last statement. No attempt was made to determine a respondent’s behaviour in relation to the payment of
credit card debt. For example, a respondent may have owed $1,000 on their credit card but intended to pay it off within the interest free period. As a result, they may not have counted this as credit card debt.

Farms
The HSS definition of farms included any agricultural or horticultural enterprise that a respondent owned, or partly owned, and could sell. Respondents were asked to provide the market value of the farms as this was perceived to be a more accurate value than the rateable valuation for a farm. The market value includes stock and farm equipment. These can account for a significant portion of a farm’s value at sale, which would not be included in the rateable valuation.

Financial assets
The financial assets module was divided into three series:

– Shares: The respondent was asked to provide the total value of their shares. They were able to give either a dollar value or details on each lot of shares that they had, from which a total value was derived.

– Managed funds: Managed funds included items such as unit trusts, group investment funds and cash management trusts. The respondent was asked to provide the total value of their managed funds.

– Other financial assets: Other financial assets included items such as fixed interest investments, securities, bonds and syndicated investments. The respondent was asked to provide the total value of their other financial assets.

The respondent was also asked what proportion, if any, of their total financial assets was invested directly overseas.

Hire purchase
The total amount owed on hire purchase was collected.

Inheritance
Respondents were asked whether they had ever received an inheritance of NZ$10,000 or more. If the respondent was part of a couple then this question was asked of each individual separately. If the respondent had received an inheritance, they were asked to indicate how much they inherited by selecting a value range from a showcard. The year of inheritance was not collected, which impacts on the real value. The respondent was also asked whether they thought they were likely to inherit NZ$10,000 or more in the future. This was included to help determine people’s behavioural patterns toward saving.

Life insurance
Values of life insurance policies were only collected if the respondent said the policy had a surrender value (whole of life policies and endowment policies). This is the amount that the respondent would receive if they cashed their policy in on the day of the interview. Respondents were asked what the surrender value of each life insurance policy they had was. An estimate based on known contributions was made when the surrender value was not known. This happens because the surrender value is often not provided to customers unless requested.

Māori assets
Respondents (and their partners) were asked whether they were an owner of, or shareholder in, assets that belonged to an iwi or hapū; that is, a Māori asset held at the collective level. If they answered yes to this they were then asked for their share of the value of that asset.
If the respondent had a partner then the information was collected separately from each partner. No attempt was made to define the type of asset.

**Mortgages**

The mortgage module was attached to each of the property modules, and questions were asked about each property the respondent had. For each mortgage the respondent had, the total outstanding mortgage debt as at the day of the interview was requested. When collecting mortgage data from the respondent, a distinction was made between revolving credit mortgages and flat mortgages. A mortgage could cover more than one property. If the respondent shared ownership of the home with someone else, only the respondent’s share of the mortgage was included.

If a mortgage was secured against a farm or business it was taken into account in the estimation of the market value in the farm or business module. As such, the mortgage would not be counted in the mortgage module resulting in an undercount of the number and value of mortgages.

**Motor vehicles**

In keeping with international standards the motor vehicles module was divided into two series - motorcycles/scooters and other motor vehicles. The total value of each of these was collected from respondents. This included all vehicles regardless of whether they were licensed, had a current warrant of fitness, or were in working order. It excluded vehicles owned by the respondent’s business, which would be included in the business value.

**Owed money asset**

Information in this module was only collected when the money owed to the respondent amounted to NZ$1,000 or more.

**Residential property**

There were five separate residential property modules in the questionnaire - owner occupied property, rental property, holiday homes, other property and overseas property.

Respondents were asked for the most recent rateable valuation of the property they owned as this provided a standardised value. This and the commercial property module were the only modules in the questionnaire where the respondent was not asked for a market value. When a value could not be given it was found using the Quotable Value New Zealand database.

The rateable value is the assessment of the probable price that would have been paid for the property if it had been for sale at the date of the last general revaluation. A rateable value does not include chattels, stocks, crops, machinery, goodwill or plantation trees.

Respondents were asked what proportion of the property they personally owned if they were not the sole owners. If the respondent shared ownership of the home with someone else (other than their partner if part of a couple), only the respondent’s share was included.

