

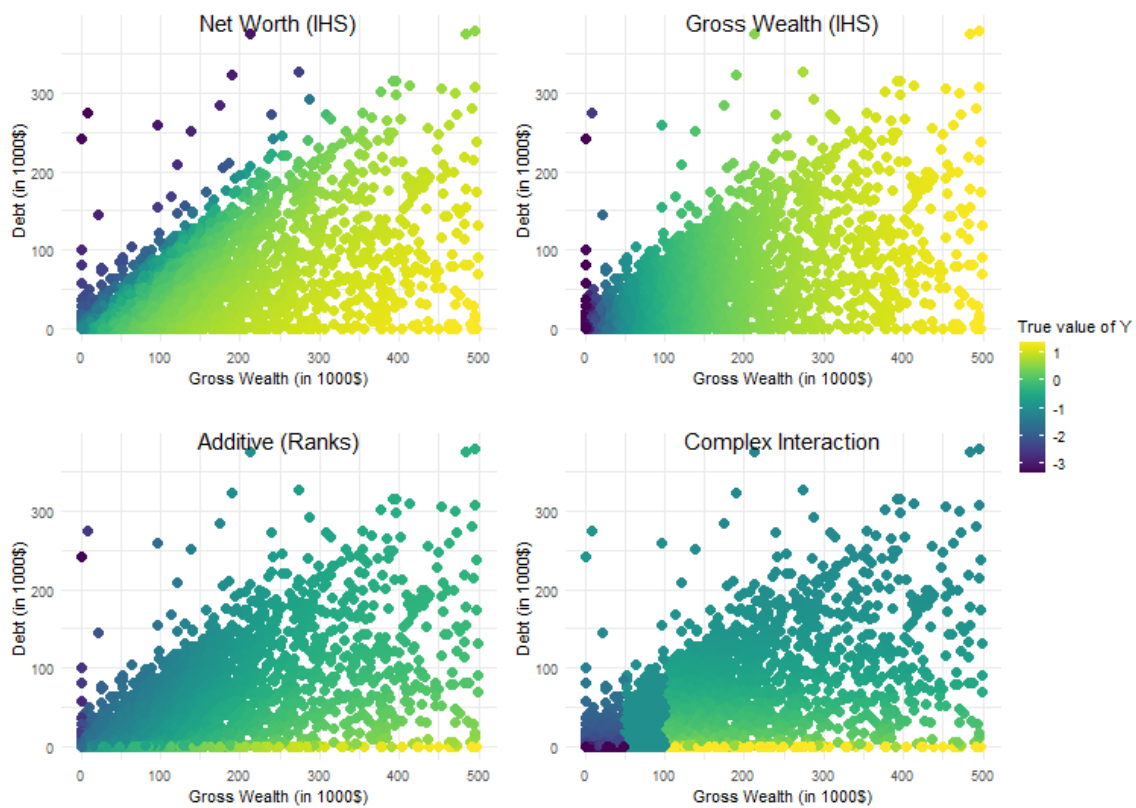
Supplement to:

Dräger, Jascha, Klaus Pforr, and Nora Müller. 2023.
'Why Net Worth Misrepresents Wealth Effects and
What to Do About It." Sociological Science 10: 534-
558.

Supplementary Materials

A. True values of Y in the simulation

Figure A1. True values of Y by gross wealth and debt in the simulation analysis



B. Predicted probabilities for exemplary values

Table B1. Predicted probability of having graduated from high school – based on GLM with net worth quintiles.

	Predicted probability	Standard error
1. QN (-1562k; 1.4k]	75.09	1.47
2. QN (1.4k; 27.4k]	87.31	1.11
3. QN (27.4k; 80.8k]	90.67	0.99
4. QN (80.8k; 208.2k]	95.04	0.74
5. QN (208.2k; 25487k)	97.12	0.57

Table B2. Predicted probability of having graduated from high school – based on GAM (Net Worth).

	Predicted probability	Standard error
-100k	92.87	4.20
-30k	85.52	3.45
-10k	77.00	2.73
-3k	75.00	1.67
0	76.48	1.34
3k	79.47	1.25
10k	86.15	1.24
30k	90.35	0.96
100k	93.53	0.70
300k	96.70	0.57
1m	98.15	0.70
3m	99.15	0.78

Table B3. Predicted probability of having graduated from high school – based on GLM with the interaction of gross wealth and debt.

