EBRI Fast Facts
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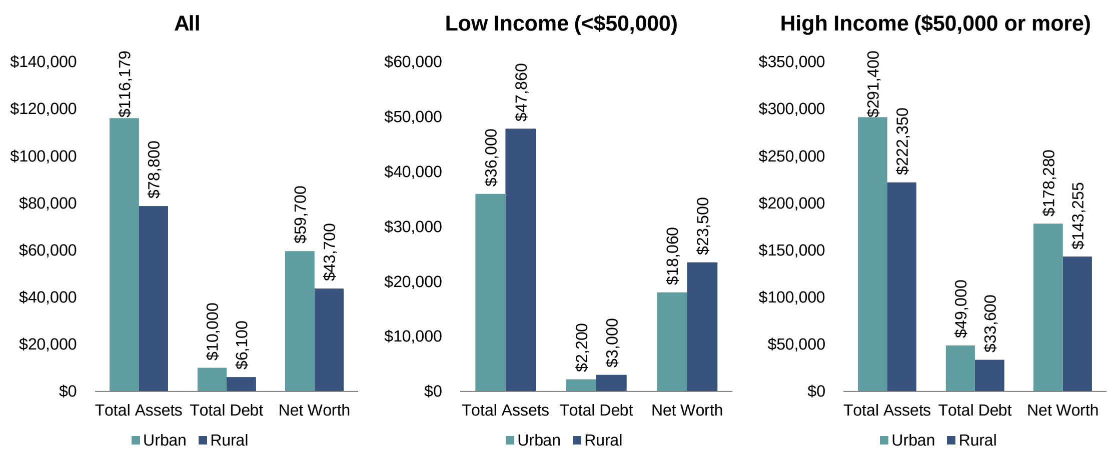
Comparing the Assets and Debt of Rural vs. Urban Americans

The recent study by the Employee Benefit Research Institute (EBRI), "[Understanding the Finances of Rural vs. Urban Americans](#)," found that urban individuals had a median total asset value that was roughly 50 percent higher than that of rural individuals[1] at $116,179 vs. $78,800, respectively. The median total debt and median net worth were also higher for urban individuals (Figure 1).

Figure 1
Median Assets, Debts, and Net Worth Comparison, by Income and Geographic Area



Source: Employee Benefit Research Institute estimates of the 2020 Survey of Income and Program Participation.

Geographic Areas

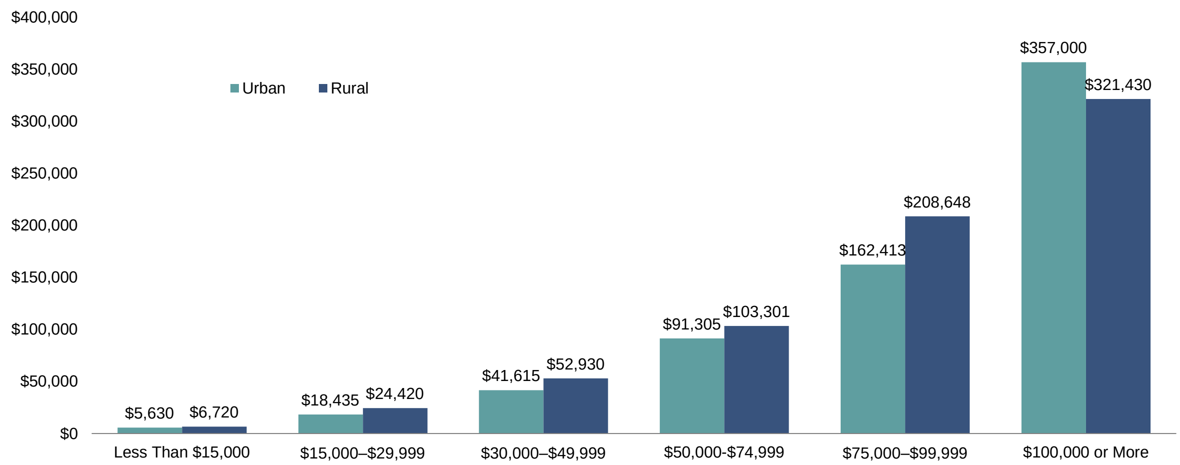
The Survey of Income and Program Participation (SIPP) asks if the individuals live in a metropolitan (urban) area or nonmetropolitan (rural) area. However, due to privacy concerns, certain individuals' geographic area is reported as unidentified. A metropolitan area, as defined by the U.S. Census Bureau, is a county- or equivalent-based area that has at least one urbanized area with a population of 50,000 or more, plus adjacent territory that has a high degree of social and economic integration, as measured by commuting ties. In SIPP, metropolitan status is only determined for individuals who live in states where (1) both the metropolitan and non-metropolitan populations are 250,000 or more or (2) the state's population is entirely metropolitan. Individuals in states not fitting into either of these categories are classified as unidentified. Otherwise, the individuals are classified as living in a metropolitan (urban) area or a nonmetropolitan (rural) area.

