



Center for
**HOUSEHOLD
FINANCIAL
STABILITY**[®]

Researching Family Balance Sheets to Strengthen
Families and the Economy | stlouisfed.org/hfs

U.S. Family Balance Sheets and Students Loans

State Assets Coalition Cluster Meeting
Center for Social Development,
Washington University in St. Louis
August 6, 2015

Ray Boshara*

Senior Advisor; Director, Center for Household Financial Stability
Federal Reserve Bank of St. Louis | www.stlouisfed.org/hfs

**These are my own views, and not necessarily the views of the Federal Reserve Bank of St. Louis, Federal Reserve System, or the Board of Governors.*

How Age/Birth Year, Education, and Race/Ethnicity is Associated with Wealth

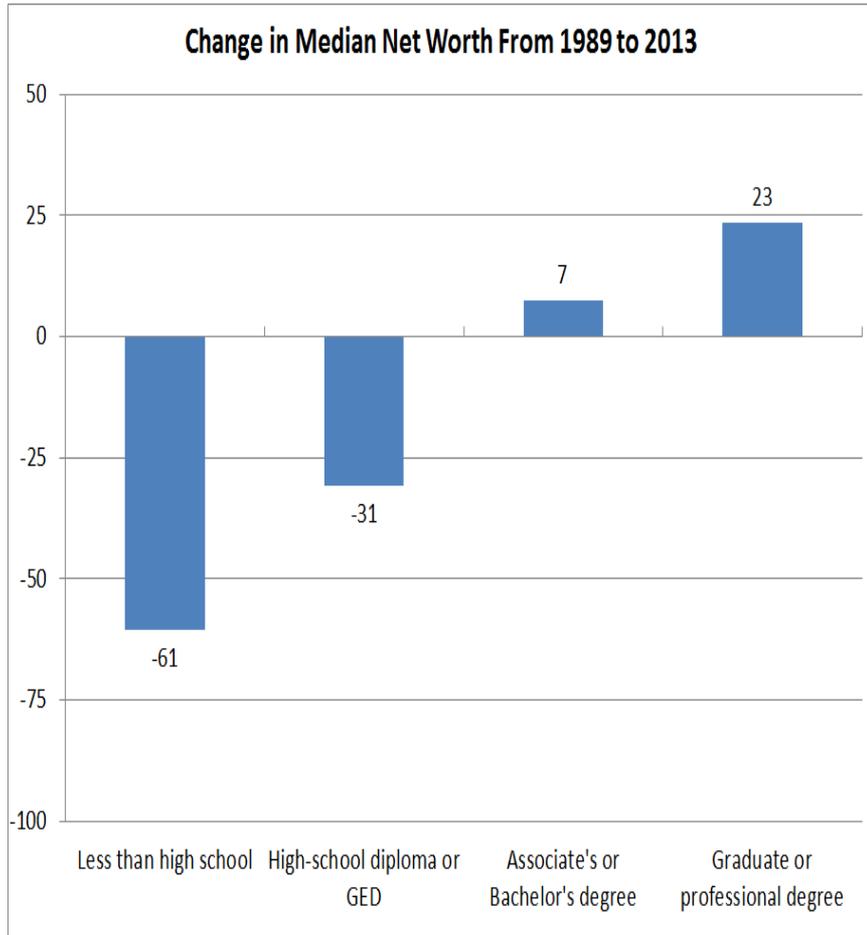
(Emmons and Noeth, 2015)

Median Real Net Worth in 2013 (\$)



Education and Wealth

(Emmons and Noeth, 2015)



