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Income and Wealth Inequality in the United States: An Update Including the 2022 Wave*

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Abstract

We provide a comprehensive overview of earnings, income and wealth inequality based on the 2022 *Survey of Consumer Finances* from the United States. We document the current state of inequality and its evolution over the last three decades organizing the data along key demographic dimensions including age, education, and marital status. The 2022 data reveal that wealth remains highly concentrated, with the top 1% holding 35% of total wealth down from a peak of 39% in 2016. This recent decline in wealth concentration—occurring despite rising income inequality—reflects strong housing price appreciation that disproportionately benefited middle-class households. We extend previous analyses with new perspectives on inequality, including: (1) the role of labor market segmentation in generating wealth disparities beyond standard employment categories; (2) differences in wealth accumulation across birth cohorts showing that younger generations accumulate less wealth than their predecessors at comparable ages; (3) disparities associated with family structure, particularly the financial vulnerability of single-parent households; and (4) heterogeneity in self-reported savings motives, with precautionary savings dominating for lower-wealth households while retirement planning and bequests become more prominent at the top of the distribution. These findings enhance our understanding of the multifaceted nature of inequality and offer essential inputs for structural models and policy design.

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1 Introduction

Understanding the dynamics of income and wealth inequality remains central to both economic research and policy design. This paper provides an updated assessment of earnings, income, and wealth inequality in the United States using data from the 2022 Survey of Consumer Finances (SCF). The 2022 results are particularly informative because they offer the first comprehensive post-pandemic snapshot of U.S. household finances—a period marked by rapid asset-price movements, shifting labor-market conditions, and evolving demographic and saving patterns. Each new SCF wave allows researchers to reassess long-standing trends and to identify the structural and cyclical forces shaping inequality. Building on a long tradition of SCF-based analyses [Díaz-Gimenez et al., 1997, Budría et al., 2002, Díaz-Giménez et al., 2011, Kuhn and Ríos-Rull, 2016], this paper extends the empirical record through 2022 and adds new dimensions of analysis, providing a richer basis for understanding what drives the distribution of income and wealth.

Our analysis documents both the persistence of high levels of inequality and meaningful shifts in its structure, emphasizing the role of asset prices, cohort-specific wealth trajectories, and heterogeneity in savings motives across the wealth distribution. Three findings stand out. First, top wealth concentration has declined modestly, driven by housing price dynamics that disproportionately benefited middle-class households. Second, despite steady income growth, younger cohorts have continued to fall behind earlier generations in wealth accumulation. Third, households' stated reasons for saving differ systematically across the wealth distribution and the life cycle. Together, these results provide essential inputs for quantitative macroeconomic research and a richer foundation for evaluating distributional policy.

Our analysis of the high-quality SCF data on the financial situation of U.S. households in 2022 confirms that wealth remains highly concentrated. The top 1 percent of households hold 35 percent of all wealth, compared to 22 percent of income and 18 percent of earnings. The Gini coefficient for wealth is 0.83, which far exceeds the coefficients for income (0.61) and earnings (0.68). Joining the top 1 percent of the wealth distribution requires a net worth exceeding $13.6 million, whereas the median household holds only $193,000. These figures confirm that although income and earnings inequality have continued to rise, wealth inequality remains substantially greater. However, the wealth concentration among the top 1 percent has declined modestly from its 2016 peak of 39 percent — the first sustained reversal in decades. This decline contrasts with the continued rise in income and earnings inequality and reflects the disproportionate gains in housing wealth during the recent period of rapid house price appreciation. Since housing comprises a significant portion of middle-class portfolios but only a small portion of the portfolios of the wealthiest households, this trend reduced top wealth shares. These diverging trends underscore the importance of asset price

composition for the evolution of wealth inequality [Kuhn et al., 2020].

However, this equalization is largely valuation-driven rather than structural. Housing wealth is distributed more evenly than financial assets or business equity. Therefore, periods of house-price appreciation increase the balance sheets of middle- and upper-middle-class households relative to those of the wealthiest households. According to the 2022 SCF data, most of the wealth growth among households in the 50th-90th percentiles came from rising home values rather than expanded financial or entrepreneurial holdings. In contrast, financial asset concentration at the top remained virtually unchanged. Thus, the decline in top wealth shares reflects compositional changes from asset prices rather than a redistribution of underlying capital ownership. Once real estate valuations stabilize or decline, the concentration of financial and business wealth will likely reassert itself. The different portfolio compositions temporarily "democratized" wealth gains and reduced overall wealth inequality. These findings highlight the important role of asset prices in distributional dynamics, a fact that many macroeconomic models do not yet fully incorporate.

Extending the SCF data with historical records back to 1950 allows us to trace cohort-specific wealth trajectories over several decades [Kuhn et al., 2020]. The evidence shows that the relative position of younger generations in the wealth distribution has steadily deteriorated. Younger cohorts today hold substantially less wealth than previous generations did at comparable ages, despite similar or even higher income levels. This widening cohort gap indicates that access to asset ownership—and the compounding of returns over time—has become increasingly decisive for wealth accumulation [Brendler et al., 2024]. The resulting divergence in wealth trajectories across generations raises concerns about the long-term persistence of inequality and the erosion of intergenerational mobility.

We also document striking differences in self-reported savings motives among households along the wealth distribution. Lower-wealth households primarily cite precautionary motives, whereas those in the upper part of the distribution emphasize retirement planning and bequest motives. These patterns align with theoretical models in which a household's position in the wealth distribution shapes its exposure to risk and intertemporal financial objectives. These qualitative results corroborate theoretical life-cycle models of wealth building and provide insights into the behavioral mechanisms contributing to persistent inequality.

Together, these findings call for a nuanced interpretation of recent trends and caution against drawing unwarranted conclusions. Specifically, the decline in the top 1 percent's wealth share should not be viewed as evidence of a new era of equality but rather as a temporary consequence of asset price fluctuations. The structural forces that have sustained inequality over the past few decades—differences in access to high-return assets, intergenerational transfers, and differences in incentives to build wealth—likely remain intact. Without policies that broaden opportunities for

wealth accumulation among younger and lower-income households, the current narrowing of top shares is likely to be short-lived. From a macroeconomic perspective, it is also essential to distinguish between cyclical valuation effects and enduring distributional mechanisms when interpreting aggregate inequality statistics. Our findings also call for more research on the interaction between cyclical variations in asset prices and their long-term effects [Glover et al., 2020].

Beyond updating established facts, this paper broadens the perspective on the dimensions of inequality by integrating new evidence on its drivers and manifestations. We analyze how labor-market segmentation, occupational and industry structure, and family composition interact to shape the joint distributions of earnings, income, and wealth. The results reveal substantial heterogeneity in income and wealth outcomes across industries, occupations, and employment statuses, even after controlling for demographic characteristics. We further document large wealth gaps between single-parent households and married couples with children, even after adjusting for household size. Together, these findings underscore the multifaceted nature of inequality.

The remainder of the paper is organized as follows. Section 2 reviews the literature on inequality measurement using the SCF. Section 3 describes the SCF data, and Section 4 discusses inequality measurement. Section 5 presents comprehensive facts on the distributions of earnings, income, and wealth. Section 6 reports results along demographic dimensions, including age, education, employment status, and marital status. Section 7 offers new perspectives by examining labor-market segmentation, cohort differences, family structure, and savings motives. Section 8 analyzes trends in inequality over the past three decades. Section 9 concludes.

