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Spending Patterns of High-income Households

Abstract

[Excerpt] Although, less than 6 percent of the Nation's consumer units (CUs) had annual incomes of more than \$90,000 in 1994-95, these households accounted for over 14 percent of total annual spending. High income households spent about \$405 billion of the \$2.8 trillion total outlays of complete income reporter households.

These high-income households, on average, spent more than other households (see table), and they allocated their expenditures differently (see chart). Households with annual incomes of more than \$90,000, allocated larger shares to food away from home; housing operations, supplies and furnishings; personal insurance and pensions; cash contributions; entertainment; and apparel and services. Households with lower annual incomes allocated larger shares to food at home, shelter and utilities, transportation, and health care.

Keywords

spending, trends, expenditure, high income, households

Comments

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Spending Patterns of High-income Households

Although, less than 6 percent of the Nation's consumer units¹ (CUs) had annual incomes of more than \$90,000 in 1994-95, these households accounted for over 14 percent of total annual spending. High-income households spent about \$405 billion of the \$2.8 trillion total outlays of complete income reporter households.²

These high-income households, on average, spent more than other households³ (see table), and they allocated their expenditures differently (see chart). Households with annual incomes of more than \$90,000, allocated larger shares to food away from home; housing operations, supplies and furnishings; personal insurance and pensions; cash contributions; entertainment; and apparel and services. Households with lower annual incomes allocated larger shares to food at home, shelter and utilities, transportation, and health care.

Housing. High-income households are more apt to be homeowners (90 percent) than are other households (60 percent). Additionally, a far larger percentage of the high-income homeowners have mortgages. This may be due in part to a smaller number of retirees in the \$90,000 and over group, and the likelihood that many retirees have paid off their mortgages. On average, high-income households spent about \$15,000 more on housing than other households. However, the share of total spending on housing by the two groups was very similar—about 31 percent each.

Housing expenditures include those for shelter (an owned or rented dwelling) and utilities, and household furnishings and equipment, operations, and housekeeping supplies. And it is among these types of housing items that the higher-income groups and other groups begin to diverge. High-income households allocate smaller shares to shelter and utilities, and more to other household goods and services.

Food. Households with annual incomes of \$90,000 or more allocated just over 11 percent of their total expenditures on food and 51 percent of that on food away from home. The figures for the other households were 14 percent and 37 percent, respectively.

Transportation. On average, high-income households spent more than twice as much (\$12,521) on transportation than did other households (\$5,690). These outlays, however, reflected less than 16 percent of the high-income household's total expenditures and almost 19 percent of the other household's total spending. Households with annual incomes under \$90,000 allocated larger shares to specific transportation items such as vehicle purchases and the costs related to vehicle ownership, while expenditures on public transportation, fueled mostly by airline fares, were a larger share of higher-income budgets.

Health care. As with transportation, high-income households spent considerably more on health care, than did other households. Expenditure shares, however, were 3.4 percent

and 5.6 percent, respectively.

Personal insurance, pensions. This category of expenditures, the majority of which is composed of pension and Social Security contributions, garnered a considerable 16 percent share of the high-income household's spending compared to about 10 percent among other households. This difference may be related to demographics. Younger and already retired households tend to have lower incomes and are less likely to allocate funds to these items.

Cash contributions. High-income consumer units earmarked 5 percent of their expenditures to cash allotments to persons outside of the household, charities, churches, and other organizations. Other household groups made contributions totaling almost 3 percent of their expenditures.

For more information about the data presented here, contact Valerie Vannett in the Division of Consumer Expenditure Surveys at (202) 606-6900, or by e-mail (Vannett_V@bls.gov). Consumer expenditure data also are available

Chart 1. Selected shares of total expenditures: Households with incomes of \$90,000 and over and those with less than \$90,000, Consumer Expenditure Survey, 1994-95.