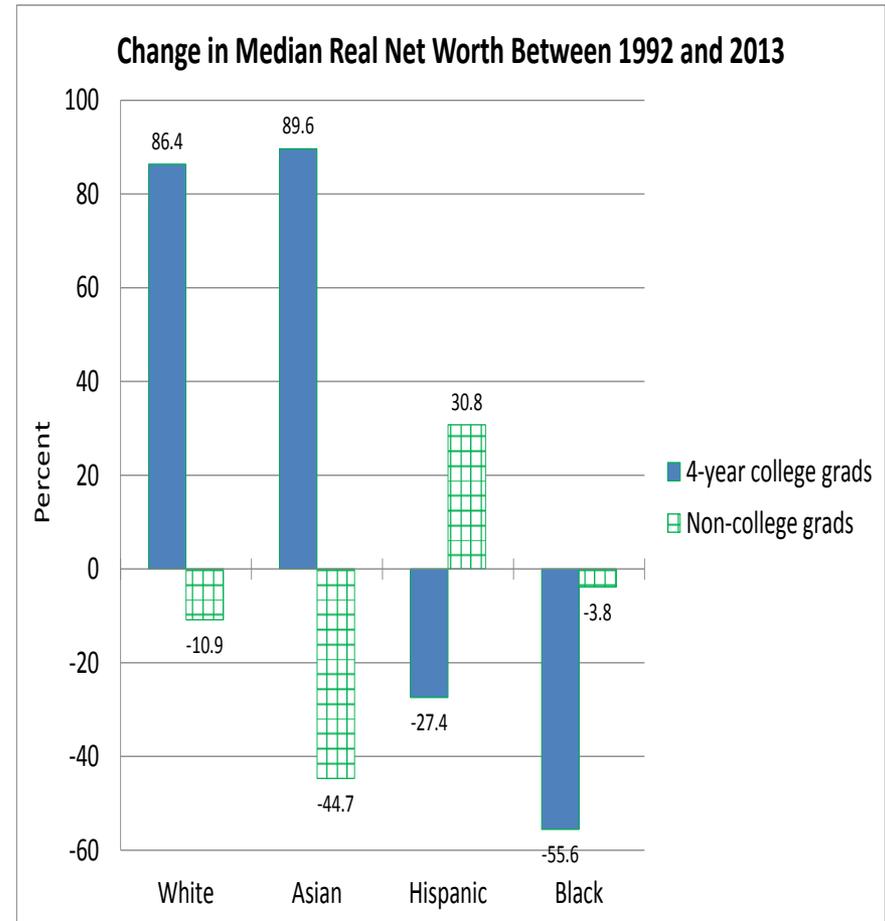
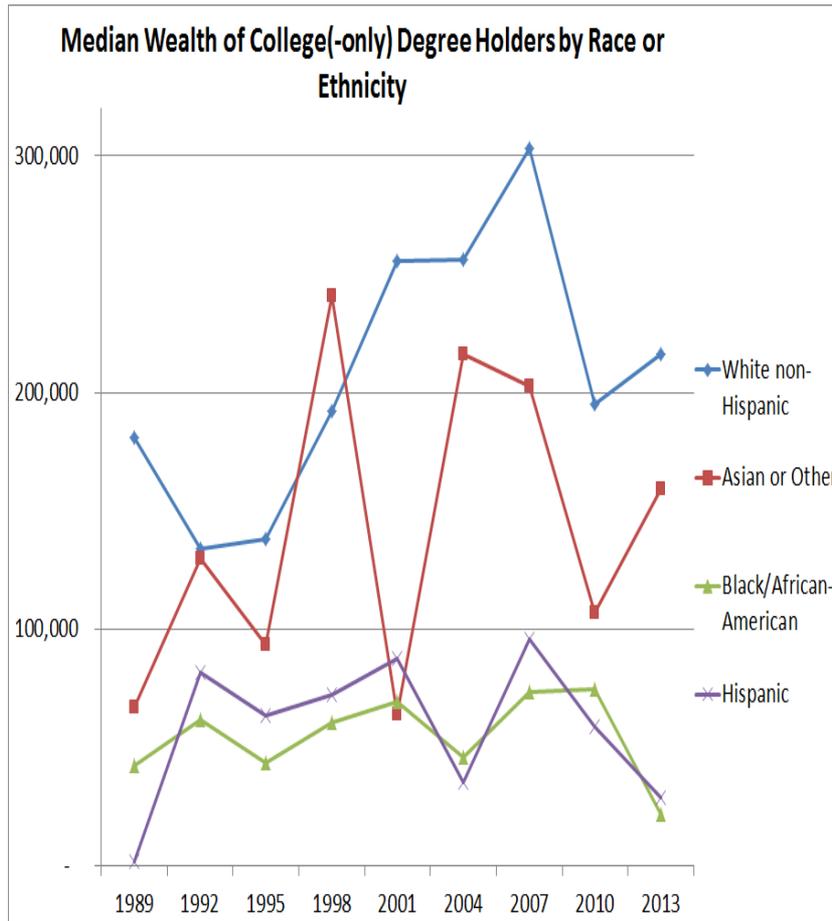
Median Family Net Worth in 2013 (\$)

	4-year college grads	Non-college grads	Ratio
All families	273,586	43,625	6.3
White	359,928	80,692	4.5
Asian	250,637	25,632	9.8
Hispanic	49,606	12,160	4.1
Black	32,780	9,006	3.6



