Measurement of Assets in Retirement Plans: Comparing the SCF and the HRS

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Two large datasets, the Survey of Consumer Finances (SCF) and the Health and Retirement Study (HRS), are widely used to study retirement assets. Several studies had reviewed the quality of the data of these two datasets on wealth (Curtin, Juster, & Morgan, 1989; Fries, Starr-McCluer, & Sundén, 1998; Juster, Cao, & Couper et al., 2007; Kennickell & McManus, 1993; Sierminska, Michaud, & Rohwedder, 2008; Wolff, 2006). The purpose of this poster is to compare the features of the SCF and the HRS for researchers who are interested in using these two datasets to study retirement assets.

The SCF is conducted triennially on cross-sectional samples consisting of about 4,500 families, whereas the HRS is conducted every two years on a longitudinal sample with around 26,000 Americans. The sampling procedure of the SCF collects information from all economic strata of U.S. families, with a dual-frame design which covers wealthy people in its list sample. In contrast, the HRS has focused on older adults, containing over sampling of African Americans, Hispanic Americans and Floridians. The HRS started in 1992 with a panel of respondents who were aged 50 and over, and a new cohort joins the study every six years. As the name suggests, the SCF includes detailed information on family finances while the HRS puts more emphasis on health and variables more closely related to the older adults.

A quasi-liquid investment is defined as moveable assets with tax penalties. The SCF collects the amount in quasi-liquid retirement accounts separately, including the individual, the spouse, and other members in the household. The respondent is asked to provide the total amount for each family member in different kinds of retirement accounts, including the Roth IRA, roll-over from pension accounts, regular or other IRAs, Keogh accounts, and so on. The Federal Reserve Board provides a program to calculate the amount in quasi-liquid retirement accounts by adding the amount in the Individual Retirement Accounts, the amount in thrift accounts, future pensions, and pensions which currently receive benefits of up to three household members together. The SCF deals with missing values by using a multiple imputation method. It suggests that researchers should handle data derived from multiple imputation method with repeated imputation inference.

In the HRS, the net value of IRA and Keogh accounts is collected. The HRS asks the participants to report the largest three IRA or KEOGH accounts that the individual or his/her partner has. The questions include the ownership of the account and the amount in the account. If the participant refuses to report the amount in the account, a procedure is utilized to determine if the amount is within a certain category (or bracket) of the amount. The HRS does not provide specific suggestion on how to deal with missing values. Individual researchers have to decide how to handle missing values based on their knowledge and expertise. The percentage of ownership of retirement account for coupled households in the SCF was 53%, and in the HRS, it was 48%. The amount in the retirement account for coupled households in the SCF and HRS were around $167 thousand and around $203 thousand, respectively.

The Survey of Consumer Finances is more suitable for those who are interested in the assets in the retirement plans of the whole household from a nationally representative sample, and it provides detail information on other financial characteristics of the household. The Health and Retirement Study, on the other hand, is more suitable for those who are interested in the older households and provides information on other social and health variables related to them. It is a good source to suggest policies or to study the impact of policies directly related to the older adults because of its longitudinal nature.

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