



Coverage:
United Kingdom

Theme:
The Economy

Released:
30 June 2011

Next Release:
September 2012

Frequency of release:
Every three years

Media contact:
HMRC Press Office (Individuals)
020 7147 2318

Out-of-hours: 07860 359544

Statistical contacts:
Rebecca Ambler
Tel: 020 7147 0348
rebecca.ambler@hmrc.gsi.gov.uk

KAI Personal Taxes
HM Revenue and Customs
100 Parliament Street
London
SW1A 2HQ

Website:
http://www.hmrc.gov.uk/stats/personal_wealth/menu.htm

Personal Wealth Statistics 2001 to 03 and 2005 to 07



A NATIONAL STATISTICS PUBLICATION

National Statistics are produced to high professional standards set out in the Code of Practice for Official Statistics. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

For general enquiries about National Statistics contact the National Statistics Public Enquiry Service.

Telephone: 0845 601 3034

Overseas: +44 (1633) 653 599

Minicom: 01633 812399

Email: info@statistics.gov.uk

Fax: 01633 652747

Letters: Customer Contact Centre, Room 1.015, Cardiff Road, Newport, NP10 8XG

You can also find National Statistics on the internet at www.statistics.gov.uk.

Contents

1.	Summary.....	4
2.	New or updated statistics in this release	4
3.	Commentary and analysis.....	5
4.	Methodology.....	9
5.	Changes to the methodology	10
6.	Disclosure Control	12
7.	Quality	12
8.	Who might be interested and likely uses?	14
9.	User Engagement	14
10.	Publication and Revision Strategy.....	14
11.	Related data sources	15
12.	Statistical Contact	15

1. Summary

This publication contains information about Identified Personal Wealth in the UK, i.e. wealth based on the assets (including land and buildings, cash, bank and building society accounts and securities) of the estates that require a grant of representation.

Findings include that, although levels of identified wealth have increased between 2001 to 2003 and 2005 to 2007, the distribution of wealth by wealth decile is broadly unchanged. The growth in total identified wealth relates to growth in the amount of identified wealth held in other buildings and land, UK residential buildings, cash and securities.

Levels of average identified wealth vary by age and gender, with the 45 to 64 age group having the highest average levels of wealth. The under 45s have the lowest average levels of identified wealth, and within each age group females have lower average levels of wealth than males. The age distribution may reflect individuals accumulating wealth in their working lifetime but then using this during their retirement.

2. New or updated statistics in this release

This publication contains new tables of Personal Wealth data for the two combined datasets of 2001 to 2003 and 2005 to 2007. There are no plans to publish 2004 data as there were particular problems with the data quality in that year. The new tables released and links to these are given below:

Table 13.1 Identified wealth: assets by range of estate - [2005 to 2007 pdf](#), [2005 to 2007 xls](#), [2001 to 2003 pdf](#), [2001 to 2003 xls](#)

Table 13.2 Estimated wealth of individuals in the U.K: Assets by age and gender - [2005 to 2007 pdf](#), [2005 to 2007 xls](#), [2001 to 2003 pdf](#), [2001 to 2003 xls](#)

Table 13.3 Estimated wealth of individuals in the U.K: Estate size by age and gender - [2005 to 2007 pdf](#), [2005 to 2007 xls](#), [2001 to 2003 pdf](#), [2001 to 2003 xls](#)

Table 13.4 Estimated liquid wealth of individuals in the U.K: Liquid wealth by age – [2005 to 2007 pdf](#), [2005 to 2007 xls](#), [2001 to 2003 pdf](#), [2001 to 2003 xls](#)

Table 13.5 Estimated liquid wealth of individuals in the U.K: Liquid wealth by gender - [2005 to 2007 pdf](#), [2005 to 2007 xls](#), [2001 to 2003 pdf](#), [2001 to 2003 xls](#)

