

# United States Household Worth Report

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## Introduction:

Household net worth is a fundamental economic indicator that provides valuable insights into the financial well-being of individuals and families within a nation. It represents the difference between a household's total assets and its liabilities, reflecting the overall financial health and wealth accumulation of the population.

Household net worth, often referred to as wealth, is calculated by subtracting a household's liabilities (debts and obligations) from its assets (properties, investments, savings, and other valuable possessions). The resulting value represents the residual wealth that a household would possess if all debts were paid off using its assets. In essence, it's a measure of the economic cushion available to a household in case of emergencies, as well as the potential for future investments, consumption, and intergenerational wealth transfer.

Household Net Worth has an effect on Economic Well-being and Growth, Financial Literacy, Wealth Distribution and Policy Changes. **Wealth distribution** is the focus of this analysis.

## Executive Summary:

### Project Objective:

The main objective of this project is to compare the net worth of different households in United States and determine which households require more focused attention.

### Notable Insights:

- White households have always had the highest household net worth.
- The gap of white household net worth against Black, Hispanic or other community's household net worth is growing non-linearly overtime.
- Excluding the white households, the distribution of household net worth is fairly even between other communities in United States

### Immediate Future Actions:

- Minority Communities need more policy driven uplifting so that their household worth can increase at a similar rate to white households.
- Policies should be made to ensure the increasing trend is equal across all the minority communities.

## About the Dataset:

The open-source dataset is taken from **Kaggle**:

<https://www.kaggle.com/datasets/sqlrockstar/aggregate-household-net-worth-usa-1979-2021>

The data set contains information of **assets**, **liabilities** and **household net worth** of households in **United States**, from **1989-2021**, divided into four categories based on ethnicities i.e., **White**, **Black**, **Hispanic** and **Others**.

## Data Wrangling:

The csv data file was extracted using **Microsoft Excel**. The Data Wrangling operations were performed using **Power Query** in Microsoft Excel. Some of the performed operations were:

- Header Promotion
- Removal of Duplicates
- Filtering
- Correcting Data Types

#### Data Transformation:

Data Transformation was done by using Power Query and Pivot tables were made using **Power Pivot** in **Microsoft Excel**. Some of the performed operations were:

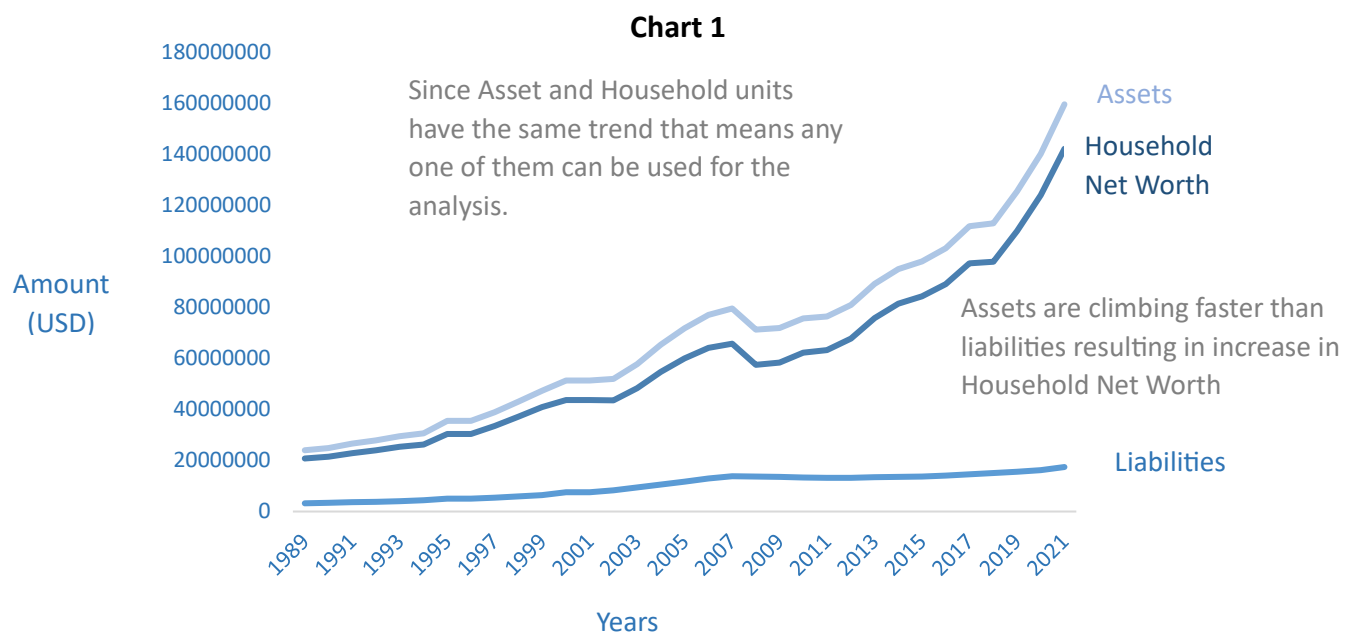
- Removal of Irrelevant Columns
- Unpivoting the data
- Addition of calculated columns for further comparisons
- Creation of specific pivot tables for analysis and visualizations

