The Colorado Essential Wealth Metric

Methodology

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Contents

Introduction

This technical appendix documents how the essential wealth measure was developed and applied for the state of Colorado. It provides a summary of the design of the essential wealth measure and details the data and methodology used to produce the Colorado estimates. For more detail, including a fuller discussion of the conceptual development of the measure, see the national Essential Wealth technical appendix.

Wealth — assets owned in excess of liabilities owed — is essential to families' financial resilience and economic thriving. All families need access to the resources that support stability today and that enable them to invest in a better life for tomorrow. Despite its importance, research has offered few options for measuring whether people have enough wealth to meet their needs. The essential wealth measure was developed to provide a clear sense of the amount of wealth a household needs to support resilience, prosperity, and well-being. Nationally, only 26 percent of households have essential wealth. Applying the measure to Colorado, residents fare somewhat better, with 34 percent of households holding essential wealth. But in the United States and in Colorado alike, the large majority of households do not hold the savings and wealth needed to support sustained financial well-being and a path to greater economic opportunity.

SECTION 1

The Essential Wealth Measure

The concept underlying essential wealth is economic sufficiency. Sufficiency measures like the Official Poverty Measure, the MIT Living Wage Calculator, and the Elder Index ask whether households hold or have access to enough of a particular resource — income, wealth, food, and the like — to meet a stated standard. These measures usually put an amount on what the standard costs, often accounting for how prices vary across places (for example, the wage needed to readily afford housing, food, utilities, and childcare in Aurora, Colorado).

Applying this logic to wealth requires some adaptation. Unlike income, wealth has no standard basket of goods to price; it takes many forms — home equity, retirement accounts, business ownership, cash savings — and can vary quite a bit across families in when they attain it and how they use it. The measure therefore prices the broad functions that wealth performs rather than a set list of assets.

Three functions of wealth

- **Resilience.** Wealth provides security against shocks such as job loss or a large unexpected expense, and lays the groundwork for stability over time. Sufficiency for this function is measured by liquid savings.

- **Prosperity.** Wealth lets households invest in opportunities that raise long-term economic potential — education, homeownership, retirement and financial assets, or entrepreneurship — which in turn can build further wealth. Sufficiency for this function is measured by net worth (all assets minus all debts).
- **Well-being.** Wealth supports stability, agency, and financial peace of mind. Sufficiency for this function is validated against households' own reported financial well-being on the Consumer Financial Protection Bureau's Financial Well-Being Scale.

Because wealth serves more than one function, the measure requires a household to satisfy all three functions: a threshold for net worth and a threshold for liquid savings, validated by a measure showing that well-being increases with savings and net worth. Net worth captures whether a household holds a large enough store of wealth to grow and accrue value over time; liquid savings captures whether it can absorb a shock without borrowing and being pulled off course from longer-term goals. A household can hold a great deal of one and little of the other. Requiring both conditions is what allows the measure to distinguish wealth that can perform its functions from wealth that exists only on the balance sheet.

Wealth needs also change over the life course, so the thresholds vary by age. A household in its twenties paying down student debt and saving toward a first home and a household in its late fifties preparing for retirement require different amounts of wealth; a single figure would sit too high to be realistic for younger households or too low to be meaningful for older ones. The measure anchors each stage to the goal most salient at that stage — accumulating toward a home when young, building retirement-scale wealth in midlife, and funding the remaining years of life in retirement — and marks progress through three milestones: the asset-poverty line, emergent wealth, and essential wealth. Section 3 defines each milestone and specifies its thresholds.

SECTION 2

Data and Key Variables

The measure draws on three kinds of data: external benchmarks that set the dollar thresholds at each age; household survey data that record what Colorado households hold; and validation data that confirm the thresholds correspond to households' own experience of their finances.

Household wealth and savings data

Household net worth, liquid savings, income, and demographic characteristics are drawn from the Survey of Income and Program Participation (SIPP)[1], a longitudinal survey conducted by the U.S. Census Bureau. Measuring wealth for a single state is difficult, because most surveys of household wealth are not designed to produce state estimates. SIPP is the principal public survey that supports measurement of household wealth and savings at the state level, and it records the account balances, assets, and liabilities the framework requires. In addition to the

Census Bureau's own published state wealth tables, several analyses of state and regional wealth[2] have been produced using SIPP — including studies of California,[3] New York,[4] and Washington[5] — establishing precedent for its use here.

