

Statistics of Qualifying Households under Accredited Investor Financial Criteria¹

- **Overall number of qualifying households**

Description

The overall number of qualifying households is the total number of U.S. households that would have qualified as accredited investors under the existing income and/or net worth criteria applicable to natural persons. While we are unable to estimate the actual number of natural persons that qualify as accredited investors based on income or net worth due to lack of comprehensive data, we are able to estimate the overall pool of qualifying households in the United States based upon underlying household data from the Federal Reserve Board's Survey of Consumer Finances (the "SCF").

Calculation Method

The SCF employs weights to make the data representative of the U.S. population. The overall number of qualifying households is estimated by aggregating the sample weights of the U.S. households that reported household income greater than \$200,000, assuming there is, at least, one individual from the household that meets the threshold, joint income greater than \$300,000, or net worth, excluding home equity, greater than \$1,000,000, assuming there is, at least, one individual from the household that meets the threshold.

Because some households qualify as accredited investors under both the net worth and income thresholds, the total number of qualifying households does not equal to the sum of the number of households qualifying as accredited investors under the individual income threshold, the joint income threshold, and the number of households qualifying as accredited investors under the net worth threshold. This may result in over or undercounting. Also, due to the data limitation, households qualified under the joint income threshold are essentially a subgroup of the households qualified under the individual income thresholds.

Data Source

Federal Reserve Board's Survey of Consumer Finances, *available at* <https://www.federalreserve.gov/econres/scfindex.htm>.

- **Number of qualifying households based on individual income threshold (\$200,000)**

Description

The number of qualifying households based on individual income threshold (\$200,000) is the number of U.S. households that would have qualified as accredited investors under the existing individual income criteria applicable to natural persons.

Calculation Method

The number of qualifying households based on individual income threshold (\$200,000) is estimated by aggregating the sample weights of the U.S. households that reported household income greater than \$200,000. We estimate households and not individuals because the database underlying our estimates measures wealth and income at the household level. U.S. households with accredited investor(s) estimates based on individual income thresholds are likely overestimated and would represent an upper bound estimate.

¹ These statistics are produced by the staff of the U.S. Securities and Exchange Commission and the Commission expresses no view regarding the statistics. The statistics are produced from public survey data collected and processed by the Board of Governors of the Federal Reserve System. Staff cannot guarantee the accuracy of third-party data. The statistics may change based on updated or revised data and methodology.

Income includes wage income, business income, rent income, interest and dividend income, pension income, social security income, income from retirement accounts, transfers, and other income. According to the SCF documentation, income data is collected for the year prior to the year of the SCF while family balance sheet data covers the status of the family at the time of the interview.

Data Source

Federal Reserve Board's Survey of Consumer Finances, *available at* <https://www.federalreserve.gov/econres/scfindex.htm>.

- **Number of qualifying households based on joint income threshold (\$300,000)**

Description

The number of qualifying households based on joint income threshold (\$300,000) is the number of U.S. households that would have qualified as accredited investors under the existing joint income criteria applicable to natural persons.

Calculation Method

The number of qualifying households based on joint income threshold (\$300,000) is estimated by aggregating the sample weights of the U.S. households that reported income greater than \$300,000.

Income includes wage income, business income, rent income, interest and dividend income, pension income, social security income, income from retirement accounts, transfers, and other income. According to the SCF documentation, income data is collected for the year prior to the year of the SCF while family balance sheet data covers the status of the family at the time of the interview.

Data Source

Federal Reserve Board's Survey of Consumer Finances, *available at* <https://www.federalreserve.gov/econres/scfindex.htm>.

- **Number of qualifying households based on net worth threshold (\$1,000,000)**

Description

The number of qualifying households based on net worth threshold (\$1,000,000) is the number of U.S. households that would have qualified as accredited investors under the existing net worth criteria applicable to natural persons.

Calculation Method

The number of qualifying households based on net worth threshold (\$1,000,000) is estimated by aggregating the sample weights of the U.S. households that reported net worth excluding home equity, greater than \$1,000,000, assuming there is, at least, one individual from the household that meets the threshold.

Net worth is defined as the difference between household assets and household debt. Based on the SCF's definitions, assets include all financial assets (stocks, bonds, mutual funds, cash and cash management accounts, retirement assets, life insurance, managed assets like trusts and annuities, and other financial assets like deferred compensation, royalties, futures, etc.) and non-financial assets; debt includes mortgage and home equity loans, lines of credit, credit card debt, installment loans including vehicle loans, margin loans, pension loans, and other debt (e.g., loans against insurance). The estimate excludes the value of the household's principal residence and any outstanding mortgages associated with the principal residence for all the years.

