

Wealth Distribution Database (WDD)

To benchmark and monitor wealth inequality across countries, the OECD relies on a dedicated statistical database. This database is based on national sources (household surveys and administrative records) and on common definitions, classifications and data-treatments. Estimates referring to the most recent year (around 2015) are currently available for 28 OECD countries, while estimates referring to more than one year are available for 19 of them.

The method of data collection used for the OECD WDD aims to maximise internationally comparability as well as inter-temporal consistency of data. This is achieved by a common set of protocols and statistical conventions (e.g. on wealth concepts and components) to derive comparable estimates. For 11 countries, estimates are obtained through a questionnaire completed by contact points in national statistical offices (and central banks) that regularly collect micro-level information on household wealth; among these, estimates for Australia, Canada, Chile, Japan, Korea, New Zealand, the United Kingdom and the United States are based on household surveys, while those for Denmark, the Netherlands and Norway are based on tax and administrative records. For 17 countries (i.e. those participating in the Euro-System Household Finance and Consumption Survey, except the Netherlands), estimates are computed by the OECD based on the public use file provided by the European Central Bank.

This document describes the basic set of indicators on households' net wealth, assets, and liabilities that the OECD Secretariat collected through of a network of country-level experts having access to the source micro-data. The basic concepts and classifications detailed in this document are based on the *OECD Guidelines for Micro Statistics on Household Wealth* (<http://www.oecd.org/statistics/guidelines-for-micro-statistics-on-household-wealth.htm>).

Basic Definitions

Unit of observation

The basic unit of observation for wealth distribution data is the household. A household is either an individual person or a group of persons who live together under the same housing arrangement and who combine to provide themselves with food and possibly with other essentials of living. All persons living in a country belong to one, and only one, household. A person's place of usual residence is the basis for determining household membership. More details on the household definition are given in the *OECD Guidelines for Micro Statistics on Household Wealth*, pages 46-54.

Unit of analysis

The unit of analysis to be used when compiling estimates on wealth is the household. Each household is weighted by its sampling weight in the tabulations.

It should be noted that, with the exception of the share of individuals with low wealth levels, the unit of analysis used for this data collection differs from the one used by the OECD for its collection on the distribution of household income, which refer to the individual.

The concept of wealth

The wealth concept largely follows the one outlined in Chapter 3 of the *OECD Guidelines for Micro Statistics on Household Wealth* (<http://www.oecd.org/statistics/guidelines-for-micro-statistics-on-household-wealth.htm>). The table below summarises the main concepts of net wealth requested for the tabulations. The main collected aggregates of wealth are:

Table 1. Basic wealth concepts and examples of typical items included in the various sub-components

NF Total non-financial assets = NF1 + NF2 + NF3 + NF4	
NF1 Principal residence	Principal residence is the residence where majority of household members live.
NF2 Other real estate property	Second and holiday homes, investment real estate, farm land
NF3 Vehicles	Cars, motorcycles, boats, other vehicles owned by household and used for private purposes. Vehicles owned by own unincorporated enterprises are excluded.
NF4 Valuables	Works of art, antiques, fine jewelry, stamp and coin collections, precious stones and metals, other valuables
NF5 Other non-financial assets	E.g. other consumer durables, intellectual property, and other non-financial assets.
NB. The components included in the above broad categories should be reported in the metadata sheet.	
F Total financial assets, excluding pension assets related to employment = F1 + F2 + F3 + F4 + F5 + F6 + F7 + F8	
F1 Currency and deposits	Currency held (if measured in the survey), transaction accounts, saving accounts, fixed-term deposits, certificates of deposits.
F2 Bonds and other debt securities	Government savings bonds, corporate bonds, commercial paper, state or municipal non-saving bonds, foreign bonds, other non-saving bonds, debenture, mortgage-backed securities, negotiable certificates of deposits, treasury bills, other similar instruments
F3 Mutual funds and other investment funds	Mutual funds, hedge funds, unit trusts, income trusts, pooled investment funds, other managed investment funds
F4 Net equity in own unincorporated enterprises	Household members' share of the net equity in unincorporated enterprise in which they work (sometimes also called "self-employment business wealth").
F5 Stocks	Listed shares, i.e. shares in publicly listed corporations.
F6 Unlisted shares and other equity	Unlisted shares (value of ownership in incorporated businesses not publicly traded), net equity in partnerships in which the household members do not work ("silent partners").
F7 Other non-pension financial assets	Examples (non-exhaustive): managed accounts, money owed to household, any other non-pension financial asset
F8 Voluntary individual life insurance and private pension funds	Assets in life insurance and pension plans where participation is voluntary, and individuals independently purchase and select material aspects of the arrangements, without intervention of their employers. Does not include term life insurance.