Debt	Gross Wealth				
	(0, 4.8k]	(4.8k, 59.6k]	(59.6k, 149.1k]	(149.1k, 301.4k]	(301.4k, 26m]
(103.8k, 16m)	100.00	100.00	94.23	96.33	97.84
	0.00	0.00	3.23	1.09	0.64
(44.1k, 103.8k]	75.00	87.10	90.03	96.79	98.74
	21.65	6.02	1.56	1.00	0.88
(7.1k, 44.1k]	81.01	87.18	90.40	95.24	95.96
	4.41	2.02	1.86	1.64	1.98

(16, 7.1k]	78.28	90.53	87.91	88.24	92.59
	2.93	1.80	3.42	5.53	5.04
0	71.57	87.68	85.96	94.44	94.59
	1.84	1.95	3.25	3.12	2.63

Table B4. Predicted probability of having graduated from high school for exemplary values of gross wealth and debt - based on GAM (Gross Wealth, Debt).

Debt	Gross Wealth						
	0	10k	30k	100k	300k	1m	3m
3m	94.01 (8.73)	89.24 (10.00)	88.89 (8.92)	95.34 (2.93)	98.49 (0.93)	99.39 (0.72)	99.6 (0.93)
1m	92.88 (7.80)	86.86 (9.27)	86.97 (7.96)	94.5 (2.53)	98.12 (0.84)	99.2 (0.66)	99.51 (0.85)
300k	91.04 (6.82)	84.88 (7.49)	85.5 (6.08)	93.39 (1.92)	97.62 (0.66)	98.84 (0.61)	99.3 (0.81)
100k	88.39 (5.86)	84.32 (5.19)	85.2 (3.89)	92.16 (1.23)	97.02 (0.51)	98.29 (0.66)	98.98 (0.85)
30k	83.63 (4.67)	85.47 (3.01)	86.36 (2.28)	91 (1.06)	95.78 (0.70)	97.59 (0.98)	98.72 (0.98)
10k	77.66 (3.18)	86.84 (1.71)	88.32 (1.52)	90.23 (1.23)	94.05 (1.11)	97.02 (1.30)	98.61 (1.20)
0	70.04 (1.90)	87.3 (1.71)	89.61 (1.62)	89.64 (1.78)	91.71 (2.04)	96.81 (1.80)	98.75 (1.39)

Note. Grey cells indicate combinations of assets and debt with a density of less than 1% of the maximal density. Predicted values for these combinations are based on extrapolations.

C. Underlying regression coefficients and smoothing parameters

Table C1. Regression coefficients of the GLMs and smooth parameters of GAMs for high school graduation