A single SIPP panel yields only a small Colorado sample, adequate for a statewide total but not for estimates by age. To obtain a sample sufficient for age-specific analysis, four consecutive panels are combined (survey years 2022 through 2025, corresponding to household wealth for reference years 2021 through 2024). From each panel, the analysis retains Colorado reference-person households observed at the December reference month. Appendix 2 documents how the panels are combined for the analyses presented in the Colorado essential wealth report.

Element	Specification
Survey	U.S. Census Bureau, Survey of Income and Program Participation
Panels combined	Survey years 2022–2025 (reference years 2021–2024)
Colorado sample	1,482 household-years, comprising 801 distinct households
Weighted universe	Approximately 2,397,797 Colorado households in an average year
Dollar basis	Constant 2024 dollars, adjusted using the CPI-U

Threshold data: external anchors

Each net worth threshold is anchored to a benchmark maintained independently of this project, and to a Colorado-specific value wherever one is published. Full citations appear in the references.

Anchor	Source	Role in the measure
Colorado home value	Zillow Home Value Index, Colorado, 2024 ($559,704)[6]	Sets net worth thresholds for households under 40, via a down-payment benchmark
Living wage	MIT Living Wage Calculator, Colorado — required annual income before taxes (2026)[7]	Sets net worth thresholds for households 40–64, as multiples of a living-wage standard

Anchor	Source	Role in the measure
Elder Index	Gerontology Institute, University of Massachusetts Boston, Colorado, 2025[8]	Annual income older households need to live independently; sets 65+ net worth thresholds
Period life table	Social Security Administration, 2023 period life table[9]	Remaining life expectancy at 65+; scales the Elder Index into the 65+ net worth threshold
Expense-shock magnitude	CFPB Office of Research, research on the size of a typical unexpected expense[10]	Basis for the $2,000 emergent liquid-savings threshold
Household cash buffer	JPMorgan Chase Institute, research on the household cash buffer[11]	Basis for the six-week essential liquid-savings threshold
Price index	U.S. Bureau of Labor Statistics, CPI-U annual averages[12]	Converts all figures to constant 2024 dollars

Key variables

The measure uses the following household-level quantities, defined here in substantive terms.

- **Net worth.** Total assets minus total liabilities — home equity, retirement and financial accounts, business equity, and vehicles, minus mortgage, consumer, and other debt.
- **Liquid savings.** A household's combined checking and savings account balances.
- **Monthly income.** Household income in the December reference month, before taxes.
- **Housing tenure.** Whether the household rents, owns with a mortgage, or owns without a mortgage. Required to select the applicable Elder Index value at 65 and over.
- **Couple status and presence of children.** Whether the household has a married couple, and whether any member of the household is under 18. Both are used to select the applicable living-wage benchmark for households 40 to 64.
- **Age of the reference person.** Determines which age-specific threshold applies.

Race and Hispanic origin are used only in the wealth-gap analysis in Section 4 and play no part in the construction of thresholds or the classification of households.

Validation

To confirm that the two levels correspond to how households experience their finances, the thresholds were validated against self-reported financial well-being. Drawing on national survey data that pair household wealth with responses to the Consumer Financial Protection Bureau's Financial Well-Being Scale[13], the levels align as intended: essential wealth corresponds to high financial well-being, emergent wealth to an intermediate level, and asset poverty to the lowest. This supports interpreting essential wealth as the level at which all three functions of wealth are met.

Reference years and dollars

Household wealth, income, and savings are drawn from the four combined panels and expressed in constant 2024 dollars, adjusted with the CPI-U. Home values are also drawn from 2024 data. The living-wage and Elder Index benchmarks reflect 2025 costs. We used the 2025 details due to data availability, and we did not adjust to 2024 dollars for this analysis.

SECTION 3

Methodology

This section specifies the measure in full: the three milestones and the four groups they define, how the savings and net worth thresholds are constructed, how the age bands are organized, and how households are assigned to groups.

The three milestones and four groups

The framework sorts households into four mutually exclusive groups, marked by three milestones on the path to essential wealth.