L Total liabilities = L1 + L2 + L3	
L1 Principal residence loans	Loans taken for constructing, purchasing and/or improving the principal residence of household.
L2 Other residence and real estate loans	Loans for the purpose of constructing, purchasing or improving other dwellings, buildings and land (e.g., loans to purchase holiday homes and loans to purchase rental properties for investment purposes). This item excludes liabilities of own unincorporated enterprises, when these are recorded as net value in F4.
L3 Other loans	Car and other vehicle loans, instalment debt, education loans, other non-mortgage loans from financial institutions, loans to purchase shares and other financial assets, loans from other households, credit card debt, lines of credit, bank account overdrafts, other loans not included in L1 or L2 This item exclude liabilities of own unincorporated enterprise, when these are recorded as net value in F4.
= NW Net Wealth (excluding employment related pension funds, i.e. NF + F – L)	

Compared to the standard classification used in the *OECD Guidelines* (Table 3.2, page 67), the breakdown of the category “Shares and other equity” shown in Table 1 departs from the one recommended in the *OECD Guidelines*, by distinguishing “listed shares” (i.e. stocks) and “unlisted shares and other equity”. Among non-financial assets, vehicles are included as a separate category while other consumer durables are included in the category “other non-financial assets”. Liabilities are broken down into three main categories (‘principal residence loans’, ‘other residence and real estate loans’, and a residual category for ‘other loans’).

The value of both employment-related and social security pension schemes is excluded from the concept of net wealth. The rationale for this exclusion is that comparable data on pension schemes related to employment (claims of members and account holders on pension schemes related to employment, excluding those accruing under government social security) are unlikely to be available for most OECD countries. In addition, entitlements under government social security schemes, while excluded from the OECD recommended definition of household wealth, are likely to be the main source of wealth for many households nearing retirement in several OECD countries: this suggests that, from the perspective of cross-country comparisons, it may be more meaningful to compare countries excluding both employment-related and social security pension schemes (as in the definition of ‘net wealth’ provided above) rather than including only a part of their retirement-income package.

Negative or nil values of net wealth are allowed. In other terms, households reporting negative or nil wealth holdings (i.e. the value of their liabilities exceeding or being equal to that of their assets) are retained, rather than excluded or recoded. Neither top nor bottom coding are applied.

Quintile groups of wealth

For the purpose of constructing wealth quintiles, households should be ranked in ascending order of their wealth holdings into five groups each consisting of 20% of households. The top quintile further distinguishes between households belonging to the top 10%, 5% and 1% of the distribution of net wealth (optional).

Income concept

Income is mainly used in this exercise as a cross-classification criterion and to define those individuals with low wealth levels. The income concept used is that of annual *household disposable income*, which refers to total sum of wages and salaries, self-employment income, property income, and current transfers received by all household members minus current transfers paid by them (e.g. income and wealth taxes, and workers' social security contributions). Capital gains (and associated taxes) and imputed rents are excluded from the definition of household income.

In cases where information on household disposable income was not available in the national source used, the income concept used was that of *gross household income*. This refers to the total sum of wages and salaries, self-employment income, property income, and current transfers received, all recorded gross of taxes paid. As in the case of disposable income, gross income should exclude capital gains (and associated taxes), and imputed rents.