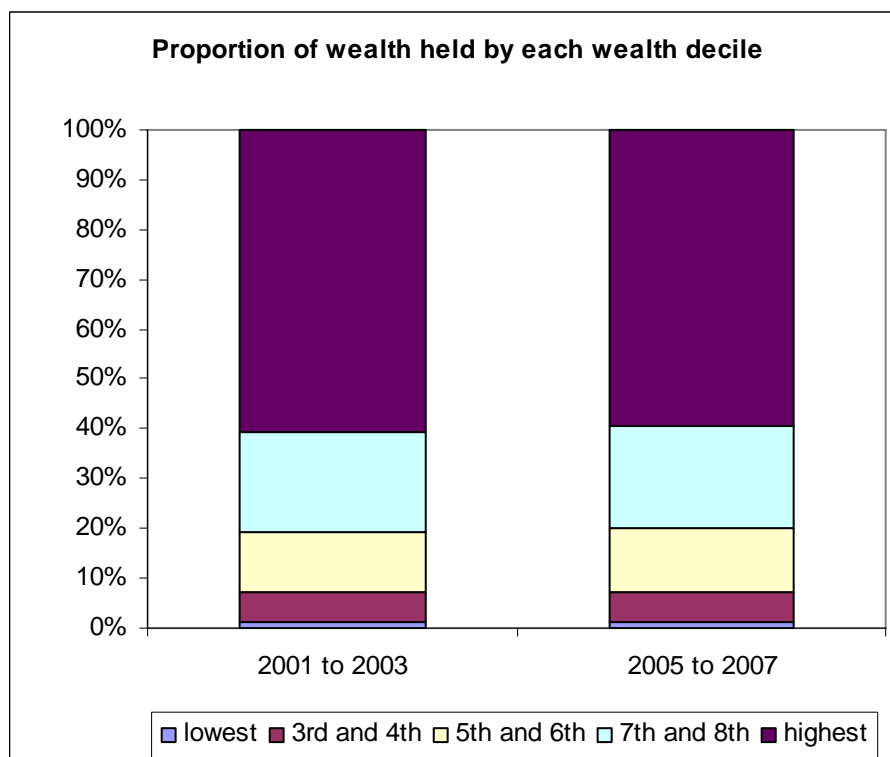
Table 13.6 Distribution of identified wealth: number of estates in each asset band – [pdf table](#), [xls table](#)

Table 13.7 Distribution of identified wealth: assets by year – [pdf table](#), [xls table](#)

Table 13.8 Distribution of identified wealth: analysis by decile - [pdf table](#), [xls table](#)

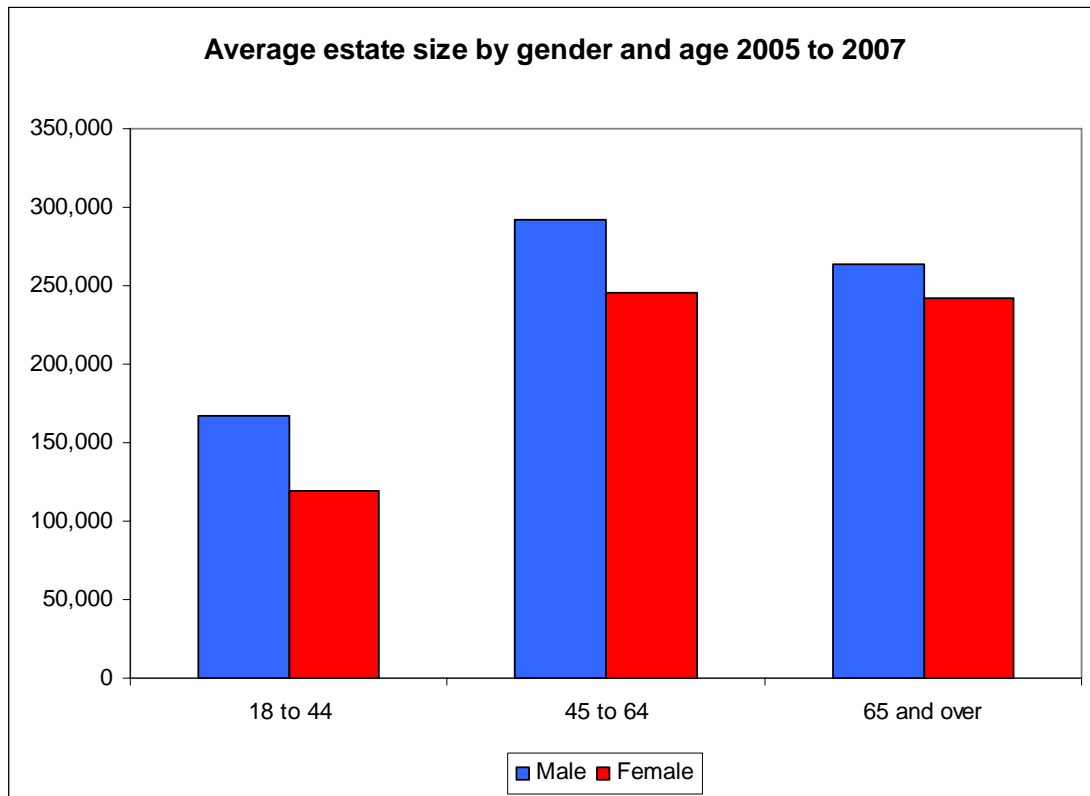
3. Commentary and analysis

The proportion of identified wealth held by each wealth decile is broadly unchanged between 2001 to 2003 and 2005 to 2007, with the estates in the bottom half of the wealth distribution owning 12%-13% of the identified wealth and the top decile owning 44%-45% in both years ([table 13.8](#)). Note: Identified wealth does not cover the full wealth distribution in the UK, further information on which estates are covered is given in the methodology section.