We expect that these updated and extended facts will provide essential inputs for structural models and offer a richer basis for evaluating inequality and designing informed economic policy.

2 Literature Survey

The empirical literature on income and wealth inequality is extensive and multifaceted. This section provides an organized overview of this research, focusing primarily on studies utilizing the Survey of Consumer Finances (SCF) data. The purpose is not to offer a systematic review but to summarize key strands of work that illustrate the SCF's central role in shaping our understanding of household finances, wealth concentration, and distributional dynamics. The overview highlights major contributions across topics such as the measurement of inequality, top wealth concentration, portfolio composition, demographic heterogeneity, and the use of SCF data for calibrating macroeconomic models. By situating the current paper within this tradition, the section also provides readers—especially those new to the field—with a structured entry point into the core research

literature on U.S. income and wealth inequality.

SCF Analyses of Income and Wealth Inequality The SCF is perhaps the most widely used source for studying income and wealth inequality in the United States. The Federal Reserve Board regularly publishes detailed summaries of each survey wave, documenting changes in household finances [Kennickell and Starr-McCluer, 1994, Kennickell et al., 1997, 2000, Aizcorbe et al., 2003, Bucks et al., 2006, 2009, Bricker et al., 2012, 2014, 2017, Bhutta et al., 2020, Aladangady et al., 2024].

Our paper continues a series of comprehensive inequality analyses using SCF data [Díaz-Gimenez et al., 1997, Budría et al., 2002, Díaz-Giménez et al., 2011, Kuhn and Rios-Rull, 2016], providing updated statistics on earnings, income, and wealth distributions. Complementary research by Wolff [2002, 2010, 2016, 2017, 2021, 2023, 2024a,b] offers extensive documentation of the U.S. income and wealth distribution dynamics with particular emphasis on the middle class.

The SCF's oversampling of wealthy households makes it especially valuable for analyzing the top of the wealth distribution. Numerous studies have leveraged this feature to examine wealth concentration more accurately than possible with other surveys [Kaplan et al., 2014, Kopczuk, 2015, Bricker et al., 2016, 2018, Saez and Zucman, 2016, Vermeulen, 2018, Smith et al., 2021]. These analyses have significantly enhanced our understanding of top wealth dynamics and the challenges in measuring wealth at the highest levels of the distribution.

The SCF provides detailed information on household portfolio composition, making it ideal for studying specific asset classes and their distributional implications:

Housing and Real Estate Housing market research has extensively utilized SCF data to examine homeownership patterns, housing wealth, and their relation to broader inequality trends [Berger et al., 2018, Loewenstein, 2018, Justiniano et al., 2019, Kaplan et al., 2020, Gallin et al., 2021, Guren et al., 2021, Boar et al., 2022].

Debt and Liabilities The distribution and evolution of household debt has been thoroughly investigated using the SCF [Avery et al., 1987, Kowalewski, 1987, Antoniewicz, 1996, Case et al., 2000, Maki, 2001, Doepke and Schneider, 2006, Dynan and Kohn, 2007, Bricker et al., 2015, Kumhof et al., 2015, Adelino et al., 2016, Brown et al., 2020, Chen et al., 2020, Coibion et al., 2020, Foote et al., 2021, Bartscher et al., 2025, Chernousov et al., 2024].

Savings Behavior and Credit Access Differences in savings behavior and credit access across the distribution have been examined using SCF data [Maki and Palumbo, 2001, Malmendier and Nagel, 2011, Mian et al., 2021, Brendler et al., 2024, Herkenhoff, 2019, Chatterjee et al., 2023], providing insights into mechanisms that potentially generate or maintain wealth inequality.

Racial Inequality Several studies have focused on racial differences in income and wealth using SCF data [Dettling et al., 2017, Thompson and Suarez, 2017, Bartscher et al., 2022, Wolff, 2023]. Additionally, researchers including Aliprantis and Carroll [2019] and Derenoncourt et al. [2024a,b] have utilized the historical SCF waves (SCF+) compiled by Kuhn et al. [2020] to examine racial inequality over time.

Educational Stratification and Birth The SCF has enabled analysis of other stratifying dimensions of inequality, such as education [Bartscher et al., 2020] and birth cohort effects [Gale et al., 2020, Bauluz and Meyer, 2024], providing a longer historical perspective on how these factors shape wealth accumulation. An emerging strand of literature examines inequality using extended wealth measures based on the SCF, such as those including Social Security wealth [Sabelhaus and Volz, 2019, Jacobs et al., 2022, Suarez et al., 2023, Sabelhaus and Volz, 2024]. These approaches provide more comprehensive assessments of households' financial positions.

Macroeconomic Models and Calibration The SCF serves as the primary calibration source for quantitative models of wealth inequality [e.g., Castañeda et al., 2003, Kaplan and Violante, 2014, Kaplan et al., 2018, Hubmer et al., 2017, Benhabib and Bisin, 2018, Glover et al., 2020, Gornemann et al., 2021]. Nardi and Fella [2017] provides a comprehensive survey of this strand of the macroeconomic literature, highlighting how microdata from the SCF helps connect household heterogeneity to macroeconomic outcomes.

While our study focuses on inequality in the United States, valuable context comes from international comparisons: The *Household Finance and Consumption Survey* (HFCS) provides similar data for euro area countries [Household Finance and Consumption Network, 2023], closely following the SCF methodology. The *Review of Economic Dynamics* special issue on cross-country inequality offered evidence using harmonized data processing approaches [Krueger et al., 2010], with U.S. results presented in Heathcote et al. [2010].

Several methodological innovations have enhanced the value of SCF data:

Consistency with Macroeconomic Aggregates Existing research by Henriques and Hsu [2014], Kuhn and Rios-Rull [2016], and Kuhn et al. [2020] has confirmed that SCF data closely track macroeconomic trends in income and wealth accumulation. Dettling et al. [2015] demonstrates that aligning SCF concepts with macro-level data results in close matches in both levels and trends. Comparisons with other surveys like the *Panel Study of Income Dynamics* (PSID) and the *Consumer Expenditure Survey* (CEX) underscore the SCF's advantages for wealth analysis [Pfeffer et al., 2016, Sabelhaus et al., 2015].

Sample Design and Extensions The SCF's sample design has been carefully documented [Kennickell, 1999, 2017], highlighting its strengths for inequality research. Recent extensions include the SCF+ dataset [Kuhn et al., 2020], which combines modern SCF waves with historical predecessors going back to the 1950s, and the *Distributional Financial Accounts* [Batty et al., 2022], which provide high-frequency data on wealth distribution. Bayer et al. [2025] offers a methodology for combining multiple data sources to produce high-frequency estimates of the joint distribution of consumption, income, and wealth.

The literature on income and wealth inequality is vast, as evidenced by comprehensive bibliography collections (e.g., `https://wealthproject.gc.cuny.edu/digital-library-of-research/`). Notable contributions that have gained substantial public attention include Piketty [2014] and Waldenström [2024].

In sum, the SCF has become the foundation for much of our understanding of U.S. income and wealth inequality. This paper builds on this extensive literature by providing updated analysis using the most recent 2022 SCF data, while exploring new dimensions of inequality and documenting recent trends that may challenge established narratives about the evolution of wealth concentration.