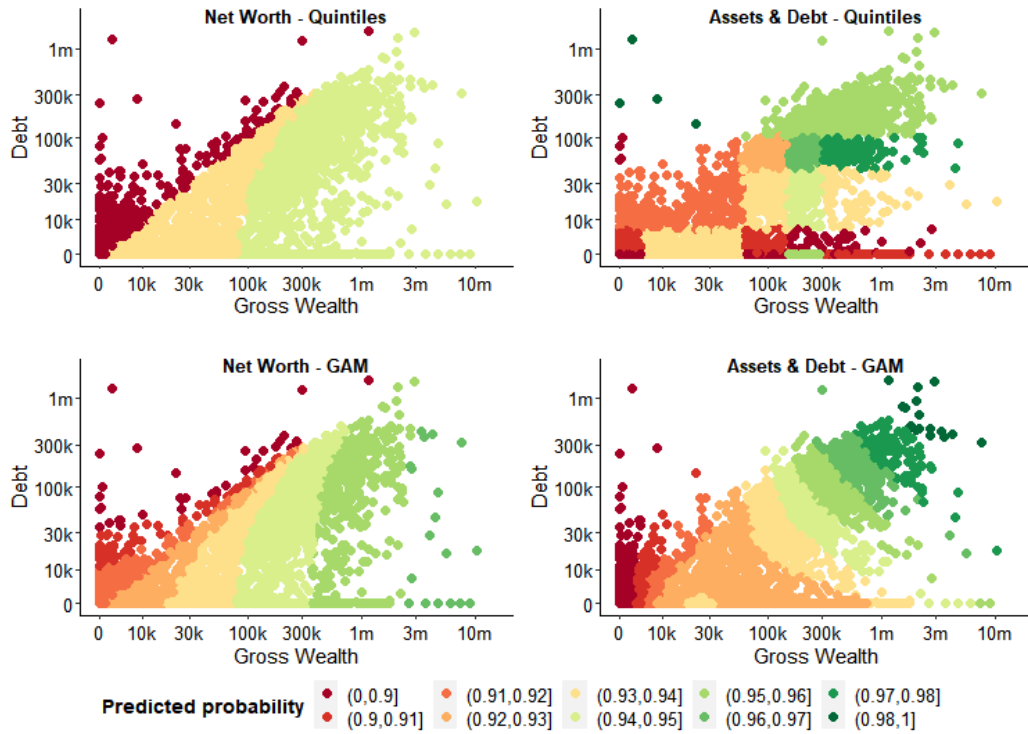
	GLM NW	GLM Interaction	GAM NW	GAM Interaction
Regression coefficient (standard errors)				
NW 2.QN	0.826 ^{***} (0.129)	-	-	-
NW 3.QN	1.171 ^{***} (0.141)	-	-	-
NW 4.QN	1.850 ^{***} (0.175)	-	-	-
NW 5.QN	2.415 ^{***} (0.218)	-	-	-
GW 2.QN	-	1.039 ^{***} (0.202)	-	-
GW 3.QN	-	0.889 ^{***} (0.284)	-	-
GW 4.QN	-	1.910 ^{***} (0.601)	-	-
GW 5.QN	-	1.939 ^{***} (0.522)	-	-
Debt 2.QN	-	0.359 [*] (0.195)	-	-
Debt 3.QN	-	0.528 [*] (0.301)	-	-
Debt 4.QN	-	0.175 (1.158)	-	-
Debt 5.QN	-	12.643 (309.120)	-	-
GW 2.QN * Debt 2.QN	-	-0.063 (0.339)	-	-
GW 3.QN * Debt 2.QN	-	-0.187 (0.463)	-	-
GW 4.QN * Debt 2.QN	-	-1.177 (0.821)	-	-
GW 5.QN * Debt 2.QN	-	-0.695 (0.918)	-	-
GW 2.QN * Debt 3.QN	-	-0.573 (0.395)	-	-
GW 3.QN * Debt 3.QN	-	-0.097 (0.457)	-	-
GW 4.QN * Debt 3.QN	-	-0.365 (0.758)	-	-
GW 5.QN * Debt 3.QN	-	-0.222 (0.784)	-	-
GW 2.QN * Debt 4.QN	-	-0.228 (1.289)	-	-
GW 3.QN * Debt 4.QN	-	0.244 (1.202)	-	-
GW 4.QN * Debt 4.QN	-	0.399 (1.341)	-	-
GW 5.QN * Debt 4.QN	-	1.326 (1.453)	-	-

GW 2.QN * Debt 5.QN	-	-1.039 (437.161)	-	-
GW 3.QN * Debt 5.QN	-	-11.662 (309.120)	-	-
GW 4.QN * Debt 5.QN	-	-12.207 (309.121)	-	-
GW 5.QN * Debt 5.QN	-	-11.692 (309.120)	-	-
Intercept	1.103*** (0.078)	0.923*** (0.091)	2.365*** (0.064)	2.384*** (0.099)
Effective degrees of freedom of the smooth terms (χ^2 of the smooth terms)				
NW	-	-	5.632*** (210.9)	-
GW	-	-	-	2.925*** (38.076)
Debt	-	-	-	1.001* (6.475)
GW * Debt	-	-	-	5.094 (13.238)

Note: GAM=Generalized additive model; GLM=Generalized linear model, GW=Gross Wealth, NW=Net Worth. Data of the Panel Survey of Income Dynamics; N=4,341. Significance Levels: *** p<0.001; ** p<0.01; * p<0.05. Standard errors of regression coefficients in paratheses.