Milestone	Group
Essential wealth	Has essential wealth
Emergent wealth	Has emergent wealth
Asset poverty line	Above asset poverty / below emergent wealth
	In or below asset poverty

- **Asset-poverty line.** The wealth counterpart to the income poverty rate: whether a household holds enough net worth to subsist for a short period with no income. It is the baseline below which a household cannot weather even a brief disruption, and households below it are the most financially fragile.
- **Emergent wealth.** The baseline for meaningful resilience and the foundation for growing prosperity. A household here holds enough liquid savings to handle a typical expense shock and enough net worth to hold a meaningful stake in at least one appreciating asset, or more modest ownership across several.

- **Essential wealth.** The level at which a household holds appreciating assets in amounts that allow it to absorb risk and plan for the future. It marks the transition to wealth that begins to compound over time.

Emergent and essential wealth share the same two-part structure — a net worth threshold and a liquid savings threshold — set at different levels. A household reaches a milestone only by clearing both of that milestone's thresholds. The rest of this section specifies each, beginning with savings and then turning to net worth by age.

The savings thresholds

One of the functions of wealth is resilience, and wealth held in illiquid forms is less able to meet a financial shock. For households to draw on the full function of their wealth, they need liquid savings alongside their appreciating assets, which is why the framework sets a savings threshold in addition to a net worth threshold. The savings thresholds are held constant across age, because a household's need for a liquid cushion varies less by age than its net worth goals do.

- **Emergent threshold: $2,000.** Approximately the magnitude of a typical unexpected expense in research on expense shocks, and an established convention in the field that keeps these estimates comparable to other work.
- **Essential threshold: six weeks of take-home pay.** From JPMorgan Chase Institute research on the cash buffer households need to withstand simultaneous income and expense shocks — enough to absorb a job loss and a significant unexpected expense arriving together.

Liquid savings are measured as combined balances in checking and savings accounts. To operationalize the essential threshold in SIPP, we use an existing monthly income variable and set the requirement at one month of gross (pre-tax) income as a proxy for six weeks of take-home (post-tax) pay. A sensitivity analysis found only marginal differences between one month of gross pay and an estimate of six weeks of take-home pay computed from annual income and estimated withholding.

> Emergent: liquid savings ≥ $2,000
>
> Essential: liquid savings ≥ one month of gross income (proxy for six weeks of take-home pay)

Net worth thresholds by age

Net worth thresholds vary by age band, following the anchor that fits each stage of life: a share of Colorado home value under 40, a multiple of a living-wage standard from 40 to 64, and the Elder Index scaled by life expectancy at 65 and over. In each case the emergent threshold marks a foundation and the essential threshold marks fuller sufficiency.

Under 40: anchored to housing

For households under 40, thresholds are anchored to a home down payment. A home is where many households first build wealth, and even for those who do not buy, a down-payment-sized sum is a meaningful near-term wealth goal that is easy to measure and to communicate. For Colorado the anchor is the statewide home value (the Zillow Home Value Index), which is published at the state level and reflects the value of the Colorado housing stock.

- **Emergent threshold.** An entry-level equity position — on the order of a minimum down payment — that rises through the 30s toward a more substantial stake. In Colorado this is 3.5 percent of statewide home value for households 18–29 (approximately $19,600) and 10 percent for households 30–39 (approximately $56,000).
- **Essential threshold.** A conventional down-payment position, reaching 20 percent of median statewide home value by the late 30s. In Colorado this is 10 percent of home value for households 18–29 (approximately $56,000) and 20 percent for households 30–39 (approximately $112,000).

40 to 64: anchored to a living wage

Past 40, tracking progress toward a first home becomes less common, as homeownership rises with age, with the more pressing goal of growing and sustaining a nest egg. We base the wealth measure for this age on retirement savings guidelines, which outline the multiples of income households should have saved by certain ages to be on track for a sufficiently funded retirement. Rather than anchor the mid-life thresholds to each household's own income, the Colorado measure anchors them to an external living-wage standard for Colorado — the annual income required to meet a basic, adequate standard of living — matched to household composition. Anchoring to a living wage establishes a floor, so that a multiple of a very low income does not set an inappropriately low bar for lower-income households; and it keeps the mid-life thresholds consistent with the externally anchored standards used for younger households (home value) and older households (the Elder Index, itself an income-sufficiency standard). Thresholds are multiples of the living wage applied to full net worth.