3 Survey of Consumer Finances data

The Survey of Consumer Finances (SCF) stands as the premier dataset for analyzing the financial situation of U.S. households. Conducted triennially since 1989 by NORC at the University of Chicago on behalf of the Federal Reserve System in cooperation with the U.S. Treasury, this comprehensive survey collects granular data on household assets, liabilities, income, and demographic characteristics.

The SCF's defining methodological feature —and what distinguishes it from other household surveys— is its dual-frame sampling approach that combines a standard area-probability sample with a list sample specifically designed to oversample wealthy households. Using tax data and

statistical modeling, the SCF ensures adequate representation of the upper tail of the wealth distribution—a critical advantage when studying inequality, as this small segment of the population holds a disproportionate share of total wealth. This design enables the SCF to capture nearly all U.S. household wealth, with the deliberate exception of the Forbes 400 list members to preserve respondent anonymity.

Beyond financial variables, the SCF collects valuable qualitative information such as households' savings motives, risk tolerance, and financial decision-making processes. This additional context helps researchers understand the behavioral mechanisms underlying wealth accumulation patterns across different segments of the population.

For our analysis of current inequality, we focus primarily on the 2022 SCF data. To examine trends over time, we supplement this with earlier waves dating back to 1989, covering more than three decades of economic developments including multiple business cycles, asset price booms and busts, and most recently, the COVID-19 pandemic and its economic aftermath. The SCF's methodological consistency across waves enables robust cross-sectional and longitudinal comparisons.

Following established practice, we use the full SCF sample without additional selection criteria, aligning with methodologies outlined in previous work Kuhn and Rios-Rull [2016]. Our analysis focuses on three key economic variables—earnings, income, and wealth—with their precise definitions provided in Appendix A. In the SCF, earnings encompasses all labor income including entrepreneurial labor; income includes earnings plus capital income and government transfers; and wealth represents the market value of all assets net of all debts. All income variables represent gross income before taxes.

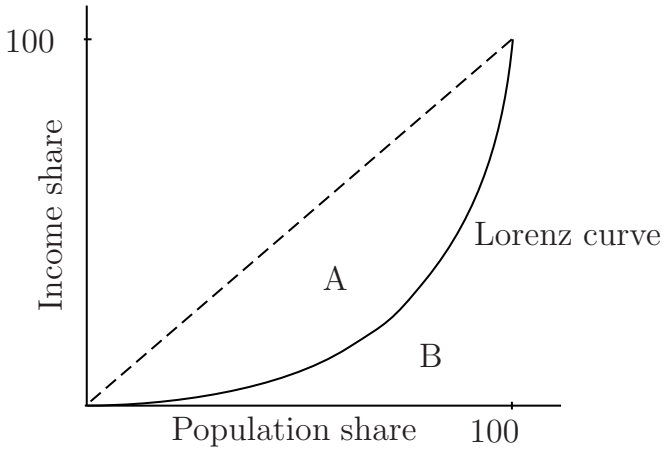
4 Inequality measurement

Economists rely on a variety of statistics to describe the degree of inequality, as a single number cannot adequately capture the full distribution. Different measures emphasize different aspects of the distribution and may show divergent trends as the shape of the distribution changes over time. We use multiple statistics that, taken together, summarize the distribution by showing how different parts deviate from the center. These include the ratio of the mean to the median, the location of the mean within the distribution, and various percentile ratios. However, we focus primarily on three specific measures due to their informative properties and widespread use in the literature:

Gini coefficient. The Gini coefficient equals one-half of the area between the Lorenz curve and the diagonal divided by the total area under the diagonal. The Lorenz curve depicts the cumulative

share of a variable held by a group of households sorted by their holdings of that variable. Hence, for its construction, the population is sorted in increasing order.

Figure 1: Example of Lorenz Curve for Income



Mathematically, the Gini coefficient can be expressed as

$$G = \frac{1}{2\bar{y}} \frac{1}{N^2} \sum_{i=1}^{N} \sum_{j=1}^{N} |y_i - y_j|,$$

where, for example, y_i is the income of household i, $\bar{y}$ is the mean income $\left(\bar{y} = \frac{1}{N} \sum_{i=1}^{N} y_i\right)$, and N is the number of households in the sample [Sen, 1973]. The Gini coefficient measures the average absolute difference between all pairs of observations in the population, normalized by the mean. It is particularly sensitive to changes around the median of the distribution, because it weighs all observations equally.

Coefficient of variation. The coefficient of variation belongs to the general class of inequality measures from the generalized entropy index. The generalized entropy index for parameter α is defined as:

$$G(\alpha) = \frac{1}{N\alpha(\alpha - 1)} \sum_{i=1}^{N} \left[\left(\frac{y_i}{\bar{y}} \right)^{\alpha} - 1 \right], \tag{1}$$

where parameter α determines the sensitivity to inequality in different parts of the distribution. Higher values of α increase sensitivity to the upper tail. Common values for α are -1, 0, 1, and 2. For $\alpha = 2$, the generalized entropy index equals half the squared coefficient of variation. The coefficient of variation itself is the ratio of the standard deviation to the mean and is highly sensitive to the right tail of the distribution, as it weighs deviations from the mean quadratically. This

property makes it particularly useful for analyzing earnings, income, and wealth, which typically have pronounced right-skewed distributions.

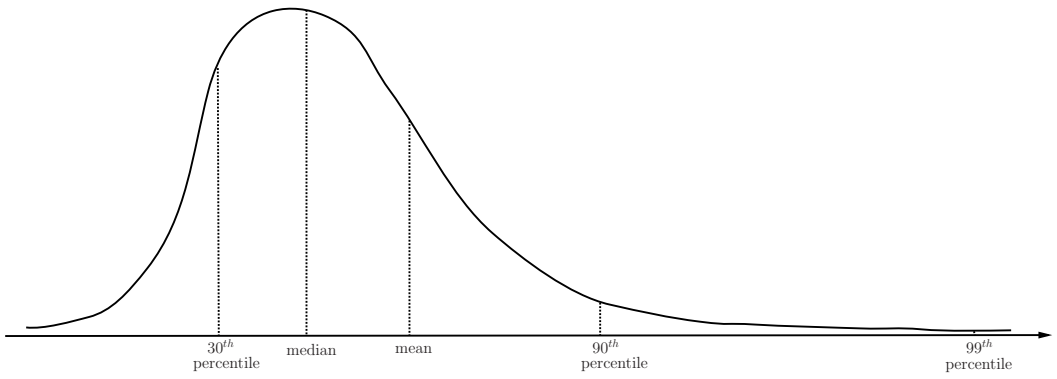
Variance of logarithms. The variance of logarithms is defined as:

$$VL = \frac{1}{N}\sum_{i=1}^{N}\left[\log(y_i) - \overline{\log(y)}\right]^2, \tag{2}$$

where $\overline{\log(y)} = \frac{1}{N}\sum_{i=1}^{N}\log(y_i)$ is the mean of log income. This measure has the limitation that it cannot handle negative or zero values. Since our data contain some negative observations for all three variables, we exclude these values from the calculation, which affects the interpretation of this measure. We include it despite this limitation because it emphasizes the bottom of the distribution: the logarithmic transformation amplifies the relative distance of observations close to zero from the mean.

These three inequality measures summarize the entire distribution in a single number while emphasizing different distributional properties. This sometimes results in divergent trends. For example, if the bottom of the distribution moves closer to the middle while the top moves further away, the variance of logs might decrease while the coefficient of variation increases, with an ambiguous effect on the Gini coefficient.