- **Owner occupied property:** This module asked whether the respondent owned or partly owned the house/flat/apartment that they were living in on the day of the interview. Note: this is a different concept from living in a home that is owner occupied which is what the Census of Population Dwellings measures. Respondents who answered yes to this question were asked to provide the rateable valuation for the property.

- **Rental property, holiday homes and overseas property:** For these three modules, respondents were asked to provide the rateable valuation for each rental property, holiday home and overseas property they owned or partly owned in New Zealand.
– **Other property**: Other property included partially built residential property, sections of land meant for residential property and any other New Zealand residential property not used as their principle residence, as rental property or as a holiday home. Respondents were asked to provide the rateable valuation for each other property they owned or partly owned in New Zealand.

**Student loans**

Student loan information was collected separately for the respondent and the respondent’s partner when a couple was interviewed. Information was only collected for student loans taken out in New Zealand since 1992. The respondent was asked to provide the amount still owing on their student loan. Students in hostels and borrowers overseas at the time of the survey were not included in the survey population. See Survey Coverage, p 124.

All compounded student debt will have been captured from those who responded.

**Superannuation**

This module collected information about superannuation schemes if the respondent was not yet receiving payments. If the respondent was part of a couple then the respondent and the respondent’s partner were asked about their superannuation schemes separately. The superannuation module was divided into three separate series:

– **Personal schemes**: These were defined as schemes to which the respondent’s employer made no contributions. Respondents were asked to provide the cash-up or withdrawal value for each of their personal superannuation schemes. The cash-up/withdrawal value is the amount that the respondent would receive if they cashed in their scheme on the day of the interview.

– **Defined benefit schemes**: Respondents were asked this series of questions if their employer contributed to their superannuation scheme and the scheme name was on the defined benefit list. The benefit is usually based on final average salary. Respondents were asked to provide their current salary. The Government Actuary provided an estimate of the value of the scheme as at the day of the interview.

– **Defined contribution schemes**: Respondents were asked this series of questions if their employer made contributions to the scheme and it was not on the defined benefit list. The benefit paid is based on the contributions made to the scheme. Respondents were asked to provide the cash-up or withdrawal value of the scheme as well as the member and employer account balances. The cash-up/withdrawal value is the amount that the respondent would receive if they cashed their scheme in on the day of the interview.

**Timeshare**

Respondents were asked to estimate how much their timeshare(s) would be worth if it (they) were sold on the day of the interview.

**Trusts**

Information about trusts was only collected if the respondent (or respondent’s partner) was the settlor of a trust. The settlor is the person who sets up the trust and gifts assets to it. Three types of trust value were looked at:

– **Respondent’s monetary trust assets as settlor of the trust**. This was taken as the total amount of debt owed to them as the settlor by the trust. This is the value used in the calculation of net worth.

– **The total value of the trust**. Taken as the total value of current trust assets minus any debts on those assets (such as mortgages) and any debts owing to the settlor.

– **The total value of trust assets**. Taken as the total value of current trust assets.
Modules and information collected

The Household Savings Survey (HSS) was administered ‘face to face’ by interviewers using computer assisted interviewing (CAI) technology. CAI allowed for an electronic questionnaire (EQ) to be programmed onto computer laptops which interviewers then used to collect respondent answers. As there is no paper version of the EQ, an overview of the information collected, and the order in which it was collected, can be found below. To request information about how to view a blank version of the EQ, please refer to Contact Details, back cover.

EQ modules

The EQ modules are listed in the order they appeared in the EQ. Modules that all respondents were asked to answer are in bold. The other modules (not in bold) were only asked if the respondent said they had that asset or liability in the household module or introductory modules.

EQ lead in or, Household form for Māori booster sample
Household Introduction
Family
Children
Labour force
Māori assets
Trusts
Asset introduction
Farms
Business
Commercial property
Commercial overseas property
Property introduction (residential)
Mortgage (series question for all property modules)
Timeshare
Holiday homes
Rental
Other property
Overseas property
Superannuation
Life insurance
Credit cards
Bank accounts and loans
Financial assets
Cash
Money owed to you
Motor vehicles
Questions asked in the EQ modules

A number of questions were asked in the household introduction, family, children, and labour force modules before the asset and liability modules. These questions established who to interview, the respondent’s family composition, and the labour force status of the respondent (and partner).