This finding varied based on income, however; lower-income rural individuals (those making less than $50,000 annually) had *higher* median assets and debts, and rural individuals had higher net worths in every income

[1] Based on the 2020 Survey of Income and Program Participation (SIPP), reflecting 2019 data.

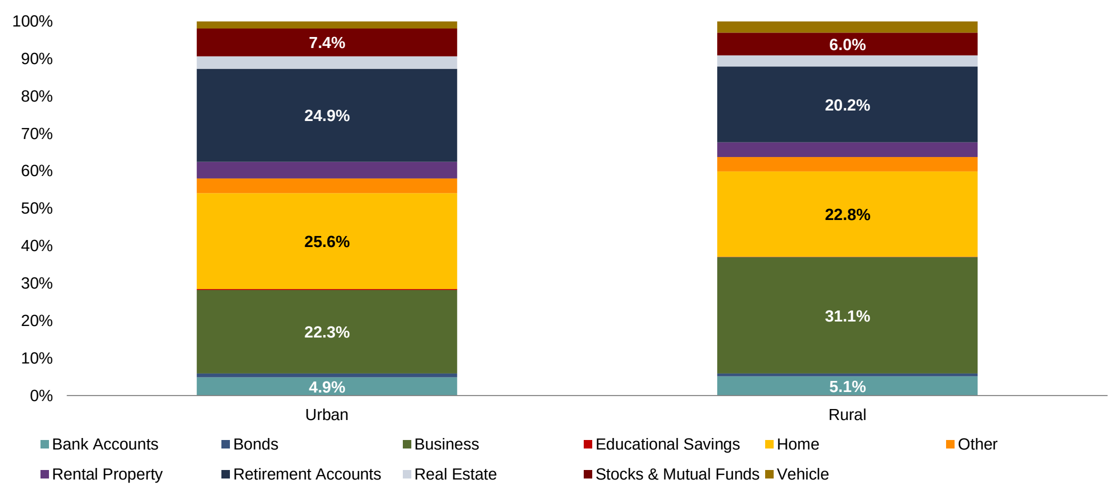
category except the highest ($100,000 or more). As a result, rural individuals — except for the highest earners — were actually in a better financial situation in terms of net worth than their urban counterparts (Figure 2).[2]

Figure 2
Median Net Worth Comparisons, by Income and Geographic Area



Source: Employee Benefit Research Institute estimates of the 2020 Survey of Income and Program Participation.

Figure 3
Distribution of Total Assets, by Geographic Area



Source: Employee Benefit Research Institute estimates of the 2020 Survey of Income and Program Participation.

