TABLE 3

RETURNS TO WEALTH: SUMMARY STATISTICS[a]

Wealth Component	Mean	St. Dev.	Skewness	Kurtosis	P10	Median	P90
Net worth (before tax)	0.0379	0.0859	−0.79	47.75	−0.0308	0.0321	0.1109
Net worth (after tax)	0.0365	0.0781	−0.71	36.88	−0.0283	0.0316	0.1067
Net worth (before tax, unweighted)	0.0004	0.2205	−6.73	68.46	−0.0600	0.0230	0.1037
Net worth (after tax, unweighted)	0.0155	0.1546	−5.28	56.42	−0.0449	0.0247	0.1040
Financial wealth	0.0105	0.0596	−1.78	22.17	−0.0171	0.0084	0.0530
Safe fin. assets	0.0078	0.0188	4.38	53.52	−0.0106	0.0059	0.0268
Risky fin. assets	0.0425	0.2473	−0.08	6.22	−0.2443	0.0418	0.3037
Non-financial wealth	0.0511	0.0786	1.80	15.47	−0.0215	0.0429	0.1275
Housing	0.0485	0.0653	0.73	9.95	−0.0209	0.0441	0.1165
Private equity	0.1040	0.5169	18.01	836.79	−0.0531	0.0052	0.3616
Debt	0.0236	0.0216	2.51	29.50	0.0030	0.0215	0.0461
Long-term debt	0.0230	0.0209	3.54	56.92	0.0038	0.0209	0.0446
Consumer debt	0.0961	0.1086	4.60	82.60	−0.0124	0.0741	0.2119
Student debt	0.0078	0.0260	0.68	4.14	−0.0213	0.0074	0.0399

[a]The table reports summary statistics for various measures of real returns to wealth, pooling data for 2005–2015. Except when noted, all returns are value-weighted.

with only a slightly larger standard deviation than the return to financial wealth (7.9%). However, this masks considerable heterogeneity between its two main subcomponents. In particular, given the large weight of housing in the portfolio of individual investors, the average return to nonfinancial wealth is mostly driven by the return on housing, which in this period was relatively high (4.9%) due to rapidly rising housing prices. The volatility is instead highly affected by that of private equity, whose average return (10.4%) reveals a much higher premium relatively to safe assets than listed stocks (as well as higher volatility, see OA in the Supplemental Material, Figure OA.6), and a staggering amount of heterogeneity (standard deviation 52%). On the liabilities side, the net of inflation average interest rate on debt is 2.4%. This masks considerable differences both between the three types of debt we can identify in the data as well as within: consumer debt is expensive and very heterogeneous across individuals (an average interest rate of 9.6%, standard deviation 10.9%), while student debt is cheap and much less heterogeneous (0.8%, standard deviation 2.6%); mortgages and long term debt fall in between (average real rate 2.3%, standard deviation 2.1%). All in all, heterogeneity in our most comprehensive measure of returns to wealth can be traced in the first place to heterogeneity in returns to private equity and the cost of debt and only partially to heterogeneity in returns to financial wealth. Returns to net worth exhibit also departures from normality, with very pronounced excess kurtosis (a coefficient of 48) and left skewness (−0.8), mostly imparted by the cost of debt.

While the extent of return heterogeneity from Table 3 is large, it is useful to develop a metric for how much return heterogeneity deviates from some theoretical benchmark. As a simple benchmark, let us focus on financial wealth and consider a standard Merton–Samuelson framework in which all investors have access to the same financial investment opportunities (Merton (1969); Samuelson (1969)). In this model, the investor's optimal share of risky traded assets α_{it}^m is a function of the market expected excess returns, $E(r_t^m -$

is 0.54%) is 5.44%, below the economy-wide equity premium for the same time period (11.2%). This reflects the fact that the household sector performs worse than the market, buying at the peak and selling at the bottom of market valuations in 2008–2009.