Household questionnaire (HQ)

This module captured a list of all people within the household to determine who was eligible to be interviewed.

The EQ randomly selected the respondent from this list. If the respondent had a partner and that partner was present, the interview was conducted as a joint interview. If necessary, a proxy interview was conducted with one member of the couple answering on behalf of both members of the couple.

The questions asked in the module:

- number of people in household and whether respondent has a partner (in same household) and
- age, sex and ethnicity of all household members.

The Māori booster sample used a paper household form to fill in the initial household information - name, age, sex and ethnic groups of all household members. A blank copy of this form can be found on p 145. To be eligible to participate in the Māori booster sample, an individual had to meet the criteria for participation in the core sample (unless they were the partner of a respondent) and, in addition, give Māori as one of their ethnic groups. An eligible respondent was selected at random using a selection grid on the paper form, then the household information was entered into the HQ for the Māori booster sample.

Personal questionnaire (PQ)

Family

The family module collected information about whether any of the people in the household were related to the respondent.

The questions asked in the module:

- nature of relationship (partner, sibling, child, in-laws, etc) of household members to respondent
- if children in household, what were their ages and were they dependent (17 years or younger, not working full time).
The net worth of New Zealanders: a report on their assets and debts

Children
The questions asked in the module:
- number and age of children not living in the household including those from previous relationships. For couples this included children from any past as well as present relationship.

Labour force
This module asked a series of questions to determine the labour force status of the respondent, and the respondent’s partner, when a couple was interviewed. The questions were asked separately of members of the couple to establish each person’s labour force status.

The definitions used in the HSS are consistent with the Household Labour Force Survey (HLFS).

The questions asked in the module:
- labour force status last week (employed, unemployed, not in the labour force).

If employed:
- number of paid jobs, usual number of hours in main job, employment status, occupation, industry
- number of years since they first started working for pay or profit.

If unemployed:
- whether they have had a paid job since their first one
- number of years out of the paid workforce.

The following is a list of the asset and liability modules with a description of the questions asked in each module. There are some modules where, in a couple interview, information was collected separately from both the respondent and their partner. This is indicated under the title heading.

For a more detailed description of these asset and liability modules, see section 2 of this appendix, Glossary, pp 132-138.

Māori assets
The questions were asked separately for both the respondent and the respondent’s partner, when a couple was interviewed.
- value of share.

Trusts
- questions asked of settlors: number of trusts, type of asset in trust, number of settlors, amount owed to the settlor by the trust, amount the settlor owes on any assets in the trust
- all respondents were asked if they were a beneficiary (yes/no answer).

Asset introduction
This module listed assets that a respondent may own. Respondents screened into each of these modules by selecting yes to an option listed below.

Do you (and/or your partner) own:
- the house you are in today?
– another residential property for your family’s use, or to rent out; such as a house, flat, apartment, holiday home, timeshare, or section in New Zealand or overseas?
– a business?
– a farm, orchard, and/or vineyard?
– a commercial property, such as a factory, office or shop?

* a superannuation scheme that you are not yet getting payments from?
– life insurance?
– a car, motor bike, or other motor vehicle, whether working or not?
– antiques, art, jewellery, or collectibles?
– shares, managed funds or other financial assets?

Properties (and the house living in)
– number of farms and value of share, taking into account any money owing.

Business (and the house living in)
The module had two series of questions:
– Series one recorded values for businesses that could be sold. The current market value of the business was collected; if this was unknown, the net profit over three years was collected.
– Series two recorded values for businesses that could not be sold, or when the respondent did not know if the businesses could be sold. In these cases the questions asked for the net book value. If the book value could not be given, the respondent was asked the value of assets, liabilities and bank accounts.

Property modules
The HSS recorded the number of properties and the current rating valuation for each of the property modules listed below.
– commercial property
– commercial overseas property
– residential property - number and rating value given separately for each type of property listed below:
  - own home
  - holiday homes
  - rental
  - other property
  - overseas property
  - time share

Mortgage
This module was attached to each property module and asked for the following information:
– whether mortgaged and the value outstanding on the mortgage
– number of mortgages and proportion used for investment/business purposes
– whether the mortgage was revolving credit or table mortgage.
Superannuation
The module had two question paths: schemes to which an employer made a contribution (defined benefit and defined contribution schemes), and schemes to which an employer did not make a contribution (retail and private schemes).