Figure 2: Summarizing the shape of a distribution



In addition to these comprehensive measures, we report statistics that directly capture the shape of the distribution. Figure 2 illustrates these statistics for a distribution with a long right tail—typical of earnings, income, and wealth distributions. We display the location (percentile) of the mean, the median, and the 30th, 90th, and 99th percentiles. The location of the mean and the percentile ratios directly measure the length of the distribution's tails. The longer the right tail, the larger

the ratios of the 90th and 99th percentiles to the median, while the ratio of the median to the 30th percentile characterizes the lower tail. For right-skewed distributions, the mean exceeds the median, making the mean-to-median ratio and the location of the mean informative about the distribution's asymmetry.

These complementary approaches provide a comprehensive picture of inequality that goes beyond any single summary statistic, allowing us to identify where in the distribution changes are occurring and how the overall shape evolves over time.

5 The Distributions of Earnings, Income, and Wealth

Before presenting summary statistics for the earnings, income, and wealth distributions in the 2022 SCF, we will clarify these three key variables. *Earnings* represents rewards for all forms of work, including entrepreneurial labor, thus encompassing all labor income. *Income* provides a comprehensive measure of all resources received by a household within a period, including earnings plus capital income and government transfers. In the SCF, income is measured including transfers but before taxes.[1,2] Finally, *wealth* measures the market value of all marketable assets owned by a household, net of all debt, excluding non-marketable wealth such as human capital, Social Security entitlements, and defined benefit (DB) pension plans.[3] These three dimensions capture different aspects of economic well-being and need not move together. For example, retired households may have substantial wealth but little or no earnings, while recent graduates with expensive educations may have high earnings but negative wealth due to student loans. Each variable provides insights relevant to theories of inequality, so we report results separately for households sorted along each dimension, which we call "partitions". Our variable definitions and measurement concepts follow established work on the SCF [e.g., Aladangady et al., 2024] and our earlier analysis in Kuhn and Rios-Rull [2016], enabling comparisons over time.

[1]Following SCF convention [Batty et al., 2022], we include resources withdrawn from retirement accounts as income, categorized as transfer income in our decomposition. These resources represent additional funds for retirees that reduce their wealth, similar to dividends.

[2]We construct total income as the sum of income components rather than using the reported total household income. This approach is likely more reliable because individual income components should be more easily and accurately reported than aggregate income from all sources over the past year. Additionally, using total reported income would create an uninterpretable residual when decomposing income into different sources.

[3]We provide further details in Section A.

5.1 A Description of the Distributions

5.1.1 The Histograms

Figure 3 displays histograms of the earnings (left), income (center), and wealth (right) distributions across U.S. households in 2022. While all graphs share the same variables—dollar amounts on the horizontal axis and percentages of households on the vertical axis—the scales differ substantially.

For earnings, there is a significant mass point of 21% of households at zero earnings, representing primarily retirees but also others outside the labor force. We have removed this mass point from the figure to ease readability and only display households with non-zero earnings. Among households with positive earnings, the distribution spreads widely with at least 1% extending beyond our cutoff of $600,000. The black line shows an estimated density and highlights that the largest part of the mass of households is below $100,000. When looking at income in the middle panel, two important observations relative to earnings emerge. First, the mass point at zero disappears when we include income from other sources. Retirees and households outside the labor force now have positive income because they receive transfer or capital income. Second, the income distribution is more spread out than the earnings distribution because capital income is now included as well. Note that most entrepreneurial and business income is already imputed to earnings, which explains why earnings can be negative.

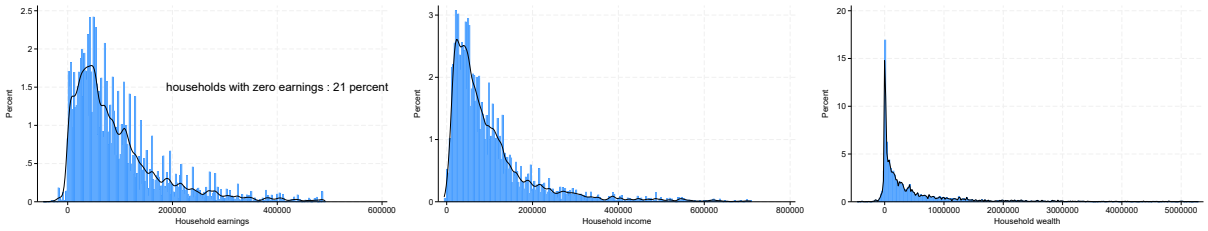
The wealth distribution (right panel) has the same right-skewed shape as the income distribution but has an even longer right tail. Although barely visible on our scale, which ends at $5 million, a substantial fraction of households (over 10%) have wealth exceeding $2 million, with some reaching as high as $2.3 billion. Our $5 million cutoff excludes nearly the top 5% of U.S. households. At the other end of the distribution, more than 15% of U.S. households have hardly any wealth, and another almost 10% have even negative wealth. These histograms suggest a key stylized fact without a lot of data analysis: wealth is much more unequally distributed than income.

To examine the upper part of the distributions more closely, Figure 4 shows histograms only for the small group of households in the top 5% for earnings, income, and wealth. Each panel also reports the highest reported value in the 2022 SCF value to highlight the extraordinary scale of values covered by the SCF data. As we will see, inequality within this group at the top of the distribution is large. We therefore show their earnings, income, and wealth levels on a logarithmic scale and report dollar values for some of the logarithmic values for orientation.

For earnings (panel a), we observe significant inequality, even within the top 5% group. Almost all households in this group have earnings between $442,000 and $3.3 million, but a significant

Figure 3: Density of the 2022 Earnings, Income, and Wealth Distribution

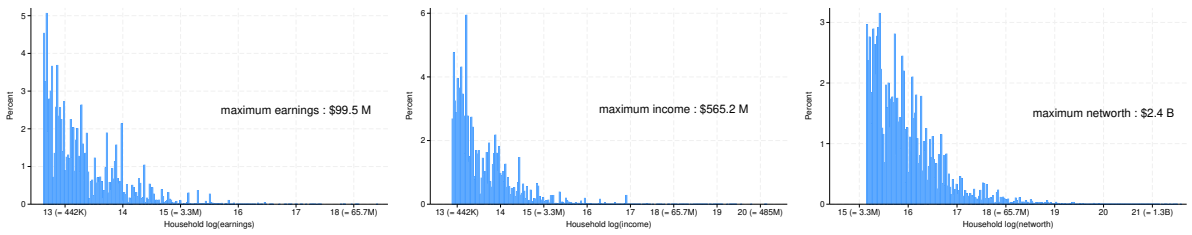
(a) Earnings (b) Income (c) Wealth



Notes: Histogram of the 2022 earnings, income, and wealth distribution. Left panel shows the earnings distribution for households with non-zero earnings, middle panel the income distribution, right panel the wealth distribution. The panel for the earnings distribution reports the share of households with zero earnings in the sample. Horizontal axis shows household earnings/income/wealth in dollars. Vertical axis shows share of households in the sample at a certain level of earnings/income/wealth. Black line shows smoothed density estimate.