Data Source

Federal Reserve Board's Survey of Consumer Finances, *available at* <https://www.federalreserve.gov/econres/scfindex.htm>.

- **Overall qualifying households as % of U.S. households**

Description

The overall qualifying households as % of U.S. households is the percentage of all qualifying households under accredited investor income and/or net worth criteria in the U.S. households population.

Calculation Method

The overall qualifying households as % of U.S. households is estimated by the overall number of qualifying households divided by the estimated total number of U.S. households.

The SCF employs weights to make the data representative of the U.S. population. The overall number of qualifying households is estimated by aggregating the sample weights of the U.S. households that reported household income greater than \$200,000, assuming there is, at least, one individual from the household that meets the threshold, joint income greater than \$300,000, or net worth, excluding home equity, greater than \$1,000,000, assuming there is, at least, one individual from the household that meets the threshold.

Total number of U.S. households is estimated by aggregating the sample weights of all the U.S. households that participated in the survey.

Because some households qualify as accredited investors under both the net worth and income thresholds, the total number of qualifying households does not equal to the sum of the number of households qualifying as accredited investors under the individual income threshold, the joint income threshold, and the number of households qualifying as accredited investors under the net worth threshold. This may result in over or undercounting. Also, due to the data limitation, households qualified under the joint income threshold are essentially a subgroup of the households qualified under the individual income thresholds.

Data Source

Federal Reserve Board's Survey of Consumer Finances, *available at* <https://www.federalreserve.gov/econres/scfindex.htm>.

- **Qualifying households based on individual income threshold (\$200,000) as % of U.S. households**

Description

The qualifying households based on individual income threshold (\$200,000) as % of U.S. households is the percentage of all qualifying households under accredited investor income criteria in the U.S. households population.

Calculation Method

The qualifying households based on individual income threshold (\$200,000) as % of U.S. households is estimated by the number of qualifying households under individual income threshold divided by the estimated total number of U.S. households.

The number of qualifying households based on individual income threshold (\$200,000) is estimated by aggregating the sample weights of the U.S. households that reported household income greater than

\$200,000. We estimate households and not individuals because the database underlying our estimates measures wealth and income at the household level. U.S. households with accredited investor(s) estimates based on individual income thresholds are likely overestimated and would represent an upper bound estimate.

Total number of U.S. households is estimated by aggregating the sample weights of all the U.S. households that participated in the survey.

Income includes wage income, business income, rent income, interest and dividend income, pension income, social security income, income from retirement accounts, transfers, and other income. According to the SCF documentation, income data is collected for the year prior to the year of the SCF while family balance sheet data covers the status of the family at the time of the interview.

Data Source

Federal Reserve Board's Survey of Consumer Finances, *available at* <https://www.federalreserve.gov/econres/scfindex.htm>.

- **Qualifying households based on joint income threshold (\$300,000) as % of U.S. households**

Description

The qualifying households based on joint income threshold (\$300,000) as % of U.S. households is the percentage of all qualifying households under accredited investor income criteria in the entire U.S. households population.

Calculation Method

The qualifying households based on joint income threshold (\$300,000) as % of U.S. households is estimated by the number of qualifying households under joint income threshold divided by the estimated total number of U.S. households.

The number of qualifying households based on joint income threshold (\$300,000) is estimated by aggregating the sample weights of the U.S. households that reported income greater than \$300,000.

Total number of U.S. households is estimated by aggregating the sample weights of all the U.S. households that participated in the survey.

Income includes wage income, business income, rent income, interest and dividend income, pension income, social security income, income from retirement accounts, transfers, and other income. According to the SCF documentation, income data is collected for the year prior to the year of the SCF while family balance sheet data covers the status of the family at the time of the interview.

Data Source

Federal Reserve Board's Survey of Consumer Finances, *available at* <https://www.federalreserve.gov/econres/scfindex.htm>.

- **Qualifying households based on net worth threshold (\$1,000,000) as % of U.S. households**

Description

The overall qualifying households as % of U.S. households is the percentage of all qualifying households under accredited investor net worth criteria in the U.S. household population.

Calculation Method

The qualifying households based on the net worth threshold (\$1,000,000) as % of U.S. households is estimated by the number of qualifying households under net worth threshold divided by the estimated total number of U.S. households.

The number of qualifying households based on net worth threshold (\$1,000,000) is estimated by aggregating the sample weights of the U.S. households that reported net worth excluding home equity, greater than \$1,000,000, assuming there is, at least, one individual from the household that meets the threshold.