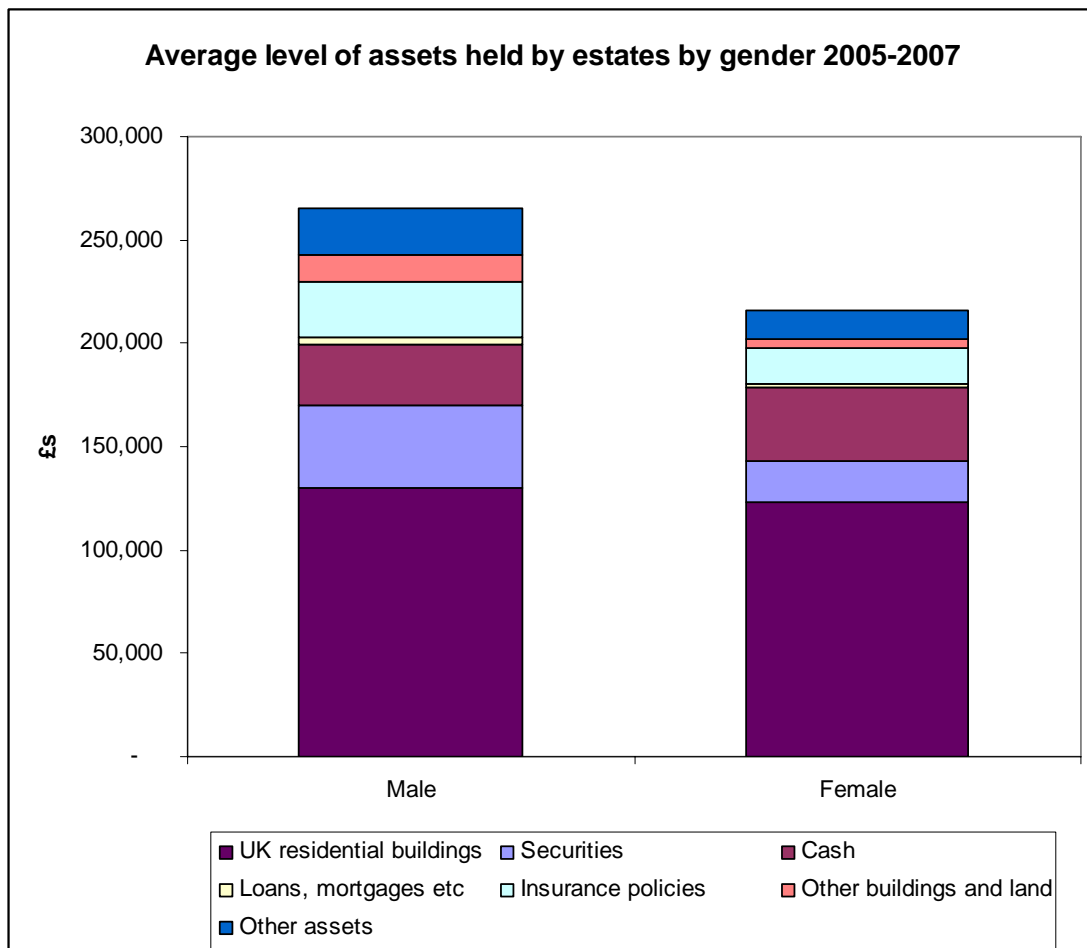


While the proportion of identified wealth held by each wealth decile is broadly unchanged, the amount of identified wealth held has increased. Between 2001 to 2003 and 2005 to 2007 the number of estates owning less than £100,000 in wealth fell by over 2 million estates, while the number of millionaires increased from around 200,000 to around 300,000 ([table 13.6](#)). [Table 13.7](#) shows that the growth in identified wealth relates to a growth in the total amounts held in all assets except loans and mortgages over this period, but the highest percentage growths are in other buildings and land, where the identified wealth increased by 68%, and UK residential buildings (52%), closely followed by cash (42%) and securities (33%). However some of this growth may be due to volatility, for example a large part of this growth in securities appears to be due to a few cases (see the section on quality for further details).