Figure 4: Density of the Top 5% Earnings, Income, and Wealth Distributions (in logs)

(a) Earnings top 5% (b) Income top 5% (c) Wealth top 5%



Notes: Histograms of the 2022 log earnings, log income, and log wealth distributions. Each panel shows only the distribution among the top 5% of households of the respective distribution. Horizontal axis shows log household earning/income/wealth. Vertical axis shows share of households in the sample at a certain level of earnings/income/wealth. The box in each panel reports the maximum value for each variable in dollars.

fraction have higher earnings, up to a maximum of nearly $100 million per year. Panel b shows a similar pattern for income. Most households are between $442,000 and $3.3 million, suggesting that these are not capitalists with high capital income, but rather high-income workers, as the distribution closely aligns with that for earnings. However, the income distribution spreads out much more, highlighting the important role of capital income at the top, with a maximum of $565 million—five times the maximum annual earnings. Panel c shows that wealth displays a more gradual decline compared to earnings and income. Most households are distributed between $3.3 million and $65.7 million, but the distribution tail extends to an enormous $2.4 billion. These visual illustrations demonstrate the remarkable inequality among the richest Americans, both in terms of income and wealth.

5.1.2 The Quantiles

Table 1 reports the distribution in numbers by displaying the quantiles of the respective distribution. Each quantile describes the dollar amount so that the corresponding fraction of households has fewer dollars. For example, the 60th quantile of the earnings distribution indicates the dollar amount so that 60% of the population have less annual earnings. The median ("typical") household within each distribution is at the 50th percentile.

Table 1: Quantiles of the 2022 Earnings, Income, and Wealth Distributions

	0	1	5	10	20	40	50	60	80	90	95	99	100
Earnings (×1000)	-1086.1	0	0	0	0	32.4	48.6	69.2	128.6	205.7	303.7	969.6	99482.9
Income (×1000)	-254	5.4	14.1	20.4	31.3	54.6	70.3	90.8	151.3	248.8	391.5	1197.7	565247.7
Wealth (×1000)	-555.5	-76.7	-9.5	.6	13.8	110.3	192.7	312.6	888.1	1936.9	3782.1	13615.4	2387780.9

Notes: Quantiles of the earnings, income, and wealth distribution in 2022. All values in 1000s of 2022 dollars. The first column reports for which variable the quantiles are reported. The following columns show the different quantiles of the distribution. "0" refers to the minimum value and "100" to the maximum of the distribution.

Some properties to highlight are that business loses can be quite large (they show up as negative earnings); that half the population earn less than $50k, 10% more than $200k and that the top 1% of earners earn more than a million (actually more than $969k which in today's dollars is certainly more than one million). We also see the very extreme range of the sample as shown by the highest and lowest earners. For the lowest earnings household to come to the level of the lowest income household, it must have a lot of wealth to be able to earn some three quarters of a million in dividends. We also see that half the population make less than $70k which is 40% more than the comparable threshold for earnings. The top 10% earn more than a quarter million and the top 1% more than 1.2 million, about 17 times the median. For wealth, we see the largest disparity. Some people are very deep in debt and as much as 8% of households own no wealth or are indebted (negative wealth). For wealth, the threshold to be in the top 1% of households is $13.6 million, with the median household having about $200k. Thus, it now takes 68 times the typical household wealth to enter the top 1% of wealthiest American households.

5.1.3 Concentration, Skewness, and Correlation

Table 2 summarizes distributional properties using standard inequality measures. The three columns report the inequality measures for earnings, income, and wealth. Within each column, the first three statistics–the Gini index, coefficient of variation, and variance of logs–represent common

concentration measures.[4] By any measure, wealth is the most unequally distributed among our three variables. Between income and earnings the statistics disagree. According to the two measures that put more weight at the bottom or the middle of the distribution (gini index and variance of logs), earnings are more unequal, but not when we look at the coefficient of variation that highlights the right tail. As we have seen before, the earnings distribution shows a large spike at zero earnings for all households without working members, many of these households are retirees. The variance of logs will exclude these households implicitly, and hence, the reported statistics rather represents inequality among labor market participants. Below, we will further decompose these statistics.

Table 2: Concentration and Skewness of the Distributions for 2022

	earnings	income	wealth
Gini Index	.68	.61	.83
Coefficient of Variation	3.15	5.31	7.63
Variance of logs	1.56	1.09	5.04
Location of the Mean	72	78	83
Mean to Median Ratio	2.02	2.02	5.5
99-50 Ratio	19.93	17.05	70.66
90-50 Ratio	4.23	3.54	10.05
50-30 Ratio	3.21	1.62	3.74

Notes: Concentration and skewness of the earnings, income, and wealth distributions in 2022. The first row reports for which variable the distribution properties are reported. The first column reports the calculated properties of the distribution.

The lower five rows of Table 2 provide statistics describing distributional asymmetry. In symmetric distributions, the mean would appear at the 50^{th} percentile (the median). Instead, we find the mean at the 72^{nd}, 78^{th}, and 83^{rd} percentiles for earnings, income, and wealth respectively, indicating pronounced right-skewness. The mean-to-median ratios quantify this asymmetry: 2.0 for earnings and income, and 5.5 for wealth. These findings highlight how models with representative agents substantially overstate the resources available to typical (median) U.S. households. The statistics quantify the qualitative fact of the skewness of the distribution that became immediately apparent when looking at the histograms.

The final three rows detail the asymmetry distribution in more detail through percentile ratios relative to the median. The statistics report how long the tails of the distribution are. The 99-50 ratio captures the distance between the very top and the middle: those at the 99^{th} percentile have at least 20 times the earnings, 17 times the income, and a striking 71 times the wealth of median

[4] As noted in Section 4, calculating the variance of logarithms requires excluding negative and zero observations, which are numerous in our data (particularly for earnings), necessitating caution in interpretation.

households. The 90-50 ratio shows that the top 10% have at least 4.2 times the earnings, 3.5 times the income, and 10 times the wealth of the median. The 50-30 ratio reveals that median households possess 3-4 times the earnings and wealth of those at the 30th percentile, but only 1.6 times their income, reflecting the equalizing effect of transfer payments at the lower end of the distribution. The statistics all corroborate the apparent fact from the visual analysis of the histograms that the distributions of earnings, income, and wealth in the U.S. are all highly skewed.

Table 3: Correlation Coefficients of Earnings, Income, and Wealth in 2022

	Earnings	Income	Wealth	Labor Inc.	Capital Inc.	Business Inc.	Transfer Inc.
Earnings	1						
Income	.57	1					
Wealth	.43	.58	1				
Labor Inc.	.74	.35	.18	1			
Capital Inc.	.14	.88	.45	.05	1		
Business Inc.	.72	.49	.45	.06	.15	1	
Transfer Inc.	-.05	.07	.13	-.09	.04	.02	1

Notes: Lower triangular section of the 2022 correlation matrix for the variables: earnings, income, wealth, labor income, capital income, business income, and transfer income.

While we have examined earnings, income, and wealth as separate distributions, a complete picture of economic inequality emerges only from their joint distribution. Table 3 presents correlation coefficients between these variables and their components, providing insight into their relationships. Notably, most correlations (except between transfers and earnings) are positive but relatively modest. For instance, the correlation between labor income and wealth is only 0.18, indicating substantial independence between these measures. This finding has important implications for how we conceptualize economic advantage: depending on whether one prioritizes current earnings, total income, or accumulated wealth, different households would be identified as "rich." The moderate correlations suggest that households at the top of one distribution often do not occupy similar positions in other distributions. The negative correlation between earnings and transfers and in particular between labor income and transfers further provides an indication of the functioning of the social safety net as those with low incomes receive more transfers but the correlation is weak. The strongest correlation is between income and capital income suggesting that capital income is very much concentrated at the top of the income distribution. The correlation is with 0.88 very high. The second highest correlation is between earnings and labor income which is high as labor income constitutes the bulk of earnings and only the imputed business income reduces the perfect correlation between the two variables.