## Data Visualizations and Insights:

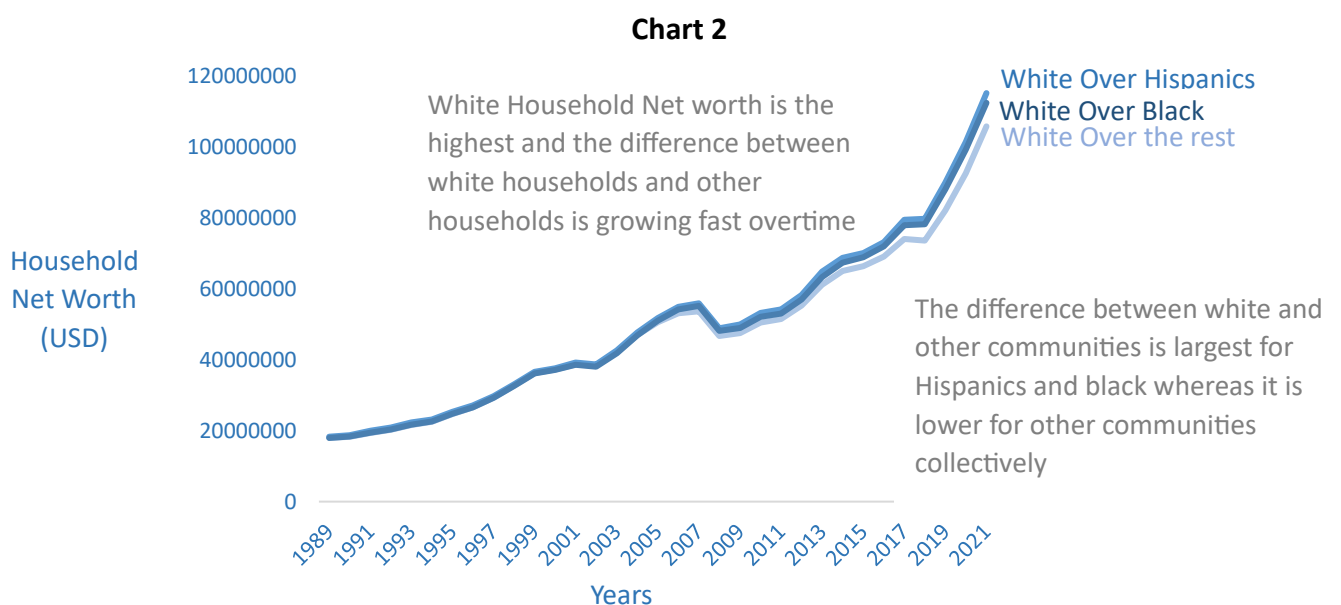
The initial charts were created using **Microsoft Excel** and for in depth study two dashboards with various visualizations were created using **Tableau**. Interactive **dashboards** were developed to provide users with the ability to customize their experience. Each visualization was constructed with an objective. Most useful visualizations and dashboards with the insights obtained are reported below.

### Charts:

1. The first visualization is showing the aggregated assets, liabilities and household worth over the years using a line chart.