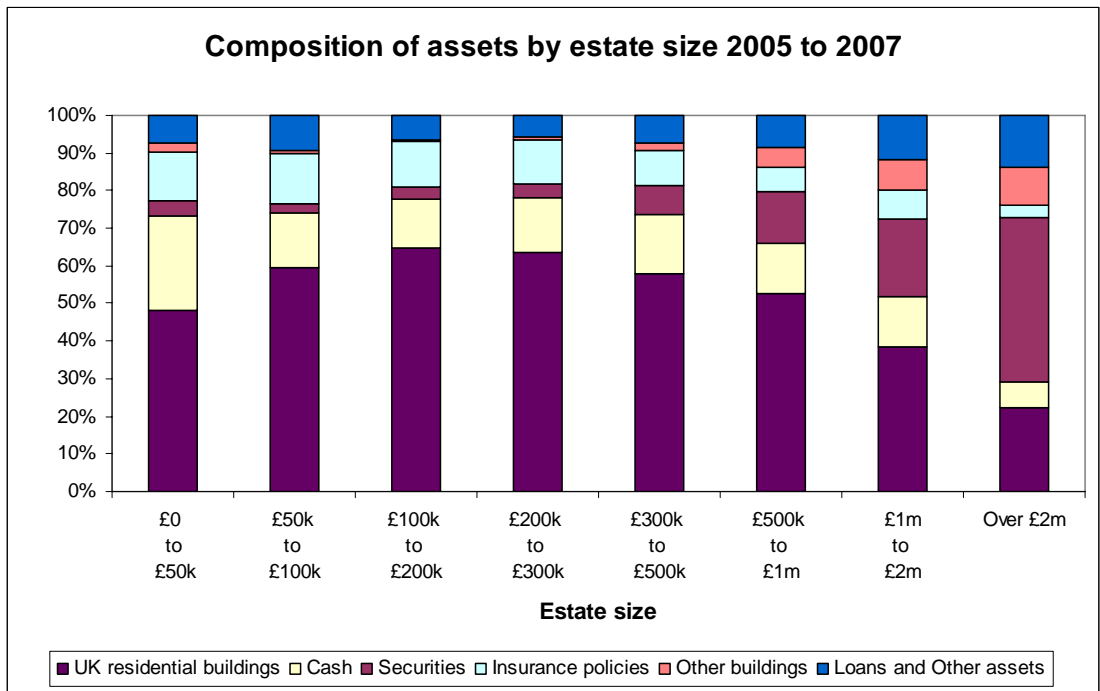
The average level of identified wealth is on average higher for males than females in each age group ([table 13.3](#)). 45 to 64 year olds also have higher average levels of identified wealth than the 65 and overs, partly due to wealth being used during retirement, whereas 18 to 44s have lower average levels of identified wealth (as younger people tend to have larger mortgages and have had less time to accumulate savings or inherit wealth). While average estate size is lower for the 65s and over, the average levels of liquid wealth (wealth held in cash, bank accounts, building societies and securities) increases with age with the highest average levels held by the 75 and overs ([table 13.4](#)).



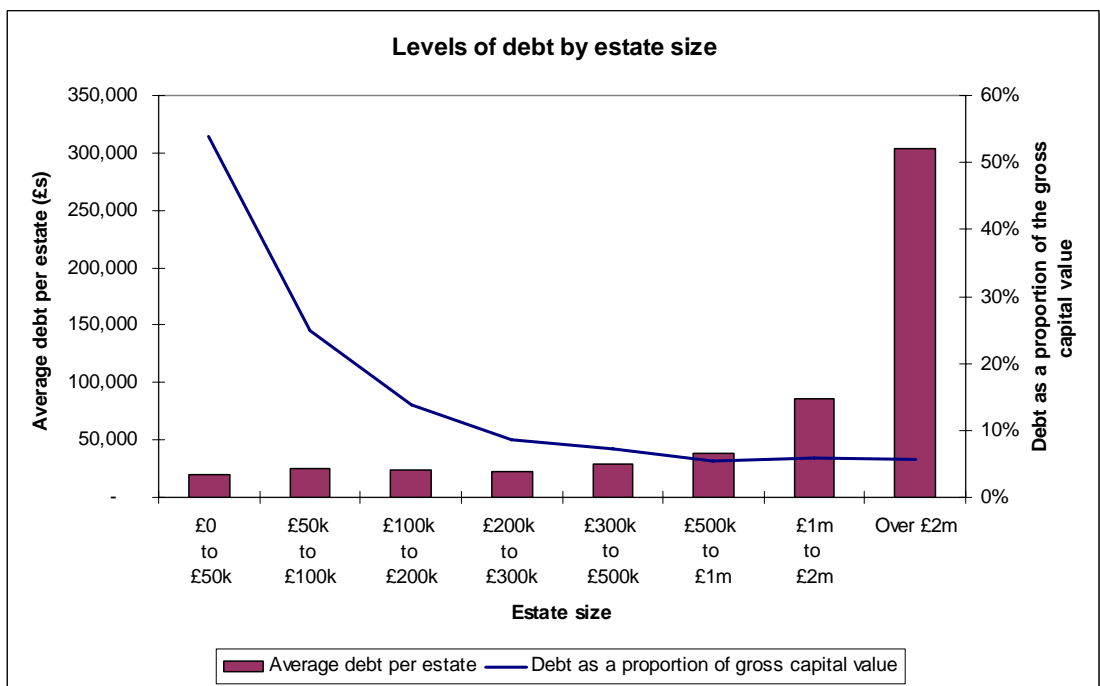
Although the average estate size is higher for males than females, in 2005 to 2007 males in the identified wealth population held on average less cash than females, and only 5% more UK residential property ([table 13.2](#)). Instead they held on average over twice as much wealth in securities, other building and land, and loans and mortgages. Offsetting this the average level of liabilities were 82% higher. Note, these differences may reflect any difference in age structure between male and female estates in the identified wealth population and also differences in the size of the estates which has a significant effect on the composition of assets as shown below.