- **Emergent threshold, the lower multiples.** Two times the living wage at ages 40–49 and four times at ages 50–64 — a real foundation, but not full sufficiency.
- **Essential threshold, the higher multiples.** Three times the living wage at ages 40–49 and six times at ages 50–64, reflecting fuller sufficiency.

While the living wage can be estimated for a wide range of household sizes, we match to Colorado households in the SIPP sample using a simplified three household-type approach. This approach balances the diversity of household types that live in the state against the households adequately represented in the data.

Household composition	Annual living wage	40–49: emergent (2×) / essential (3×)	50–64: emergent (4×) / essential (6×)
Single, no children	$54,071	$108,142 / $162,213	$216,284 / $324,426
Couple, no children	$72,530	$145,060 / $217,590	$290,120 / $435,180
Children present*	$112,081	$224,162 / $336,243	$448,324 / $672,486

** Based on 2 working adults and 1 child. Most household configurations with children where 1 or both adults work require even higher living wages.*

65 and over: funding the rest of life

At 65 and over, the goal is no longer accumulation but funding the years ahead, particularly once earnings from full-time work have ended. Thresholds use the Colorado Elder Index — the annual income an older household needs to live independently — scaled by remaining life expectancy from the Social Security Administration. Because the Elder Index is an annual income requirement rather than a stock of wealth, it is multiplied by the number of years the household is expected to need it.

> Net worth threshold = Elder Index annual value × years of remaining life expectancy

Each household is assigned an Elder Index value from its couple status and tenure — renter, owner with a mortgage, or owner without a mortgage — observed directly in SIPP. Health status is set by the framework and differs by milestone.

- **Emergent threshold: Elder Index at good health × life expectancy.** Enough to fund an independent standard of living for the expected remaining years, under favorable health-cost assumptions.
- **Essential threshold: Elder Index at poor health × (life expectancy + 5 additional years).** Sufficiency in retirement means covering the costs of declining health and not exhausting wealth in the event of a longer-than-expected life. Life expectancy is drawn from the Social Security Administration's 2023 period life table; single households use female life expectancy under a last-survivor assumption.

Older household type	Elder Index Annual Income for Colorado - good health	Elder Index Annual Income for Colorado - poor health
Single, renter	$36,216	$38,400
Single, owns (no mortgage)	$25,920	$28,104
Single, owns (mortgage)	$40,992	$43,176
Couple, renter	$49,884	$54,252
Couple, owns (no mortgage)	$39,588	$43,956
Couple, owns (mortgage)	$54,660	$59,028

Thresholds by age

The full set of net worth thresholds by age, in constant 2024 dollars, is as follows.

Age	Emergent net worth	Essential net worth
18–29	3.5% of home value (≈ $19,600)	10% of home value (≈ $56,000)
30–39	10% of home value (≈ $56,000)	20% of home value (≈ $112,000)
40–49	2 × living wage	3 × living wage
50–64	4 × living wage	6 × living wage
65+	Elder Index (good health) × life expectancy	Elder Index (poor health) × (life expectancy + 5 additional years)

Home value is the 2024 Colorado Zillow Home Value Index ($559,704). Living-wage multiples apply to the composition-specific figures shown above.

Age bands

The measure is built on five age bands — 18–29, 30–39, 40–49, 50–64, and 65+ — which are few enough to present in a single table, break along large phases of income growth and family formation, and align with categories used in other data sources. Results are reported for three collapsed bands (Under 40, 40–64, and 65+) rather than five, because the Colorado sample does not support reliable estimates for the narrower cells; the underlying classification is identical.

The asset poverty floor

The asset poverty line asks whether a household holds enough wealth to subsist at the income poverty line for three months if it lost all income and had to live off their remaining wealth. Given that the official poverty measure (OPM) does not vary by state, we follow the same framework as the national data, where we take the rounded annual poverty rate and divide by 4 to get to an estimate for the wealth needed for three months. Given that the poverty rate also varies by household composition, we used the poverty rate for 3 people (2 adults and 1 child) for households under 65 and the poverty rate for 2 people over 65 with no children for households over 65.