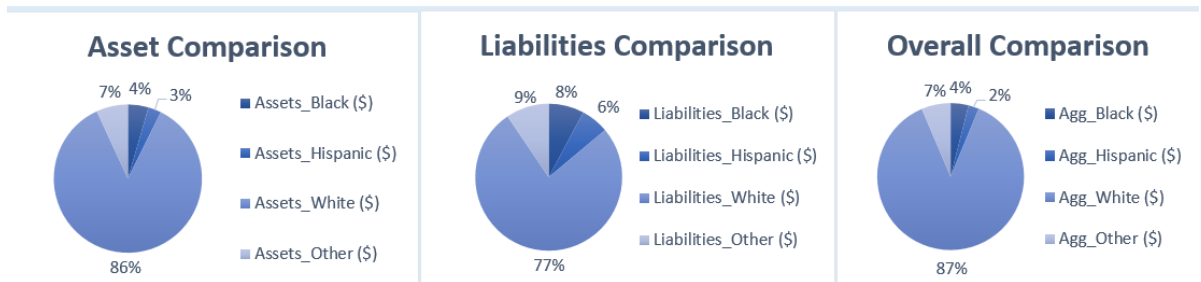
2. This visualization is showing the comparison of household units between white households and other community households.



3. This visualization is showing the comparison of household units, assets and liabilities between all the communities aggregated for all the years

**Chart 3**

Sum of Assets for All Years		Sum of Liabilities for All Years		Aggregated Sum for All Years	
Assets_Black (\$)	102507824	Liabilities_Black (\$)	25920838	Agg_Black (\$)	76586988
Assets_Hispanic (\$)	64400377	Liabilities_Hispanic (\$)	20371712	Agg_Hispanic (\$)	45392014
Assets_White (\$)	1.953E+09	Liabilities_White (\$)	2.55E+08	Agg_White (\$)	1.698E+09
Assets_Other (\$)	156986726	Liabilities_Other (\$)	31559705	Agg_Other (\$)	124943599



White households have 72% more assets than all the other communities combined

White households have 54% more liabilities than all the other communities combined

White households have 74% more household units than all the other communities combined

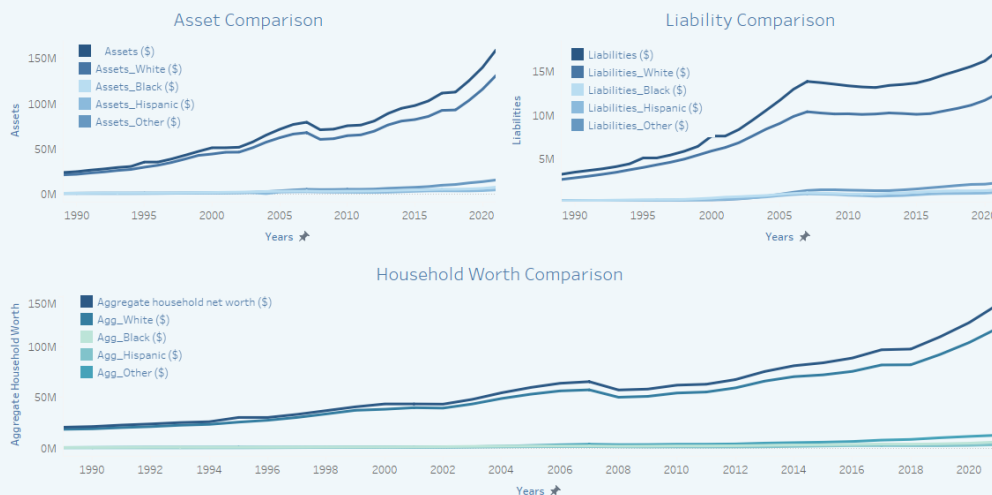
As White Households are more in number so they have both the highest percentage of assets and liabilities, however, the percentage of assets fairly exceeds that of liabilities resulting in the higher percentage of household net worth.

## Dashboards:

1. The first dashboard shows a number of visualizations which are used to compare the increase in assets, liabilities and household net worth for each community.