- in all schemes information was collected on the number of superannuation schemes, type of scheme, value (accumulated contributions or member and employer account balances), value and timing of contributions, first year began contributing.

Life insurance
- number, surrender date and value, maturity date and value.

Credit card/charge card/store card
- number of cards, amount debit/credit on each.

Bank accounts/loans
- number and amount debit/credit on each, value of any bonus bonds
- for loans: number, amount owing and proportion of loan used for business.

Financial assets
- value of financial assets in each of the following three categories: shares, managed funds, and 'other financial assets', proportion invested directly overseas, value and timing of any contributions.

Cash
- total value of 'cash in hand’ - only amounts over $1,000 or more in total were collected.

Money owed to you
- total amount owed to respondent - only amounts over $1,000 or more in total were collected.

Motor vehicles
- number and value - included both vehicles in, and those not in, working order.

Collectibles
- total combined value for collections - only amounts over $1,000 or more in total were collected.

Other assets
- number, type of asset and value - only amounts over $1,000 or more in total were collected.

Liability introduction module
This module listed liabilities that a respondent may have. Respondents screened into each of the liabilities listed below by answering yes to them:

Do you (and/or your partner) have:
- a student loan?
- any hire purchases?
- other money owed to a person or organisation?
Student loans
When a couple was interviewed the questions were asked separately for both the respondent and the respondent’s partner.
– year money was first borrowed
– amount still owing.

Hire purchase
– total combined value of money owed on hire purchase items.

Money owed to people or an organisation
– total amount owed - only amounts over $1,000 or more in total were collected.

Any other debt
– total amount owed - only amounts over $1,000 or more in total were collected.

In addition to asset and liability information, details on other factors that have influenced a respondent’s financial position were collected. These were:

Life events
When a couple was interviewed the questions were asked separately of both the respondent and the respondent’s partner.
– number of years since first property bought
– receipt of an inheritance, and likelihood of receipt.

Demographics
When a couple was interviewed the questions were asked separately for both the respondent and the respondent’s partner.
– legal marital status
– years spent at secondary school and full-time years spent in post-school study.
– highest qualification
– (if not born in New Zealand) year arrived in New Zealand.

Income
Total income for the last 12 months was collected separately for both the respondent and the respondent’s partner when a couple was interviewed, for:
– gross annual income from wages and salary
– gross annual income from self-employment.

When a couple was interviewed, total income from the following sources for the last 12 months was collected as joint information:
– New Zealand government superannuation, pension or annuity
– other superannuation, pension or annuity
– other government income support payments
– investment income
– other regular income
– other one-off or irregular income.

When a couple interview was conducted the main source of income was collected as joint information from the couple.
### Selection panel

<table>
<thead>
<tr>
<th>No. of eligible people:</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select person:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### A Showcard 2

After listing name, sex, ethnic groups, and age for all household members, check if any are in the groups on showcard 2.  
1 = yes in one of the groups, or 2 = no, not in any of the groups on showcard 2.

### B

Put 'E' eligible; otherwise put 'N'. To be eligible the person must:
- have Maori (13) as an ethnic group,
- be aged 18 or older,
- NOT be in any of the groups on showcard 2.

### C

Number the eligible people starting with the oldest.

### D

Use the table above to choose the respondent. Put a tick in his/her box.

---

List the names of all household members include people staying here temporarily IF they have no other address they usually live at.

<table>
<thead>
<tr>
<th>Sex</th>
<th>Showcard 1 Age on last birthday</th>
<th>Showcard 2 Eligibility code</th>
<th>C Number</th>
<th>D ✓</th>
</tr>
</thead>
<tbody>
<tr>
<td>M=1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F=2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Name of respondent’s partner, if any: ________________________________
Tables

Standard tables available from the HSS
The report ‘Net Worth of New Zealanders, Standard Standard tables and Technical Notes’
can be provided on request. See Contact Details, back cover.