The composition of assets changes with estate size, with the smallest estates holding the highest proportion of cash ([table 13.1](#)). As the estate size increases to £100k to £200k the proportion of the estate made up by UK residential buildings increases. As the estate size increases further the proportion made up by UK residential buildings falls, and other buildings and securities start to make up an increasingly large proportion of the estate size.



Average levels of liabilities (including mortgages) are higher for the larger net estate sizes. However, these liabilities make up a lower proportion of the gross capital assets for the larger estates.



4. Methodology

The statistics are based on forms submitted to HMRC by estates for which a grant of representation (i.e. probate or letters of administration in England and Wales and Northern Ireland or Confirmation of executors in Scotland) is required. Not all estates require a grant of representation, as they may not be needed if the estate is a low value estate, or if the estate passes to the surviving spouse/civil partner because it was held in joint names, and consequently these estates are not included in our data. Further information on which estates do not need a grant of representation is available from the HMRC website at (<http://www.hmrc.gov.uk/inheritancetax/intro/probate-process.htm>.)

When creating the wealth statistics for any given year, we look at the estates which passed on death in that year. As there are delays in settling the values of estates and many estates are not first recorded until over a year after death, our usual publication timetable will be to publish the data in September 21 months after the December of the last year in the dataset (i.e. data for 2008 to 2010 is due to be published in September 2012). At this point there will still be a small proportion of estates for which data has not yet been received, particularly for the final year in the dataset, although the data for the earlier years will be nearly fully complete.

A stratified sample is taken based on the type of the estate for Inheritance Tax purposes, the size of the estate and the age of the person passing on death. This allows us to use higher sampling rates for the larger estates and also the younger ages of death, which will help reduce the variability of the wealth data. The estates are grossed up based on their sampling rate.

The grossed up data still only represents the estates passing on death and requiring a grant of representation in that year. To estimate how this relates to the wealth of the population, multipliers are applied to the data based on the mortality rates for the gender, age group and marital status. Included in the data are some estates for under 18s which have required a grant of representation and instead of using the under 18 mortality rate we have applied the 18-24 rate. This excludes the effect of a higher infant mortality rate since the circumstances in which a grant of representation is needed for an infant means that these estates tend to not be typical of other infants. There are also some individuals whose age or marital status is unknown, and for these we have used the average mortality rate for all adults based on the known characteristics.

Purely grossing the data by the age, gender mortality rate would leave us with a biased data set, as the mortality rates for the wealthier are lower and so these estates would be under-represented in the data. To adjust for this, the relationship between housing wealth and mortality was modelled based on the English Longitudinal Survey of Ageing (ELSA) using a logistic regression model. Housing wealth was used rather than total wealth as there was found to be a stronger relationship between housing wealth and mortality. Based on the results of the model an adjustment was calculated for each housing wealth decile, age group, gender and marital status which compared the modelled mortality rate for that housing wealth decile to the overall mortality rate for that age group, gender and marital status. These adjustments were applied to the data for the over 45s, effectively increasing the multipliers applied to the estates with the greater housing wealth and reducing them for the estates with less housing wealth.

The coverage of under 45s is much lower in the ELSA data, so we have not been able to model the adjustment in the same way based on this data. Research on the link between wealth and mortality for younger age groups is also mixed, with some research suggesting that for some age groups the relationships can be reversed (i.e. that mortality rates are higher for the wealthier in young age groups). Without data to model this we are currently not applying an adjustment to these estates. If data becomes available in future then we will review whether an adjustment is necessary.