5.1.4 Joint distribution

Many macroeconomic models of income and wealth inequality theorize about the relationship between income dynamics, the income distribution, and consumption-saving behavior. Therefore, we report in Table 4 the joint distribution of income and wealth that can provide a direct test of these theories. To construct the distribution, we group households in income and wealth decile pairs and report in the upper part of the table the share of households in each cell. If income and wealth were independent, then there would be one percent of households in each cell. If income and wealth were perfectly correlated, then all households would be on the main diagonal meaning their income decile would correspond to their wealth decile. Each cell on the main diagonal would be populated by 10 % of households. We see that there is some concentration of large numbers in the northwest and southeast corners of the tables indicating that there are many people that are high or low in both. Of those in the other quadrants we see that it is a bit more likely to be high wealth and low income than the opposite. There are 6% of households that are in the top 10% of both.

The lower part of Table 4 reports the average earnings, income, and wealth in thousands of dollars in each of the income-wealth cells. Even within wealth or income deciles we see large differences in the other variable. For instance among the wealth-poorest, income of the income lowest is barely $3,000, but it goes all the way to over a quarter million. We see also vastly different wealth levels for households of the same income level. We could think that there are large transitory changes in income, or a very strong life-cycle component. This type of granular detail is what is really needed to evaluate theories of wealth accumulation against the data. For example, a stylized model of the permanent income hypothesis will always cluster households very closely around the main diagonal as it has the tendency for wealth to be proportional to income.

Table 4: Joint Distribution of Income and Wealth

Average population share

Income Decile	Wealth Decile 1	2	3	4	5	6	7	8	9	10	Total
1	2.8	2.43	1.19	1.39	.94	.41	.61	.13	.06	.05	10
2	2.03	2.24	1.51	1.21	.69	.91	.72	.38	.27	.05	10
3	1.68	1.89	1.51	1.67	1.07	.71	.58	.61	.26	.03	10
4	1.08	1.49	1.84	1.15	.78	.93	1.21	.83	.59	.08	10
5	.73	.89	1.37	1.3	1.38	1.35	1.36	.88	.4	.35	10
6	.48	.55	1.13	1.28	1.37	1.74	1.11	1	.91	.41	10
7	.6	.34	.71	1.1	1.48	1.53	1.62	.97	1.23	.41	10
8	.29	.12	.41	.58	1.42	1.67	1.48	1.64	1.56	.83	10
9	.24	.02	.31	.26	.71	.56	.9	2.47	2.68	1.85	10
10	.06	.04	.02	.06	.16	.2	.39	1.09	2.04	5.94	10
Total	10	10	10	10	10	10	10	10	10	10	100

Average Earnings, Income and Wealth (×$1000)

Income Decile		Wealth Decile 1	2	3	4	5	6	7	8	9	10
	E	3.1	3.2	3.5	2.7	1	3.1	1	2.3	14.1	1.6
1	I	12.8	13.1	13.4	14.2	14.3	13	4.5	14.3	-2	6.2
	W	-8.8	6	26.6	78.2	152	248	408.2	607.2	1127.5	3550.6
	E	12.5	14.8	14.6	5.7	6.4	6.9	6.3	4.3	6.9	7.3
2	I	25.3	25.3	25	25.6	26.2	26.4	24.7	26.3	25.2	26.7
	W	-19.6	7.2	28	82.9	144.8	250.9	391.9	600.2	1114.6	2745.5
	E	28.3	24.4	25.9	20.9	21.5	13.4	11	11.3	9.4	2.2
3	I	36.6	36.6	37.6	37.5	37.5	37.5	37.2	37.2	37.8	36.3
	W	-24.8	6.1	26.7	75.8	148.2	258.3	390.3	626.8	1157.5	3205
	E	35	36.9	42	40	30.7	15.2	25.6	23.7	11.5	7.3
4	I	48.3	48.7	48.8	49.2	48.5	48.5	49.2	49.1	48.9	49.4
	W	-28.9	7	28.7	81.6	143.8	252.9	391.2	642.7	1211.4	2863
	E	52.1	54.4	55.7	49.5	53.3	34.4	24.1	21	18.6	16.7
5	I	62.7	61.9	62.9	64.1	63.1	62.4	61.8	61.8	62.9	63.4
	W	-46.3	7.6	29.2	78.9	149.5	245.5	407	679.6	1185.6	3749.8
	E	73.7	72.4	67.5	71.9	63.2	62.5	62.1	38.1	32	20.3
6	I	77.2	78.9	79.1	79.8	79.4	81.4	80.9	79.9	81.1	80.5
	W	-37.7	6.8	31.3	81.9	147.6	245.5	395.7	668	1169.2	4000.8
	E	98.5	94.7	95.5	86.7	98	83.3	74.9	70.5	50.7	45.9
7	I	103.7	100.9	102.6	104.2	104.2	101.8	102.5	102.7	101.7	102.9
	W	-53.9	7.6	30	74.9	150.2	243.4	401.4	666.9	1223.9	3329.5
	E	123.1	125.6	114.8	120	117.6	124.9	104.2	99.8	79.2	61.7
8	I	126.4	129	131	126.6	128.2	131.8	131.4	133.4	133.3	134.3
	W	-87	8.4	35.4	82	151.6	252.9	398.6	665.7	1310.5	3310.7
	E	179	168.8	159.3	162.1	175	180.8	180.7	172.5	161.1	113.2
9	I	185.3	180.6	171.5	178.1	183.1	194.9	188.4	193.7	198.6	197.1
	W	-217.8	9.1	28.8	79.8	151.3	265	401.6	673.9	1310.8	4072.7
	E	273.9	270.2	335.6	335.7	327.7	205.7	265.1	304.9	303.3	597.7
10	I	273.9	270.2	371.9	351.2	339.4	326.9	352.1	356.7	363.4	977.9
	W	-76.3	9.4	36.6	92.7	142.4	275.7	398.3	720.5	1332.1	10505.4

Notes: Joint distribution of income and wealth in the 2022 SCF data. Top panel shows population shares for combination of income and wealth deciles. Bottom panel shows average earnings, income, and wealth in thousand dollars in each decile cell.

In a final step, we zoom into the top of the three distributions of earnings, income, and wealth to ask how much of an overlap there is between households in the top 1% of the respective distribution. Table 5 shows the result. We find the largest overlap between the earnings and income distribution. About 75 % of households are both in the top 1% of the income and earnings distribution. The overlap with wealth is substantially smaller. For income, we get that less than every second household from the top 1% of the wealth distribution is also in the top 1% of the income distribution. For earnings, it is not even every third household that is both at the very top of the wealth distribution and the earnings distribution. This small overlap suggests that many of the wealthy households are retired and have already left the labor market.

Table 5: Overlap Between the Top 1% of Wealth, Income, and Earnings Distributions

	Wealth	Income	Earnings
Wealth	100		
Income	43.4	100	
Earnings	30.6	74.9	100

Notes: Each entry in the table represents the share of households in the top 1% of the distribution in the row variable that are also in the top 1% of the distribution in the column variable. The table is symmetric by construction.