1.01 Socio-demographic characteristics of respondents
1.02 Labour market and educational characteristics of respondents
1.03 Characteristics by relationship status
2.01 Net worth by age group by relationship status
2.02 Net worth of non-partnered individuals by sex
2.03 Net worth by ethnic group by relationship status
2.04 Net worth by labour force status by relationship status
2.05 Net worth by total income by relationship status
2.06 Net worth by number of dependent children by relationship status
2.07 Net worth by number of children ever had by relationship status
2.08 Net worth by highest educational qualification by relationship status
2.09 Net worth by marital status by relationship status
2.10 Net worth by occupation by relationship status
2.11 Net worth by main source of income by relationship status
3.01 Net worth of couples by ethnic group of each partner
3.02 Net worth of couples by labour force status of each partner
4.01 Asset counts by relationship status
4.02 Selected asset types by age group by relationship status
4.03 Selected asset types for non-partnered individuals by sex
4.04 Selected asset types by ethnic group by relationship status
4.05 Selected asset types by number of dependent children by relationship status
4.06 Selected asset types by number of children ever had by relationship status
4.07 Selected asset types by total income by relationship status
4.08 Selected asset types by net worth quartile by relationship status
5.01 Liability counts by relationship status
5.02 Main liability type by age group by relationship status
5.03 Main liability type for non-partnered individuals by sex by relationship status
5.04 Main liability type by ethnic group by relationship status
5.05 Main liability type by number of dependent children by relationship status
5.06 Main liability type by number of children ever had by relationship status
5.07 Main liability type by total income by relationship status
5.08 Main liability type by net worth quartile by relationship status
6.01 Debt as a proportion of assets by age group by relationship status
6.02 Debt as a proportion of assets for non-partnered individuals by sex
6.03 Debt as a proportion of assets by ethnic group by relationship status
6.04 Debt as a proportion of assets by number of dependent children by relationship status
6.05 Debt as a proportion of assets by number of children ever had by relationship status
6.06 Debt as a proportion of assets by total income by relationship status
6.07 Debt as a proportion of assets by net worth quartile by relationship status
7.01 Value of residential property by age group by relationship status
7.02 Value of residential property of non-partnered individuals by sex
7.03 Value of residential property by ethnic group by relationship status
7.04 Value of residential property by total net worth by relationship status
7.05 Value of residential property by total asset value by relationship status
7.06 Value of residential property by number of dependent children by relationship status
7.07 Value of residential property by number of children ever had by relationship status
8.01 Mortgage amount outstanding by age group by relationship status
8.02 Mortgage amount outstanding of non-partnered individuals by sex
8.03 Mortgage amount outstanding by ethnic group by relationship status
8.04 Mortgage amount outstanding by total net worth by relationship status
8.05 Mortgage amount outstanding by total asset value by relationship status
8.06 Mortgage amount outstanding by total liability value by relationship status
8.07 Mortgage amount outstanding by number of dependent children by relationship status
8.08 Mortgage amount outstanding by number of children ever had by relationship status
9.01 Net worth for all adults by age group
9.02 Net worth for all adults by ethnic group
9.03 Net worth for all adults by labour force status
Data quality: comparison and imputation

Data from the HSS was compared with similar data sources to ascertain the coverage of the survey. This meant matching with aggregate figures from other sources was possible.

Comparison with other data sources

Direct comparisons with national accounts data are difficult to make due to differences in definition, coverage and treatment. Both the HSS and the national accounts data are estimates. The HSS is able to provide data on the distribution of assets and debts among non-partnered individuals and couples rather than specifically validate aggregate estimates. Despite this, aggregate estimates were found to be similar.

Taking into account measurement differences, the HSS aggregate estimates appear to match reasonably with data from other sources. This adds validity when looking at the distribution by individual characteristics. However there are difficulties attached to defining an asset that can fit into more than one category. In general when a group of assets are combined (such as mutual funds, unit trusts and life insurance) the totals appear reliable.

Another reason for a difference in estimates may be the division of household assets and business assets. Likewise the survey population excluded those living in institutions (such as retirement homes and student hostels) which would impact on the population coverage and therefore net worth estimates for the total population.

The value of assets in trust will also contribute to a difference. This is most notable when looking at home ownership. The value of trust assets was not included elsewhere in the questionnaire which means a respondent would not be counted as a home owner if their house was in a trust. The total value of assets in trust was estimated at $93 billion.