We are combining data for three years to ensure an adequate sample size for the larger estates. These are already sampled at 100% on death, so the number could not be increased by the sampling design. In order to combine the data each multiplier is divided by 3, so we are effectively taking an average across the three years in the dataset.

As mentioned earlier in the methodology, not all estates passing on death require a grant of representation so, after grossing, the wealth represented in our data does not cover all estates. We describe the estates that are included as “Identified Wealth”. A comparison of the grossed data to the population data shows that the data covers 35% and 34% of estates of the living for 2001 to 2003 and 2005 to 2007 respectively. A higher proportion of the older estates are covered than for the younger estates. (Note: This coverage has been calculated for the 18+ population and has excluded the small number of estates left by the under 18s on death.) More detailed information on coverage is included in the published tables.

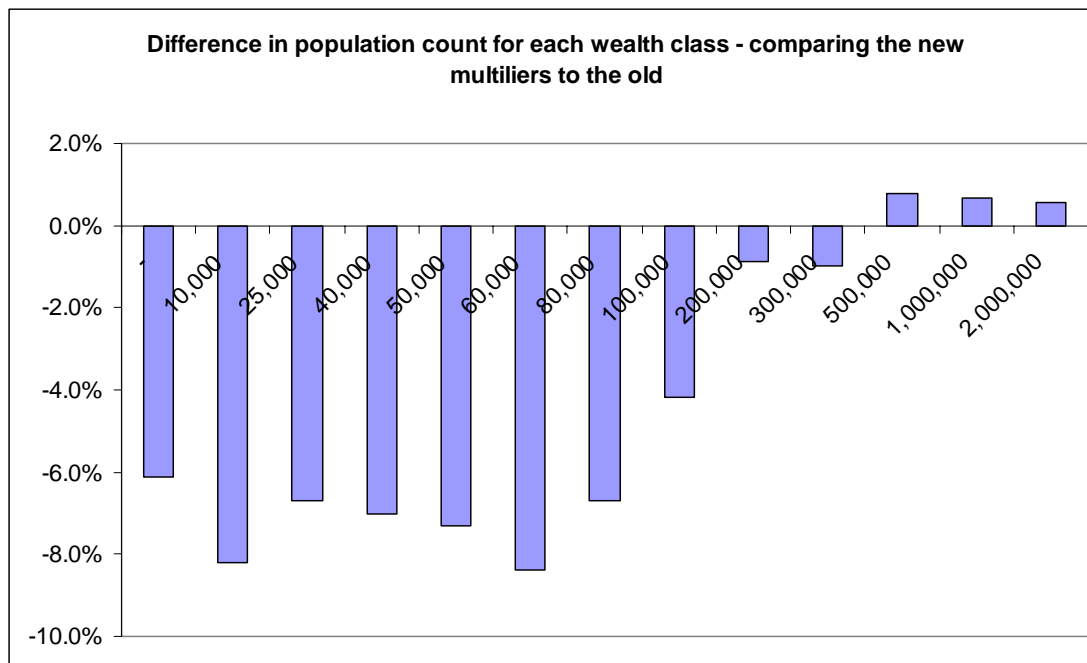
5. Changes to the methodology

The methodology used to produce these statistics has been revised and this is the first time these statistics have been produced on this basis.

One of the major changes to the statistics has been to combine three years worth of data. As described in the methodology section this gives larger sample sizes, ensuring a sufficient sample of the largest estates, and reduces volatility in the data. Other than reducing the volatility this change should not have any additional effects on the data.

As part of revising the methodology we have updated the adjustments applied to control for the correlation between wealth and mortality, using a logistic regression model which had been fit to data from the ELSA as described in the methodology section. The previous adjustment used data from the ONS Longitudinal Study on the difference in mortality risk between those living in owner-occupation and those who are not. A cut off was then used, above which estates were assumed to be owner occupiers and the owner-occupier rate applied. The mortality rate for the estates below the cut-off was assumed to be halfway between those used for the larger estates and those for the population as a whole.

In the old method, by applying an adjustment part way between those for the larger estates and those for the population as a whole, all estates were assumed to have a lower mortality rate than the population as a whole regardless of how small they are. The new method looks at this relationship across several levels of wealth and thus captures the possibility that some of the smaller estates would have higher mortality rates due to the low levels of wealth. Consequently some of the multipliers can be much lower for the smaller estate sizes. The graph below shows the effect of applying the new mortality adjustments to the 2003 data by wealth class, and shows these lower multipliers at the smaller estate sizes, with only the largest estates having higher multipliers.



The other change to the Identified Wealth data has been to update the mortality rates, as revised population data had been published since the datasets were previously created. This is likely to make a small difference overall, although it will have an impact on the weights in individual cases. Otherwise the Identified Wealth data for 2001 to 2005 should be unchanged from the previous publication.