Assigning households to groups

A household reaches a milestone only when it satisfies both the net worth and the savings threshold for that milestone. The four groups are mutually exclusive and exhaustive, and assignment proceeds from the top down.

1. A household **has essential wealth** if it clears both the essential net worth threshold and the essential savings threshold (one month of gross income, the proxy for six weeks of take-home pay).
2. Otherwise, it **has emergent wealth** if it clears both emergent thresholds — emergent net worth and $2,000 in liquid savings.
3. Otherwise, it is **above asset poverty** if its net worth exceeds the asset-poverty floor. No savings condition applies at this level.
4. Otherwise, it is **in asset poverty**.

A household that satisfies one threshold of a pair but not the other is assigned to the lower segment; a household with essential-level net worth but only emergent-level savings, for example, is classified as having emergent wealth.

Results

Applied to the combined Colorado data, the measure yields the following distribution.

Wealth group	Share of households	Households (average year)
Has essential wealth	34.2%	819,600
Has emergent wealth	20.1%	482,100
Above asset poverty	32.2%	771,600
In or below asset poverty	13.5%	324,400
Total	100%	2,397,800

Shares are rounded and may not sum to 100 percent. Combined Colorado SIPP, reference years 2021–2024, constant 2024 dollars.

The distribution shifts across age groups: the share with essential wealth rises from 29.8 percent below age 40 to 40.2 percent at 65 and over, while the share in asset poverty falls from 19.1 percent to 7.6 percent.

Wealth group	Under 40	40–64	65+	All ages
Has essential wealth	29.8%	33.8%	40.2%	34.2%
Has emergent wealth	21.8%	22.0%	15.0%	20.1%
Above asset poverty	29.4%	31.3%	37.1%	32.2%
In or below asset poverty	19.1%	12.9%	7.6%	13.5%

Share within each age group.

Expressed as estimated numbers of Colorado households:

Wealth group	Under 40	40–64	65+	All ages
Has essential wealth	229,300	341,900	248,400	819,600
Has emergent wealth	167,600	222,100	92,400	482,100
Above asset poverty	226,300	316,000	229,300	771,600
In or below asset poverty	147,100	130,100	47,200	324,400
Total	770,400	1,010,100	617,300	2,397,800

Estimated households in an average year, rounded to the nearest hundred. The 65+ asset-poverty cell rests on a sample of 32 households, below the Census reporting threshold; it is reported for completeness but should be interpreted with caution.

Illustrative figures

Any single dollar figure cited for a level at a given age is illustrative and proximate rather than representing the single definitive threshold for that age group. Such figures incorporate the required savings within one net worth amount rather than stating it separately; they are rounded to convey magnitude rather than a precise target; and because most thresholds depend on household circumstances — home value, composition, tenure, and age — a particular household's figure may differ.

SECTION 4

A Wealth-Gap Scenario

The Colorado data also support a policy question distinct from the classification above: how would the state's wealth gaps change if more households reached essential wealth? The analysis below addresses that question through a simulation and is not part of the household classification.

At baseline, approximately 820,000 Colorado households (34 percent) hold essential wealth. The simulation raises a representative share of the households below that line to essential wealth — increasing both their net worth and their liquid savings so that they satisfy both conditions — and re-estimates other key measures of wealth inequality based on this new assumption. The households raised are drawn in proportion to the racial composition of the below-line population, so that the group assisted mirrors the group currently below the line. The case reported here approximately doubles the number of households with essential wealth, from about 820,000 to 1.5 million, which requires raising 43 percent of those currently below the line. Two measures are tracked: the ratio of white (non-Hispanic) to non-white median net worth, and the ratio of the 90th percentile of net worth to the median.

Measure	Baseline	Essential wealth ≈ doubled
Households with essential wealth	819,600 (34.2%)	1,500,000
White / non-white net worth ratio	10.3	5.2
White / non-white dollar gap	$513,000	$522,000
90th-percentile / median ratio	7.3	5.7

The gap narrows substantially in ratio terms — the racial wealth gap gets cut nearly in half. The dollar gap remains largely unchanged, though. Raising a proportion of households from below essential to above essential raises the median wealth for all groups. Both results are reported together. The comparison is limited to white and non-white households; the Colorado samples for individual groups, such as Black or Hispanic households considered separately, are too small to report reliably, and "non-white" should be read as a broad, heterogeneous category rather than a proxy for any single group.