Selected asset/debt comparisons

(Full details on validation of data from the HSS against other sources are available from Statistics New Zealand.)
Bank assets

Bank assets is the asset where there was the most difference between the HSS and an aggregate value by the Reserve Bank. The aggregate value from the survey was almost half that of the $45 billion estimated by the Reserve Bank. However, this difference is also seen in both the US and Canada when comparing their survey data with their system of National Accounts.

This difference may be due to accounts set up by parents for their children which the parents did not count as an asset. It could also be due to not capturing the value of bank assets of older people in institutions who were not part of the survey population.

Non-response for bank assets was low, as shown in figure A.1.

Cash assets

Cash assets may be lower than the Reserve Bank approximation due to the HSS minimum limit of $1,000.

Credit card debt

The HSS recorded total credit card debt at $1.926 billion while the Reserve Bank estimate shows credit card debt at $3.076 billion. Part of this difference may be explained by people who pay the balance before the end of the interest-free period and do not regard this as a debt (giving it a zero value). It may also be explained due to people out of the country at the time of the survey being excluded. Also credit cards owned by a business (especially personal businesses) may have been included in the business module as part of the business market value and not as a specific credit card debt.

Comparison of student loan data

The value of total outstanding student loan debt provided by the Inland Revenue Department (IRD) for the period ending 30 June 2001 was $4.1 billion. This was approximately $600 million higher than the HSS estimate. There are two reasons that may help explain some of this difference. Firstly, the HSS survey population excluded anyone living in a non-private dwelling. This means that any students living in hostels were outside of the survey’s scope and student loan debt held by this group would not have been collected. Secondly, the HSS did not count people living overseas with student loans. It is estimated that this group makes up approximately 4.8 percent of all student loan borrowers and 7 percent of total outstanding student loan debt, about ($289 million). Another possible explanation for some of the difference is a general lack of awareness of current cumulated student loan balances.

As a percentage of total student loans held by individuals, the HSS showed that 63 percent were held by individuals of European ethnicity, 20 percent by Māori, 6 percent by Pacific peoples, 7 percent by Asians and 3 percent by individuals of ‘other’ ethnicity. This is a similar distribution to what is shown by IRD figures.

Mortgages

The HSS recorded total mortgage debt at $54.526 billion. This compares with the Reserve Bank estimate for the value of mortgages from all M3 institutions at $69.3 billion as at September 2001. There are a couple of possible explanations for this. Firstly, the Reserve Bank estimated that approximately 10 percent of the mortgage debt from their estimate was finance for non-housing activities. Secondly, some mortgage debt may have been recorded in other categories of the HSS such as trusts and bank debt. In addition, the HSS

2, 3, 4 Student Loan Scheme Annual Report 2000/01
5 M3 is the broadest definition of money supply. It comprises notes and coins, current and deposit accounts and all other deposits held by New Zealanders in the banking sector. The M3 institutions are all those who contribute significantly to the money supply.
did not collect any separate mortgage debt information on farms and businesses. Instead in these modules the market value for these was requested and any mortgage debt would have been counted within this value rather than recorded specifically as mortgage debt.

**Imputation (see appendix 1 for definition and methodology)**

Figure A.1 shows the item non-response for each asset and debt. That is, the proportion of respondents who could not give a value for the specific asset or debt. It also shows the proportion of the total asset/debt value that was made up by imputed values.

Note there was no statistical imputation for the following:

- house living in - missing values were looked up using the Quotable Value New Zealand database with the permission of the respondents
- business - the name of the business was used to search for a value using tax data
- superannuation - defined benefit - the Government Actuary calculated a value based on information provided by the respondent

There were no missing values for:

- holiday homes
- credit card (asset)

The figures for the proportion of the asset/debt value imputed for the HSS are lower than those in the Canadian Survey of Financial Security. It is difficult to compare two countries as there are a number of factors that contribute to non-response such as non-sampling error, people’s attitudes and the social environment. Further to this, the use of value range showcards (see appendix 1 for definition) in the HSS may have helped reduce the need for imputation.
### Figure A.1: Item non-response and proportion of asset/debt value imputed