In previous publications, data on “Adjusted Wealth” was published. This adjustment compensated for unrecorded or under-recorded information and for valuation differences (such as the difference between the maturity value of a life policy of death and the equity value during life). In addition, data on “Marketable Wealth” was published, which also estimated the wealth for the small and joint estates that do not require a grant of representation. There were growing concerns about the accuracy of these adjustments and estimates, which were based on operational judgement or assumptions. Some of the valuation differences or estates excluded from the Identified Wealth population could be potentially changing over time, and as the published data on Adjusted Wealth and Marketable Wealth was sensitive to the assumptions used it was decided that the data was not robust enough for us to continue to publish it.

When sufficient data is available from the Office for National Statistics’s Wealth and Asset Survey (WAS) HMRC will produce a one-off article comparing the existing and historical HMRC data to WAS which will provide information about the effect of these estates not being captured in the HMRC data.

So that users can carry out their own comparisons the dataset for 2001 to 2003 has been provided using the new methodology and the original tables for 2001, 2002, 2003 and 2005 using the old methodology are still available on the HMRC website at http://www.hmrc.gov.uk/stats/personal_wealth/archive.htm.

6. Disclosure Control

The grossing that the data goes through in itself provides a level of disclosure control as it would make it very difficult to identify any data belonging to an individual.

In addition we have suppressed data for any cell where the number of cases that cell represents prior to grossing is less than 20. The main reason for doing this is that data based on such a low sample size would be very volatile and unreliable but it also provides an additional level of disclosure control. In some cases the suppressed cells could be deduced from the available totals and the data in the other cells, however even in these cases there are a sufficient number of cases in the suppressed cells so that along with the protection provided by the grossing there is not judged to be a disclosure risk.

7. Quality

As described in the methodology, one of the limitations of the data is that it only includes "Identified Wealth", i.e. the estates represented by those who do not need a grant of representation on death are not included in the data. Information is provided throughout the publication on the proportion of population covered by the table in the data.

The use of Inheritance Tax forms means that the forms are completed by responsible persons, often professionals, who can be held to account by beneficiaries. This is a strength of the data as it will mean assets are independently valued and lead to a near complete record. However, particularly for non-taxpaying estates, errors are sometimes found on the forms. For example joint property that transfers exempt of Inheritance Tax to a surviving spouse or civil partner may be omitted in error from the form; or the full value of this property may be recorded rather than the individual's share of it.

One of the limitations of the data is that certain assets are not required to be reported on the forms used for the wealth data, and so will not be captured in the wealth data. For example assets held in trusts will not need to be reported on the form. We do not adjust the data to include these due to uncertainty about which estates the trusts wealth may belong to. Wealth held in pensions is also not reported and included.

The methodology assumes that estates left on death are typical of those held by the living of the same age, gender and marital status but this is not always the case. In particular there can be valuation differences between properties held during life and at death, such as the difference between the maturity value of a life policy on death and the equity value during life. Related to this, if a life policy is used to pay off a mortgage on death then both the policy and the mortgage might not be recorded in the data, leading to under-recording of both. In addition to these valuation differences, some individuals will have been aware that they have a limited life expectancy and so will have been planning to minimise the size of their estate on death, for example making use of the reliefs available on some types of lifetime gifts. This would reduce the size of their estate compared to the typical individual of the same age, gender and marital status. We do not adjust the data for these valuation differences or tax planning due to the uncertainty about the size of any differences and also uncertainty about which estates these apply to.

There have also been known problems with data capture over the time period for which we are providing data. This may particularly have affected the data for 2001 to

2003 when there were problems with capturing some of the estates not required to submit a full Inheritance Tax return (generally estates below the Inheritance Tax threshold or making a high use of reliefs) but who still needed to submit a grant of probate. The data has been adjusted for this, but it is difficult to assess how much of an impact this might have had on the data. There have been similar but more minor problems recently with capturing some of the Scottish cases not required to submit a full Inheritance Tax return, and the data has been adjusted by increasing the weights for the estates that have been captured and also the estates from the rest of the UK of a similar size.

When comparing changes over time the data will be affected by sampling variability, fluctuations between given time periods in the characteristics of deceased persons leaving an estate, and changes to which estates require a grant of representation. For example the limit on the amount of property which is allowed, under certain statutory provisions, to be disposed of on death in Northern Ireland without the necessity for probate was increased from £5,000 to £10,000 in 2004. There are no other known significant changes in this time period to which estates require a grant of representation. There are also known to be changes in how assets have been recorded on the form, in particular there has been a large increase in the recording of mortgages which is believed to be a change in how the data is recorded rather than a real increase in mortgages in the UK population. The issues with data capture noted above might also lead to some changes over time in the period covered by these tables.