### Dashboard 1

The gap between assets crosses over a 100M between the white and black/Hispanic households whereas there is only 15 million maximum difference in the liabilities.



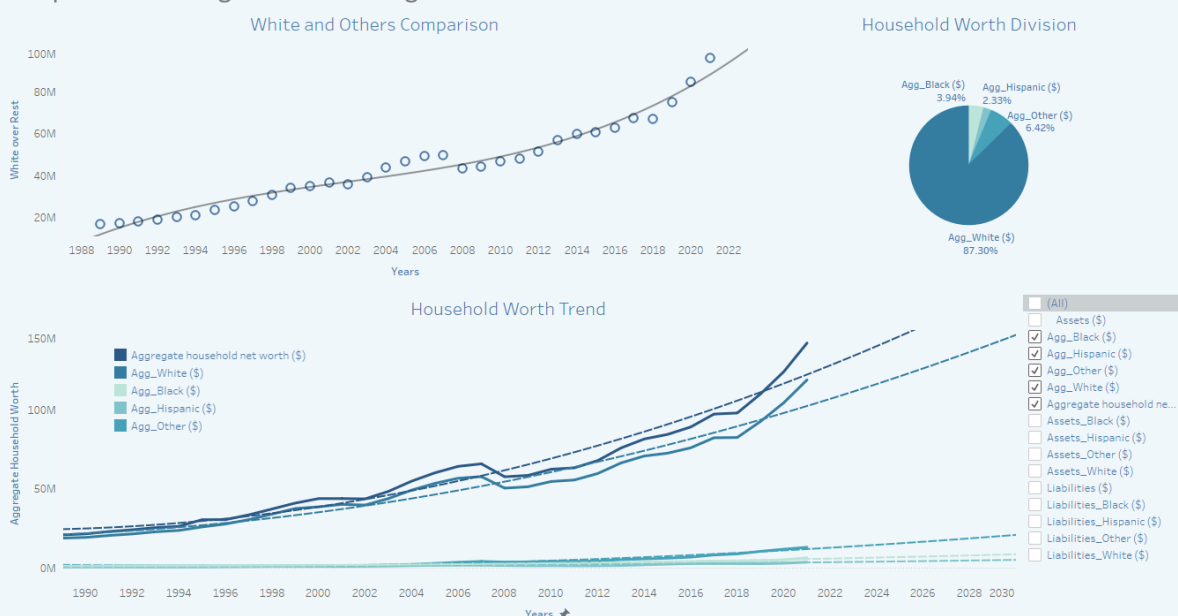
White households have the highest household net worth every year and no single community can keep up with them

2. The second dashboard shows a comparison of white household's net worth with the other communities combined with a trendline, the divisions of household worth by community and the overall predictive trend for the household worth for all the communities

The gap between white households and other communities is increasing at a rapid rate and this gap is expected to keep on increasing with increasing rate

### Dashboard 2

White Households have 8 time more household units than the rest of the communities combined



The three-degree polynomial trendline which was the best fit dictates that the gap between the white household worth and the individual communities will keep on increasing at increasing rate unless there is some form of major intervention

## Analysis Conclusions:

1. White households have always had the highest household net worth. White Households have 8 times more household units than the rest of the communities combined (**Dashboard 2**).
2. The gap of white household net worth against Black, Hispanic or other community's household net worth is growing overtime. The gap between assets crosses over a 100M between the white and black/Hispanic households whereas there is only 15 million maximum difference in the liabilities (**Dashboard 1**).
3. This gap is increasing at a non-linear rate as degree three polynomial equation was the best fit, this indicate that the gap is widening at an increasing rate (**Dashboard 2**).
4. Excluding the white households, the distribution of household net worth is fairly even between other communities in United States (**Chart 3**).

## Considerations to keep in mind:

1. There are more white households than black or Hispanic households so their net worth should logically be greater.
2. The integration of more communities in United States has an equal effect on all the existing communities in the data set.

## Recommendations:

1. Even though there are more white households than black or Hispanic household, the gap between these communities is still increasing fast so uplifting of minority communities through special programs and policies is needed.
2. Such policies are to equally influence all the minority communities without discrimination as to upset the current trends.