5.2 The Poor and the Rich along Earnings, Income, and Wealth

To further describe the relations between the distribution of earnings, income and wealth, which, as documented in Kuhn et al. [2020] have trends that did not align much over the past decades in the United States, we now proceed to sort households by each of these three variables and then report in Tables 6 to 8 the main economic and demographic characteristics of the households that belong to the various groups of the three distributions.[5]

[5]Recall that, especially for earnings, many households report to have zero, which makes the sorting ill-defined. To resolve any ambiguity we use income as the a second dimension for sorting households that have identical earnings. Similarly, when two households have the same income, we resolve ambiguities using wealth. If two households had the same wealth, we will use income to unambiguously sort households by wealth.

Table 6: Earnings Partition of the 2022 Sample

	Bottom(%)			**Quintiles**					**Top(%)**			**All**
	0-1	1-5	5-10	1st	2nd	3rd	4th	5th	90-95	95-99	99-100	0-100
Averages (x 10^3 USD):												
Earnings	-14.1	0	0	-.7	15	49.2	94.9	333.5	246.3	479.9	1913.1	98.4
Income	204.8	12.2	20.9	42.9	65.9	65.9	111.2	424.1	348.8	609.3	2456.5	142
Wealth	4531.9	65.8	136.4	510.8	758.8	355.2	529.1	3140.9	1899.5	5710	19844.1	1059
Share of Sample (%):												
Earnings	-.1	0	0	-.1	3.1	10	19.3	67.8	12.5	19.5	19.4	100
Income	1.4	.3	.7	6	9.3	9.3	15.7	59.7	12.3	17.2	17.3	100
Wealth	4.3	.2	.6	9.6	14.3	6.7	10	59.3	9	21.6	18.7	100
Asset Classes (%):												
Housing & Cars	13.9	77.8	68.3	39.9	31.9	53.9	57.2	25.1	35.9	21.2	12.3	32.7
Business & Nonfinancial	35.7	2.9	10.1	18.9	14.5	26.3	26.7	39.7	28.5	42.2	49.5	31.9
Financial Assets	53.9	35.1	32.4	47.8	60.7	39.9	43.4	45.8	51.8	45	42.9	47.5
Collaterized Debt	-2.8	-14.5	-9.9	-6	-6.3	-19	-26	-10.1	-15.9	-7.7	-4.3	-11.3
Uncollateralized Debt	-.6	-1.4	-.9	-.6	-.7	-1.1	-1.3	-.5	-.3	-.7	-.3	-.7
Share of Sample (%):												
Housing & Cars	1.8	.6	1.3	11.8	14	11.1	17.5	45.6	9.9	14	7.1	100
Business & Nonfinancial	4.8	0	.2	5.7	6.5	5.5	8.4	73.9	8	28.6	29.1	100
Financial Assets	4.9	.2	.4	9.7	18.3	5.6	9.1	57.2	9.8	20.4	16.9	100
Collaterized Debt	1.1	.3	.6	5.1	7.9	11.3	22.9	52.8	12.6	14.6	7.2	100
Uncollateralized Debt	4	.5	.9	9.2	15.8	10.9	19.3	44.8	4.4	21.1	9.3	100
Income Sources (%):												
Labor	.5	0	0	.1	18.5	66.3	78.6	64.5	63.5	64.6	53.6	58.7
Capital	78.9	.2	1.5	21	20.9	7.1	5.8	14.7	24.6	12.8	15.9	13.6
Business	-9.1	0	0	-2.2	5.3	10.3	8.4	17.5	8.7	17.4	30	13.1
Transfer	27.3	90	92.8	77.8	51.1	14.4	6.1	2.2	2.5	2	1.1	13.1
Other	2.4	9.8	5.7	3.2	4.1	2	1.1	1.1	.7	3.3	-.5	1.6
Age (%):												
Under 31	11.9	10.5	5.7	4.3	17.7	20	15.6	5.7	5.8	2.6	2.7	12.7
31-45	12.9	10.2	4	6.2	18.4	32	38.8	33.4	33.8	27.1	14.5	25.8
46-65	21.7	33.7	30.8	21.9	27.6	35.9	39.1	52.1	54	56.9	68.3	35.3
Over 65	53.5	45.6	59.6	67.6	36.4	12.2	6.5	8.8	6.3	13.3	14.5	26.3
Average (Years)	61.7	60.7	66.6	68.1	54.2	45.8	45	49.2	49.3	51.8	54.8	52.4
Education (%):												
Dropouts	1.1	33.3	17.2	15.3	9.8	5.6	2.9	.2	.6	0	0	6.7
High-School	13.4	27.3	36.2	30.4	29.6	32.8	21	8	8.2	5.1	3.8	24.4
Some-College	37.4	32.8	30.9	34	32.1	30.1	29.4	16.1	9.3	7.7	9.1	28.4
College	48.1	6.6	15.7	20.3	28.4	31.5	46.8	75.7	81.9	87.2	87.1	40.5
Employment Status (%):												
Workers	14.6	11	2.8	5.3	43	75.1	82	78.4	81.8	72.2	49.9	56.8
Self-Employed	34.7	3	3.1	4.1	15.4	12.6	9.9	14.2	12.8	21.4	28.3	11.2
Retired	34.9	46.2	60.6	69.8	28.1	7.6	5.2	5.6	4.7	5.4	16.6	23.2
Non-Workers	15.7	39.9	33.5	20.8	13.5	4.7	3	1.9	.8	1	5.1	8.8
Disabled	2.4	29.5	25	15	5.7	1.4	.9	0	0	.1	0	4.6
Marital Status (%):												
Married	44.9	9.6	16.7	28.8	41.9	49.7	76.3	90.5	91.7	93.1	94.9	57.5
Single w/ Dependents	11.4	22.3	13.3	15.9	26	19.5	10.2	2	1.3	2.3	.6	14.7
Single w/o Dependents	43.7	68.1	69.9	55.2	32.1	30.8	13.5	7.5	7	4.6	4.5	27.8
Family Size	1.7	1.45	1.41	1.6	2.22	2.48	2.93	3	3.13	3.08	2.96	2.45
Excl. Retired Widows												
Single w/ Dependents	11.4	20.1	10.5	11.7	24.4	19.4	10	2	1.3	2.3	.6	13.5
Single w/o Dependents	40.7	61.2	42.1	35.5	28.4	30	13.5	7.4	6.9	4.6	4.5	23

Notes: Economic characteristics along the 2022 earnings distribution. The first column reports the economic characteristics examined along the earnings distribution. The following columns show the different earnings groups considered.

Earnings partition Table 6 presents a detailed breakdown of the economic characteristics of U.S. households by earnings in 2022. At the very bottom of the distribution, average earnings are negative—mainly reflecting business losses among self-employed entrepreneurs. Strikingly, these households remain wealthy, with average net worth exceeding $4.5 million. Those slightly higher up the earnings ladder hold relatively little wealth, but across most of the bottom 90 percent of the earnings distribution, wealth holdings are fairly similar—around one-half of average wealth. In contrast, the top 10 percent of earners hold roughly one-half of total wealth. Within this group, the top 1 percent earn about $2 million on average (recall from Table 1 that entry into this group requires earnings above $1 million) and possess roughly 20 times the average wealth of $1 million.

Several additional patterns stand out. Transfer income represents a large share of total income for households in the first quintile (excluding the lowest 1 percent), while the share of college-educated and married households rises sharply toward the top. About half of households in the top 1 percent of the earnings distribution are wage and salary workers rather than business owners. The composition of income shifts markedly around the median, in the third quintile: below-median households rely mainly on transfers, whereas labor income becomes dominant above the median. This turning point coincides with a steep increase in labor-force participation.