<table>
<thead>
<tr>
<th>Asset/debt type</th>
<th>Percent who didn't respond</th>
<th>Percent of total asset/debt value that was imputed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asset type</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trusts</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Timeshare</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Rental property</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Commercial property</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>Other property</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Superannuation - private (respondent)</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Superannuation - private (partner)</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Superannuation - defined contribution</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>(respondent)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Superannuation - defined contribution (partner)</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Insurance</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Bank accounts in credit</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Bonus bonds</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Shares</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Managed funds</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Owed money (asset)</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Motor cycles</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Motor cars</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cash</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Collectibles</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Other assets</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Debt type</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage on own home</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Mortgage on rental property</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mortgage on other property</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Mortgage on commercial property</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Mortgage on overseas property</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Bank accounts in overdraft</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Bank loans</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Credit card debt</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Student loan (respondent)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Student loan (partner)</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Hire purchase</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other debt</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

0 indicates the item non-response or the proportion of the value imputed, was less than 1 percent.
appendix three

Other sources of information on New Zealander’s net worth or savings

New Zealanders: Their attitudes to Saving

Released on 22 July 2002, this is a qualitative study looking at why people do or do not save, and the attitudes driving their behaviour. The research was conducted by Colmar Brunton for AMP in June 2002 and included focus groups, indepth interviews and family interviews. AMP also conducts regular quantitative research on savings through its ‘Superwatch’ series.

New Zealand Treasury

‘Household net wealth: an international comparison’. A working paper by Iris Claus and Grant Scobie released by Treasury in 2001. This paper examines the portfolio of household net wealth in New Zealand and compares this with other OECD countries.

Office of the Retirement Commissioner

‘Saving in New Zealand’. A background paper by John Savage on behalf of the Retirement Commission published in April 1999. The paper looks at the economic importance of saving, its measurement, actual trends and the determinants of these trends.

Reserve Bank paper on Household Assets and Liabilities

The paper ‘Trends in household assets and liabilities since 1978’ by Clive Thorp and Bun Ung (RBNZ Bulletin, vol 63, no 2) covers much the same area as the Westpac-FPG Household Savings Indicators (see below). It provides estimates of the aggregate value of household financial assets, liabilities and housing wealth as at December 1999. However, the two authors have supplemented the existing Reserve Bank survey data with other estimates. For example they include:

- estimate of household holdings of cash
- deposits with non M3 institutions and credit unions
- property syndication
- retail bonds
– direct overseas equities
– loans from non M3 institutions (eg credit unions, life insurance funds, superannuation funds, managed funds, solicitors)
– student loans
– separate estimates of hire purchase borrowing and credit card liabilities

Statistics New Zealand: National Accounts

Prior to the HSS, the only measure of household savings that SNZ had was the ‘flow’ measure that is calculated by taking the residual from income less expenditure. This is calculated from the national accounts. The many financial transactions that take place in the economy every day are classified, measured and recorded in the national accounts. The national accounts are organised within the framework of the New Zealand System of National Accounts (NZSNA).

Westpac-FPG Household Savings Indicators

On a quarterly basis this dataset uses Reserve Bank series on financial assets and liabilities of NZ households, as well as an estimate of the value of housing stock to calculate an ‘indicator’ of aggregate household net worth. Assets and liabilities estimates covered are:

– household deposits at M3 institutions
– superannuation fund assets
– private holdings of government securities
– deposits in solicitors’ trust accounts
– unit trusts, life insurance bonds and group investment funds
– privately held shares
– private portfolios, trusts and estates managed by Trustee companies
– residential housing stock
– the Reserve Bank’s ‘Extended Household Credit’ measure of household liabilities from M3 institutions
– mortgage borrowing

Westpac-FPG NZ Savings Profile

This was a 1995 face to face interview of 3,350 respondents. They were asked, amongst other things, for the values of their assets and liabilities. From this, information on the distribution of net worth across households was produced.
The net worth of New Zealanders: a report on their assets and debts
Contact details

For further information on the statistics in this report or to order further copies, contact the Statistics New Zealand Customer Services Centre.

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Information and free copies of The Net Worth of New Zealanders – Standard Tables and Technical Notes and this report are available on the Statistics New Zealand Household Savings Survey web page:

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Home page: www.sorted.org.nz
THE net worth OF NEW ZEALANDERS
A REPORT ON THEIR ASSETS AND DEBTS