The analysis uses the pooled 2021–2024 data as a static, present-day counterfactual, rather than a formal projection, and makes no assumptions about how changes in state-level net worth or state demographic composition could dynamically affect rates of essential wealth over time.

SECTION 5

Considerations and Limitations

Data on wealth at the state level

Few sources provide data on household wealth at the state level, and fewer still for a specific state such as Colorado. SIPP is the best available option, but even so, the data available for any single year are limited, which makes detailed analysis difficult — particularly for subgroups that are less well represented in the underlying sample. Pooling four panels addresses some of these small-sample concerns, but it does not fully alleviate them. For example, understanding wealth for a specific racial group, or for families with young children, remains constrained by the relatively small number of such households that appear in the Colorado data. Having SIPP is considerably better than having no state-level wealth data at all, but the constraints are real, and the analysis is careful not to overstate what the data can support.

Scope of the liquid savings measure

Liquid savings are measured as a household's combined checking and savings balances. Unlike the national measure, the Colorado measure does not net an allowance for near-term shelter and food costs out of those balances, so it is a broader and simpler gauge of the cash a household could reach quickly. Households may also hold other sources of liquidity — for example, other financial accounts or lines of credit — that this measure does not capture, so relative to a household's full set of deployable resources it remains conservative, and the resulting figures are not directly comparable to broader emergency-savings measures.

Social Security and the 65-and-over thresholds

The retirement thresholds count only a household's own wealth and do not credit Social Security or pensions, which meet a substantial share of many older households' needs. The measure therefore states the wealth a household would require to fund later life on its own, which overstates what most households must actually hold. The omission is retained to keep the 65+ thresholds consistent with the working-age framework, and the 65+ figures are best read as a wealth-sufficiency measure rather than a comprehensive measure of retirement security.

Point-in-time measurement

The combined panels form a repeated cross-section rather than a longitudinal record of the same households. The groups describe positions occupied by different households across 2021–2024, not stages through which a given household passes. Differences across age groups reflect both life-course accumulation and differences between birth cohorts, and should not be read as the trajectory of any single household.

SECTION 6

Applications and Updates

Applications

The framework is source-agnostic: applying it requires household net worth, liquid savings, income, age, housing tenure, and couple status. Any data source carrying those quantities can be scored against the thresholds.

- **Localized thresholds.** The external anchors exist at finer geographic resolution than the statewide figures used here. Substituting local values produces thresholds that describe what wealth sufficiency costs in a given place; the Elder Index alone spans eighteen household scenarios across every county in the country, and home values and living wages are likewise published for metropolitan areas within Colorado.
- **Dashboards and place-based estimates.** Pairing localized thresholds with data that support subnational estimates would allow the four groups to be reported for other states and for localities within Colorado.
- **Benchmarking programmatic data.** A program holding administrative records on participant balances can score participants against the thresholds directly, asking whether they crossed a meaningful milestone rather than only whether balances grew. A children's savings account program, for example, can ask whether its accumulation target lands participants at emergent wealth at 18.
- **Policy modeling.** Because the groups are defined by explicit dollar thresholds, a proposed intervention can be modeled as movement across them — how many Colorado households would move as a result of a down-payment assistance program, a retirement-savings expansion, or a child investment account design (such as 529A accounts or baby bonds), and into which groups.
- **Anchoring new data collection.** The thresholds give new surveys and programmatic instruments a target to measure against, including for emerging asset classes — shared ownership of real estate, employee ownership, and digital assets — that wealth surveys do not yet value well.

Updates and revisions

This is a first Colorado version, and we expect to update it on two tracks, as other sufficiency measures do. The data will refresh as the underlying sources refresh — the thresholds are pinned to external anchors that update on their own schedules, and the next SIPP panel is the next major release we intend to incorporate. The construction may be refined as well, including the age structure and the measurement of the anchors, as the approach improves. We view this as a starting point rather than a settled standard.

APPENDIX 1

Differences from the National Measure

The Colorado measure applies the essential wealth framework developed by the Aspen Institute Financial Security Program, and complements a national set of estimates published by Aspen FSP. Because a state measure requires a different data source and a smaller sample, several data and operational choices differ from the national measure. Each substantive difference is recorded below with its rationale.