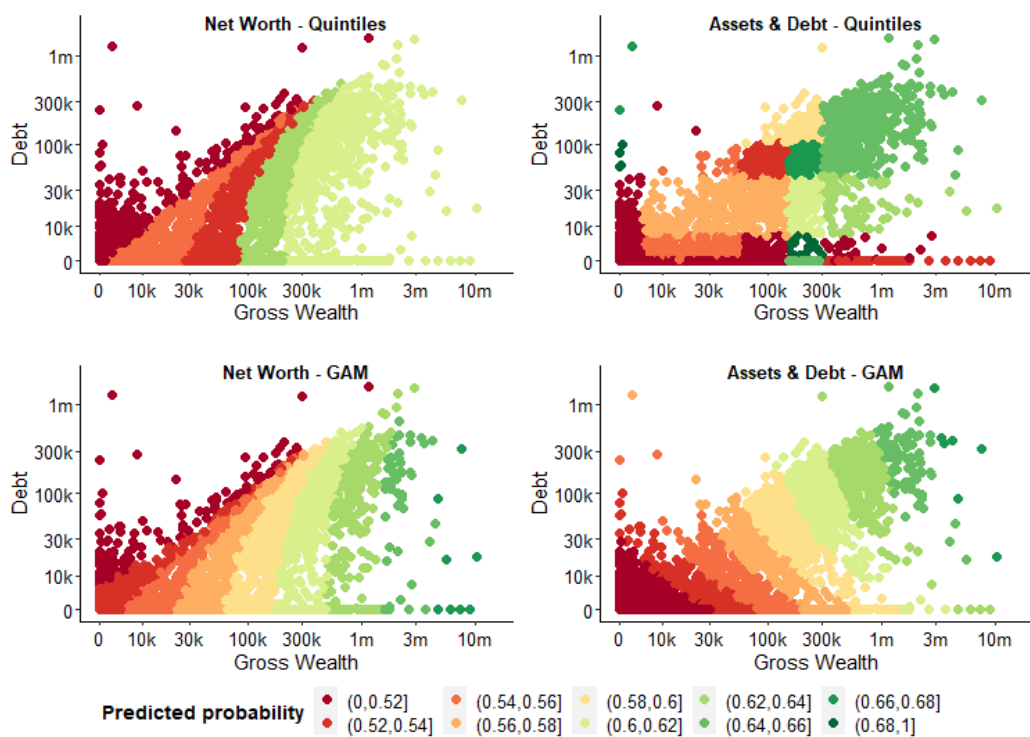
D. Adjusted wealth gaps

Figure D1. Predicted probabilities of having graduated from high school at age 25 with different wealth measures and wealth effects specifications, adjusted for control variables.



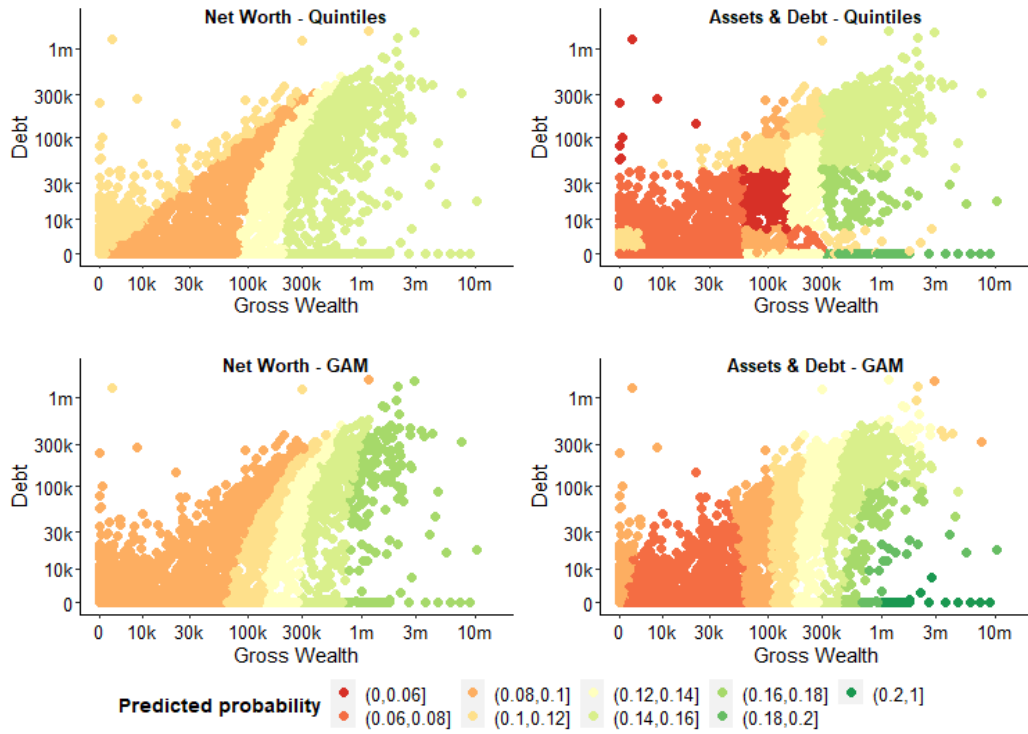
Note: Data of the Panel Survey of Income Dynamics; N=4,341.

Figure D2. Predicted probabilities of having attended college at age 25 with different wealth measures and wealth effects specifications, adjusted for control variables.



Note: Data of the Panel Survey of Income Dynamics; N=4,341.

Figure D3. Predicted probabilities of having obtained a bachelor's degree at age 25 with different wealth measures and wealth effects specifications, adjusted for control variables.



Note: Data of the Panel Survey of Income Dynamics; N=4,341.