In addition to the differences in levels of assets and debt, the makeup of assets and debts also differed between urban and rural individuals.[3] Most notably, 33.1 percent of the assets of rural individuals were from businesses,

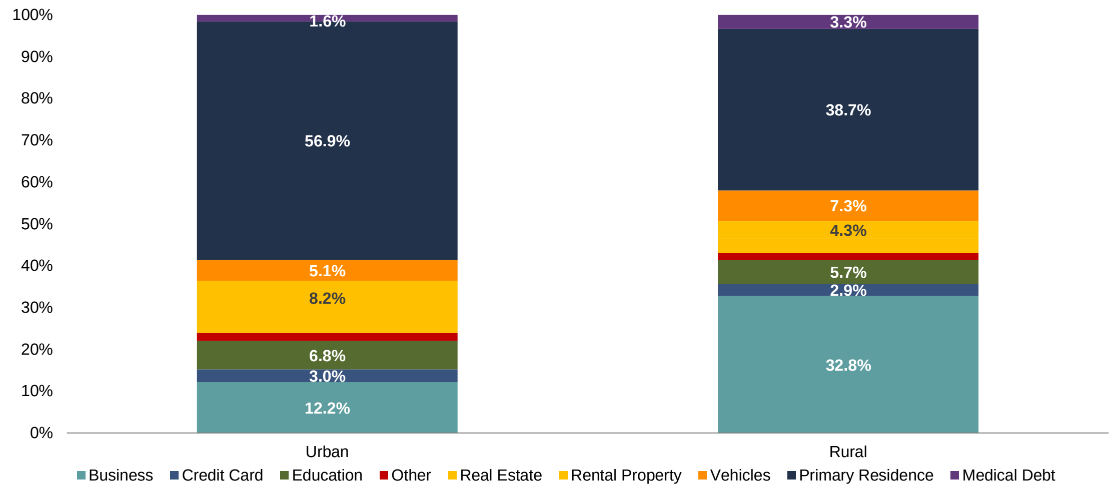
[2] This could be due to lower cost of living in rural areas. However, given the lower costs of living, it may be that those in the rural areas could have even larger differences in net worths if assets owned were different.

[3] SIPP categorizes assets into 11 groups and debts into nine groups. The asset categories include bank accounts (e.g., checking and savings), bonds, businesses, educational savings (e.g., 529 plans), home, rental properties, retirement accounts (employment-based defined contribution plans and individual retirement accounts), real estate (not primary residence), stocks and mutual funds, vehicles, and other (anything remaining, such as precious metals and collectibles). The debt categories include business, credit card, education, real estate, rental property, vehicles, primary residence, medical, and other.

compared with 22.3 percent of the assets of urban individuals (Figure 3). In contrast, urban individuals held more of their assets in their homes and retirement accounts as well as stocks and mutual funds.

Similarly, the distribution of debt from various categories was significantly different between urban and rural individuals. For rural individuals, business debt made up the largest share of debt at 32.8 percent. This is nearly three times the size of the share of urban families' business debt, which was 12.2 percent (Figure 4). In contrast, for urban families, a much larger share of debt came from their primary residence — 56.9 percent compared with 38.7 percent for rural individuals. Further, rural families had higher shares of vehicle debt and medical debt, while urban families had a higher share of debt coming from rental properties.

Figure 4
Distribution of Total Debts, by Geographic Area



Source: Employee Benefit Research Institute estimates of the 2020 Survey of Income and Program Participation.

Conclusion

Overall, individuals living in rural areas were more likely to have lower incomes and assets than those living in urban areas. However, the lower asset finding was driven by those in the highest income group. At other income levels, the net worth of rural individuals was *higher* than that of urban individuals. So rural individuals were generally in a better financial situation than their urban counterparts.

At the same time, rural individuals were missing out on some key assets in their portfolios that may help them build more wealth and provide a better diversification of assets, which could lead to a more secure retirement. Specifically, those living in rural areas had a disproportionately higher amount of assets in businesses and lower amounts in retirement accounts and stocks and mutual funds.

The Employee Benefit Research Institute is a private, nonpartisan, and nonprofit research institute based in Washington, D.C., that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which include a broad range of public and private organizations. For more information visit www.ebri.org.

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