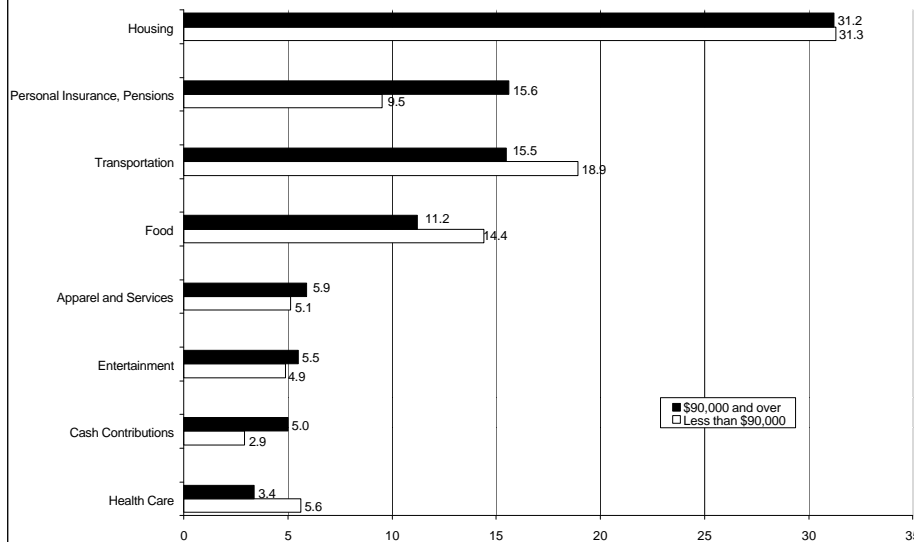


Table 1. Selected average annual expenditures and characteristics: Households with incomes of \$90,000 and over and those with less than \$90,000

Items	Less than \$90,000	\$90,000 and over
Number of CU's (000)	79,704	5,022
Income before taxes	\$30,220	\$136,898
Age of reference person	47.9	47.1
Average number in CU:		
Persons	2.5	3.1
Children under 18	0.7	0.8
Persons 65 and over	0.3	0.1
Earners	1.2	2.1
Vehicles	1.8	2.7
Percent homeowner:	61	91
With mortgage (percent of total)	36	75
With mortgage (percent of homeowners)	59	82
Renter	39	9
Black	11	4
White and other	89	96
College	46	82
Total expenditures	\$30,167	\$80,645
Food	4,331	9,010
Food at home	2,721	4,451
Food away from home	1,608	4,559
Housing	9,448	25,121
Shelter	5,251	14,532
Owned dwellings	3,080	11,887
Rented dwellings	1,864	940
Utilities, fuels, and public services	2,091	3,491
Household operations	423	1,876
Housekeeping supplies	412	967
Household furnish, equip	1,272	4,255
Apparel and services	1,540	4,732
Transportation	5,690	12,521
Vehicle purchases	2,547	4,964
Gasoline, oil, other	2,831	6,101
Public transportation	312	1,455
Health care	1,696	2,747
Entertainment	1,476	4,467
Education	389	1,816
Cash contributions	863	4,019
Personal ins, pensions	2,870	12,614

on the Internet (<http://stats.bls.gov/csxhome.htm>).

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Endnotes

¹A consumer unit is defined as members of a household related by blood, marriage, adoption, or other legal arrangement; a single person living alone or sharing a household with others but who is financially independent; or two or more persons living together who share responsibility for at least two of the three major types of expenses—food, housing, and other. Students living in university-sponsored housing are also included in the sample as separate households.

²All households spent approximately \$3.3 trillion. This summary deals only with complete income reporter households. A complete income reporter is a respondent who provided values for at least one of the major sources of income, such as wages and salaries, self-employment, and Social Security. (A complete income reporter may or may not provide a full accounting of all income from all sources.)

³Data for the groups with incomes of less than \$90,000 were not readily available and were computed such that: $N_1 = (T(W_1 + W_2) - W_2 N_2) / W_1$, where N_1 is the average value for the lower-income group, N_2 is the average value for the higher-income group, W_1 is the population size for the lower-income group, W_2 is the population size for the higher-income group, and T is the average value for all complete reporters.

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