Data source: SIPP rather than the Survey of Consumer Finances

The national measure uses the Survey of Consumer Finances (SCF), the standard national source for household balance sheets. Colorado uses SIPP instead. The SCF is national in design and its public files do not identify state of residence, so it cannot produce state estimates; SIPP is fielded at a scale and geographic resolution that, when panels are pooled, supports a Colorado-specific measure. The SCF carries more detail on financial accounts and oversamples higher-wealth households, which makes it the stronger source for analyzing wealth distributions and holdings at the high end. For a state-level measure, however, SIPP carries the variables the framework needs and, unlike the SCF, is available at the state level.

Mid-life anchor: a living wage rather than the household's own income

For households 40 to 64, the national measure uses multiples of the household's own income; Colorado uses multiples of the MIT living wage. An anchor based on a household's reported income can set an inappropriately low bar for low-income households, which may clear a multiple of a very low income while still holding too little wealth for genuine sufficiency. A living-wage anchor establishes an external floor and keeps the mid-life thresholds consistent with the externally anchored thresholds used for younger and older households.

Liquid savings measured without an expense offset

The national measure isolates accessible savings by netting one month of shelter and food costs out of liquid balances; the Colorado measure compares combined checking and savings balances directly to the thresholds, without that offset. This offset is a refinement developed on the national track, and aligning the two savings specifications is a natural improvement for a future iteration. In its present form, the Colorado extension uses a simpler combined-liquid test suited to its smaller sample and to the purpose of a geographic extension, and it carries the income dimension of sufficiency through an income-relative essential threshold — one month of income — rather than through an expense subtraction.

Reported age bands rather than finer age-group thresholds

The national measure refines its net worth thresholds into finer, five-year age steps that are used to estimate tiers of essential wealth and are aggregated into the broader age bands for reporting. The Colorado measure applies a single threshold across each of the five age bands rather than refining to those finer steps. The Colorado analysis could estimate thresholds at finer age intervals, but with SIPP's smaller Colorado sample, doing so would divide the essential wealth estimates across narrower age segments, spreading relatively few households over many cells and yielding results too imprecise to report responsibly. Holding to the broader bands keeps each estimate backed by an adequate number of households and preserves the integrity of the Colorado figures. The tradeoff is potentially larger jumps at each age-band cutoff and fewer assumptions about within-age-group increases in wealth, but it retains clear consistency with the age groups presented in the paper.

APPENDIX 2

Details about the Pooled SIPP Analysis Data

A single SIPP panel provides too few Colorado households to support age-specific estimates. To build a sample large enough to report wealth by age, we pool four consecutive panels and reweight them to represent a single average year. Pooling trades the ability to track change over time for the larger, more stable sample the age-specific estimates require.

Household-years and weighting

The Colorado sample comprises 1,482 household-years, corresponding to 801 distinct households, approximately half of which are observed in more than one of the overlapping SIPP panels. The four panels are pooled as a repeated cross-section: the panels are stacked and each panel's survey weight is divided by four, so that combined totals represent an average single year rather than four cumulative years (approximately 2,397,797 Colorado households). Pooling several years of a survey and rescaling the weights so the combined sample describes a single average year, rather than a multi-year total, follows the same logic the Census Bureau uses for its multi-year American Community Survey estimates, which combine multiple years of data to produce reliable estimates for smaller geographies; here we apply a simple equal weight of one-quarter to each panel. Because SIPP follows households over time, some appear in more than one of the pooled panels, so the combined observations are not fully independent — a feature we take into account when characterizing the precision of the estimates below.

Estimating uncertainty

To gauge the precision of the estimates, we estimate the sampling uncertainty around each tier share from the SIPP replicate-weight files, which are constructed to reflect the survey's complex sample design. Statewide, the intervals for the essential wealth tiers range roughly two to three percentage points around the estimate; age-by-group cells are wider. Following Census practice, any cell resting on fewer than 50 sampled households, or representing fewer than 200,000 households, is treated as unreliable; in Colorado the 65-and-over asset-poverty cell (32 households) meets that condition, which is why the finest age breakdowns are not reported.

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Replication code and the Colorado analysis extract are maintained in the project repository. All estimates are specific to the data sources and vintages cited; subsequent data releases may yield different values.