Total number of U.S. households is estimated by aggregating the sample weights of all the U.S. households that participated in the survey.

Net worth is defined as the difference between household assets and household debt. Based on the SCF's definitions, assets include all financial assets (stocks, bonds, mutual funds, cash and cash management accounts, retirement assets, life insurance, managed assets like trusts and annuities, and other financial assets like deferred compensation, royalties, futures, etc.) and non-financial assets; debt includes mortgage and home equity loans, lines of credit, credit card debt, installment loans including vehicle loans, margin loans, pension loans, and other debt (e.g., loans against insurance). The estimate excludes the value of the household's principal residence and any outstanding mortgages associated with the principal residence.

Data Source

Federal Reserve Board's Survey of Consumer Finances, *available at* <https://www.federalreserve.gov/econres/scfindex.htm>.

- **Number of qualifying households based on net worth threshold (\$1,000,000) excluding retirement assets**

Description

The number of qualifying households based on net worth threshold (\$1,000,000) excluding retirement assets is the number of U.S. households that would have qualified as accredited investors under the existing net worth criteria excluding retirement assets from net worth calculation applicable to natural persons.

Calculation Method

The number of qualifying households based on net worth threshold (\$1,000,000) is estimated by aggregating the sample weights of the U.S. households that reported net worth excluding home equity and retirement income, greater than \$1,000,000, assuming there is, at least, one individual from the household that meets the threshold.

Net worth is defined as the difference between household assets and household debt. Based on the SCF's definitions, assets include all financial assets (stocks, bonds, mutual funds, cash and cash management accounts, retirement assets, life insurance, managed assets like trusts and annuities, and other financial assets like deferred compensation, royalties, futures, etc.) and non-financial assets; debt includes mortgage and home equity loans, lines of credit, credit card debt, installment loans including vehicle loans, margin loans, pension loans, and other debt (e.g., loans against insurance). The term "retirement assets" is based on the SCF's definition of retirement accounts as "individual retirement accounts, Keogh accounts, and certain employer-sponsored accounts, such as 401(k), 403(b), and thrift savings accounts from current or past jobs; other current job plans from which loans or withdrawals can be made; and accounts from past jobs from which the family expects to receive the account balance in the future." The

estimate excludes the value of the household's principal residence, any outstanding mortgages associated with the principal residence, and retirement assets.

Data Source

Federal Reserve Board's Survey of Consumer Finances, *available at* <https://www.federalreserve.gov/econres/scfindex.htm>.

- **Qualifying households based on net worth threshold (\$1,000,000) excluding retirement assets as % of U.S. households**

Description

The overall qualifying households based on net worth threshold excluding retirement assets as % of U.S. households is the percentage of all qualifying households under accredited investor net worth criteria excluding retirement assets from net worth calculation in the entire U.S. household population.

Calculation Method

The qualifying households based on the net worth threshold (\$1,000,000) excluding retirement assets as % of U.S. households is estimated by the number of qualifying households under net worth threshold excluding retirement assets from the net worth calculation divided by the estimated total number of U.S. households.

The number of qualifying households based on net worth threshold (\$1,000,000) is estimated by aggregating the sample weights of the U.S. households that reported net worth excluding home equity and retirement assets, greater than \$1,000,000, assuming there is, at least, one individual from the household that meets the threshold.

Total number of U.S. households is estimated by aggregating the sample weights of all the U.S. households that participated in the survey.

Net worth is defined as the difference between household assets and household debt. Based on the SCF's definitions, assets include all financial assets (stocks, bonds, mutual funds, cash and cash management accounts, retirement assets, life insurance, managed assets like trusts and annuities, and other financial assets like deferred compensation, royalties, futures, etc.) and non-financial assets; debt includes mortgage and home equity loans, lines of credit, credit card debt, installment loans including vehicle loans, margin loans, pension loans, and other debt (e.g., loans against insurance). The term "retirement assets" is based on the SCF's definition of retirement accounts as "individual retirement accounts, Keogh accounts, and certain employer-sponsored accounts, such as 401(k), 403(b), and thrift savings accounts from current or past jobs; other current job plans from which loans or withdrawals can be made; and accounts from past jobs from which the family expects to receive the account balance in the future." The estimate excludes the value of the household's principal residence, any outstanding mortgages associated with the principal residence, and retirement assets.

Data Source

Federal Reserve Board's Survey of Consumer Finances, *available at* <https://www.federalreserve.gov/econres/scfindex.htm>.