Due to this uncertainty over time, while we are providing tables 13.1 to 13.5 for two time periods some of the smaller breakdowns in these might be particularly volatile and these tables are not intended to be used as time series. In table 13.7 we provide a comparison in assets over time as this is something that the consultation showed users were interested in. This is done for the total Identified Wealth population only to reduce problems with sampling variability although even at this level some of the data can still be volatile. For example most of the growth in securities is due to a few cases in the 2005 to 2007 data which have both high levels of securities and high multipliers. In addition some of the other changes over time identified above will affect the data in this table. Table 13.7 is being published as “Experimental Statistics” to allow us to assess the quality of this data further as the time series builds up over time, and we will also be asking users for their views on these tables when we carry out this assessment.

Also published are two new tables on liquid wealth, i.e. wealth held in cash, banks or building societies, or shares. These are currently being published as experimental as they have not yet been assessed as National Statistics, however the quality of these should be similar to the National Statistics tables on assets. As with table 13.7 we will be asking users for their views on these tables to help us assess their quality.

The data currently being published also goes up to 2007, which means that the data does not reflect more recent changes to the economy. This dataset is particularly delayed due to the work that was carried out on the methodology. However as noted in the section on the methodology there is an unavoidable lag to publication due to the need to wait for a sufficiently complete dataset for the last year to be included in the publication.

8. Who might be interested and likely uses?

We recently ran a user consultation, which showed that a variety of users were interested in the Personal Wealth Statistics. There are a large number of users who are researchers or using the data for academic work. Other largest categories of users are private/commercial organisations and independent institutions, although the data is also used by charities, a central Government department and an international organisation.

Users are interested in the current level of wealth inequality, wealth inequality over time, the level of wealth over time and the composition of wealth, wealth or wealth inequality by age and gender, measurements used to establish wealth levels and inequality levels and the impact of proposed changes in tax (particularly Inheritance Tax). The publication contains tables which should be useful for all of those purposes, although the unavailability of data from estates which do not need a grant of representation means that users need to be aware that the data does not cover the wealth of the total population. In addition, changes over time can reflect sampling variability, changes to the estates captured or changes to how the data is recorded as well as real changes in wealth for the UK population. Further information on this is in the section on quality above.

Further information on the user consultation and responses is available from the HMRC website in the [published consultation response](#).

9. User Engagement

We are committed to providing impartial quality statistics that meet our customers' needs and recently carried out a user consultation to find out more about their needs (see above for further information). We currently plan to next carry out a consultation with users once there are a few years of data in the experimental statistics series, and we will ask users to help us assess the quality of these.

Feedback from users is welcome at any time, and you can contact the responsible statistician or use the feedback form on the HMRC website [here](#). In particular, based on the feedback from the consultation we have redesigned the publication, included additional tables and commentary, and we would welcome views on these including if there are any further tables which would be useful for users.

10. Publication and Revision Strategy

This publication has been delayed due to the work on the methodology, but data for 2008 to 2010 is now scheduled to be released in September 2012 and further releases will follow every three years. Release dates will be announced on the UK Statistics Hub and the HMRC National Statistics release schedule. Any delays to the publication date will be announced on the HMRC National Statistics website.

We do not currently plan to revise the data published for earlier years at each publication. We will only revise the data if subsequently additional information becomes available which suggests a revision would be appropriate, such as a revision to source data or a change to the methodology, and this would make a sufficiently notable difference to the published data.

11. Related data sources

Users interested in data on wealth, the composition of wealth and wealth inequality will also be interested in the Wealth and Asset Survey (WAS) published by the Office for National Statistics. The most recent publication is for 2006/08 and is available from their website [here](#). WAS is based on a survey and presents its results at a household level, compared to the administrative data and individual level results presented in the HMRC Personal Wealth Statistics. It covers the whole of the wealth distribution compared to the Identified Wealth covered in this publication.

Users interested in Inheritance Tax will also be interested in the Inheritance Tax National Statistics, available from the HMRC website [here](#). This is based on the same administrative data as the Personal Wealth Statistics, but is not grossed for mortality rates and contains additional information about tax paid by estates left on death and the use of relief by estates.

12. Statistical Contact

Enquiries about the Personal Wealth Statistics should be directed to the statistician responsible for the publication:

Rebecca Ambler (Tel: 020 7147 0348)
rebecca.ambler@hmrc.gsi.gov.uk

Room 2/68
KAI Personal Tax
HM Revenue and Customs
100 Parliament Street
London
SW1A 2BQ

Media enquiries should be directed to the HMRC Press Office contacts listed on the front page of this release.