Race, Education, and Wealth

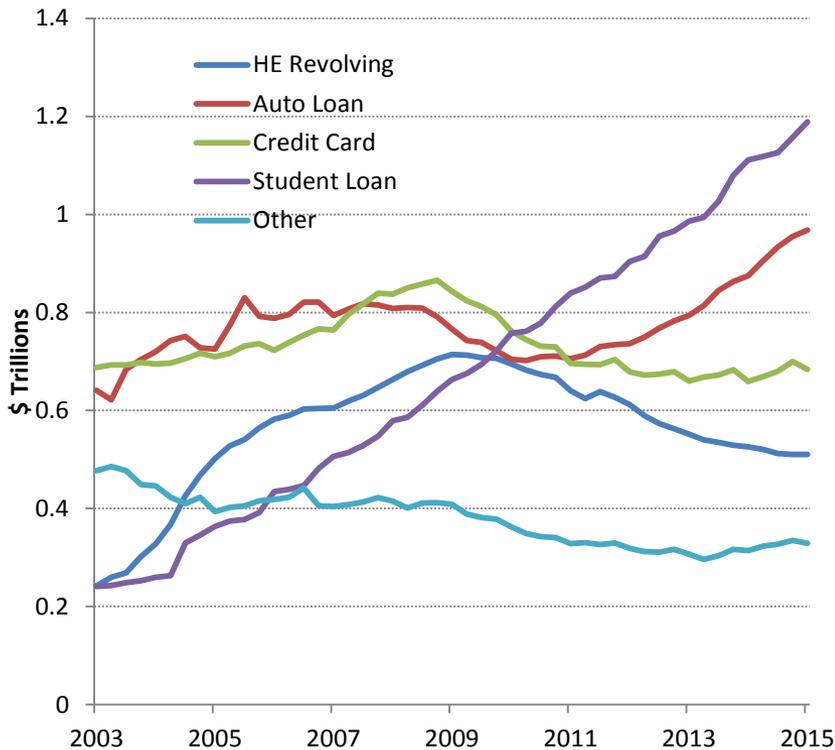
(Emmons and Noeth, 2015)



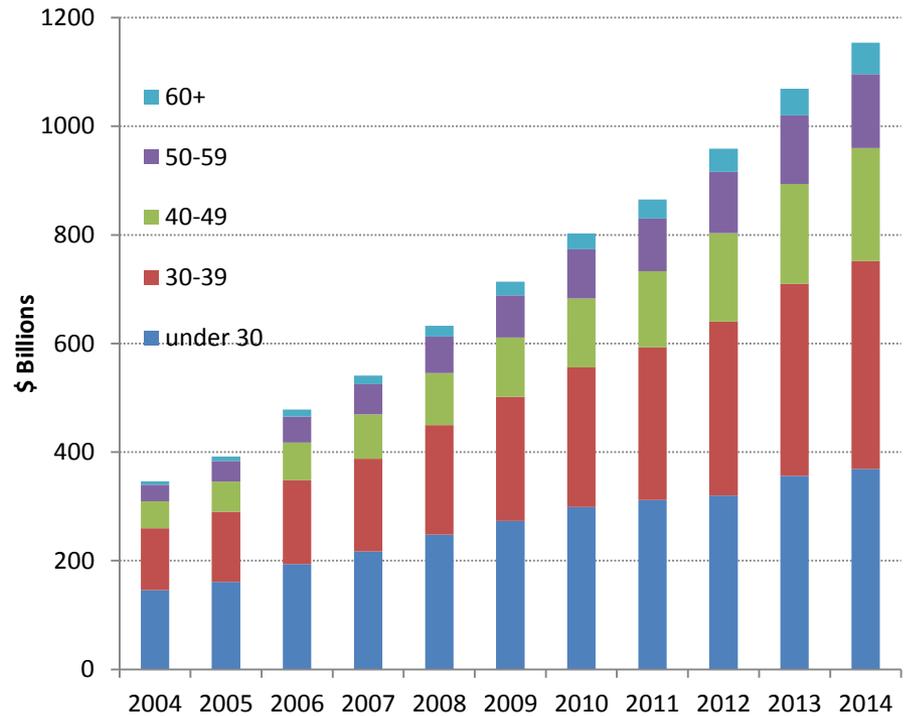
Student Loans Overview

(Federal Reserve Bank of New York Consumer Credit Panel / Equifax; 2015)

Non-mortgage Balances



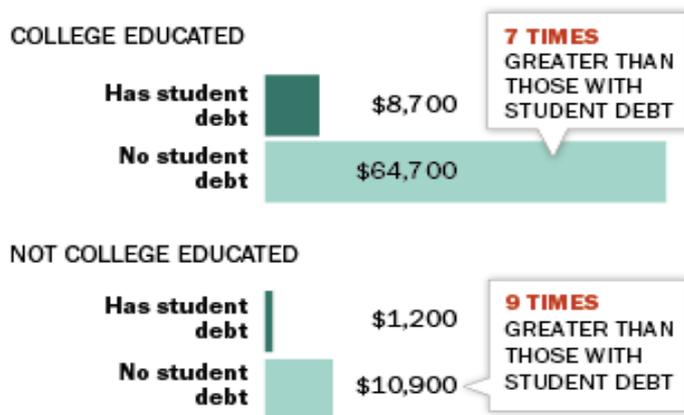
Total Student Loan Balances By Age



Impact of Student Loans on Net Worth

Young Student Debtors Lag Behind in Wealth Accumulation

Median net worth of young households



Note: Young households are households with heads younger than 40. Households are characterized based on the educational attainment of the household head. "College educated" refers to those with a bachelor's degree or more. Student debtor households have outstanding student loan balances or student loans in deferment. Net worth is the value of the household assets minus household debts.

Source: Pew Research Center tabulations of the 2010 Survey of Consumer Finances

PEW RESEARCH CENTER

Negative impact of student loans on—

- Marriage
- First home purchase
- Wages
- Consumption

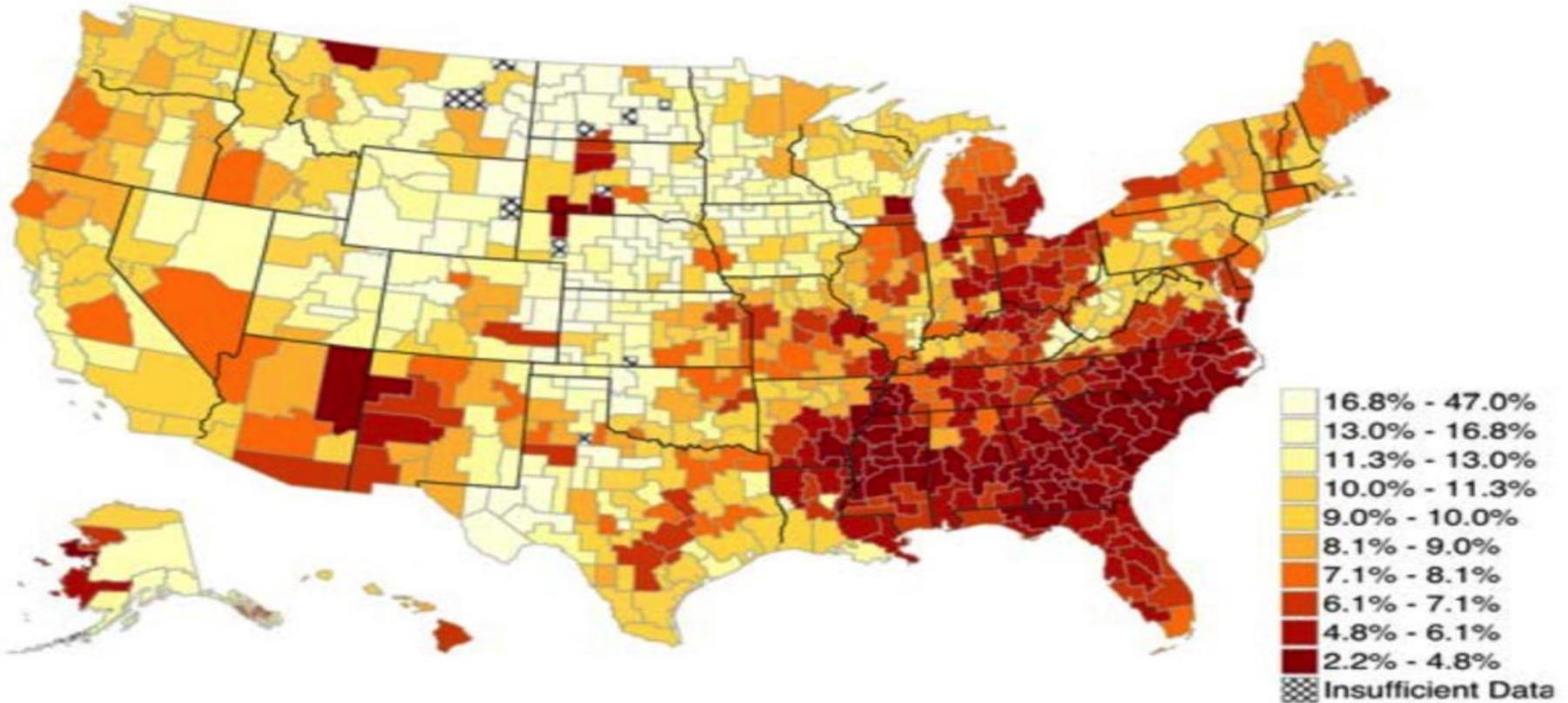
Student loans appear to *displace* the acquisition of other wealth-building assets



Early Investments Matter

Probability of Reaching Top Quintile from Bottom Quintile

Raj Chetty et al., Equality of Opportunity Project, Harvard



Corr. with baseline $\bar{r}_{25} = 0.91$ (unweighted), 0.92 (pop-weighted)



Early Investments Matter, con't