Table 7: Income Partition of the 2022 Sample

	Bottom(%)			**Quintiles**					**Top(%)**			**All**
	0-1	1-5	5-10	1st	2nd	3rd	4th	5th	90-95	95-99	99-100	0-100
Averages (x 10^3 USD):												
Earnings	1.7	2.5	3.3	6.7	26.4	49.8	91.7	317.3	233.9	459	1740.7	98.4
Income	-2.7	10.8	17.3	19.1	43	71.4	117.1	459.5	307	633.2	3175.6	142
Wealth	205.6	69.2	90.6	116.3	196.2	407.6	599	3975.6	2460.8	6442.1	28003.1	1059
Share of Sample (%):												
Earnings	0	.1	.2	1.4	5.4	10.1	18.6	64.5	11.9	18.7	17.7	100
Income	0	.3	.6	2.7	6.1	10.1	16.5	64.7	10.8	17.8	22.4	100
Wealth	.2	.3	.4	2.2	3.7	7.7	11.3	75.1	11.6	24.3	26.4	100
Asset Classes (%):												
Housing & Cars	59.2	68.9	89.7	77.4	77	61.5	60	22.1	31.6	19.7	10.3	32.7
Business & Nonfinancial	44.2	13.4	8.8	14.6	13.9	25.3	21.4	35.5	23.5	35.3	47.8	31.9
Financial Assets	20.2	38.1	20.4	27.1	32.1	35.3	43.7	50.6	57.7	51.7	45.5	47.5
Collaterized Debt	-22.2	-17.8	-17.8	-17.8	-21.6	-21	-24.3	-7.7	-12.6	-6	-3	-11.3
Uncollateralized Debt	-1.4	-2.5	-1.1	-1.3	-1.3	-1.1	-.9	-.5	-.2	-.7	-.5	-.7
Share of Sample (%):												
Housing & Cars	.4	.6	1.2	5.2	8.7	14.5	20.8	50.8	11.2	14.7	8.3	100
Business & Nonfinancial	.3	.1	.1	1	1.6	6.1	7.6	83.6	8.6	27	39.7	100
Financial Assets	.1	.2	.2	1.3	2.5	5.7	10.4	80.1	14.1	26.5	25.3	100
Collaterized Debt	.4	.4	.7	3.5	7.1	14.3	24.3	50.9	12.9	12.9	7	100
Uncollateralized Debt	.4	1	.7	4.3	7.2	12.6	15.4	60.5	3.6	26.5	21	100
Income Sources (%):												
Labor	56.4	24.7	17	32.2	57.6	64.6	72.1	55.6	67.2	60.4	34.5	58.7
Capital	-217.4	.6	.3	-.7	.9	1.7	2.3	20.1	9.2	17.6	36.7	13.6
Business	7.8	-1.8	2.7	4	4.8	6.4	7.7	16.6	11.1	14.9	25.1	13.1
Transfer	42.7	68.9	74.6	59.5	35	26.1	16.4	6.2	11.2	5.9	1.6	13.1
Other	10.5	7.6	5.4	5.1	1.8	1.3	1.5	1.5	1.3	1.3	2.1	1.6
Age (%):												
Under 31	23.9	24	12.4	17.5	18.2	11.7	12.5	3.5	4.3	2.5	0	12.7
31-45	29	14.9	10.1	16.4	22.7	29.9	33.2	26.6	23.1	24.2	17.4	25.8
46-65	42.7	33.2	30.1	30.8	29.7	32.8	33.9	49.3	53.1	48.3	57.5	35.3
Over 65	4.4	27.8	47.4	35.3	29.4	25.7	20.4	20.6	19.5	25	25.2	26.3
Average (Years)	43.7	51.9	60.5	55	51.9	51.9	49.9	53.6	53.8	55.3	58.3	52.4
Education (%):												
Dropouts	5.5	26.9	23.9	19.4	8.8	4.3	1.1	.2	.6	0	0	6.7
High-School	38.4	25.8	34.7	32.4	34.4	25.4	21.9	7.6	9.2	4.8	5.1	24.4
Some-College	36.3	36.8	28.3	31.9	32.4	36.1	26.2	15.1	11.1	7.3	7.6	28.4
College	19.8	10.5	13.1	16.2	24.4	34.2	50.7	77.2	79.1	87.9	87.3	40.5
Employment Status (%):												
Workers	37.2	23.9	14.6	29.5	54.8	65.2	68.2	66.1	66.8	61	35.1	56.8
Self-Employed	29.7	7.4	8.1	11.2	9.6	8.2	10.8	16.4	16.8	22.4	37.9	11.2
Retired	10	26.7	47	32.9	26.5	22.6	18.5	15.6	14.7	15	24.8	23.2
Non-Workers	23.1	42	30.3	26.3	9.1	4	2.5	2	1.8	1.6	2.2	8.8
Disabled	2.4	25	20.9	15.8	4.9	1.7	.6	.1	.2	.1	0	4.6
Marital Status (%):												
Married	21.5	12.4	13.7	18.8	40.9	57.1	82.3	88.3	87.8	89.3	94.5	57.5
Single w/ Dependents	20.9	29.9	21.2	26.2	23.5	15.7	5.8	2.3	3.1	2.4	.2	14.7
Single w/o Dependents	57.5	57.7	65.2	55	35.6	27.2	11.9	9.4	9.1	8.3	5.3	27.8
Family Size	1.67	1.64	1.61	1.82	2.28	2.51	2.77	2.86	2.82	2.94	2.78	2.45
Excl. Retired Widows												
Single w/ Dependents	20.9	28.5	19.4	24	21.3	14.4	5.7	2.1	3.1	2.4	.2	13.5
Single w/o Dependents	57.5	56.6	42.5	43.9	28.7	23.8	10.5	7.9	6.7	7	5.1	23

Notes: Economic characteristics along the 2022 income distribution. The first column reports the economic characteristics examined along the income distribution. The following columns show the different income groups considered.

Income partition Sorting households by their income in Table 7, we find that on average income and earnings evolve in lockstep, not a surprise as labor income constitutes about sixty percent of income. Still this sorting is different from the earnings one. We see that the share of earnings of the the top 1% here is about 2 percentage points lower than that of the earnings sorting and the share of income 5 percentage points larger, indicating that have here more households that are not top earners. This group is four years older and its income is coming as much from being employed than from business income. Looking at the demographic composition along the income distribution, we find that the strong age gradient is ironed out. Mean age across quintiles varies non-monotonically between 50 and 55 years. Education is strongly correlated with income. The share of college graduates increases from less than 1 out of 5 households in the bottom quintile to almost 4 out of 5 households having a college degree in the top quintile. A similar pattern arises for marital status the share of married household heads increases monotonically across quinitles from 19 % to 88 % as does family size.

Table 8: Wealth Partition of the 2022 Sample

	Bottom(%)			Quintiles					Top(%)			All
	0-1	1-5	5-10	1st	2nd	3rd	4th	5th	90-95	95-99	99-100	0-100
Averages (x 10^3 USD):												
Earnings	83.7	43.2	18.2	31.9	47	68.3	88.2	256.7	190	445.6	1113.3	98.4
Income	89.9	51.5	29.7	41.8	58.6	85.2	117.1	407.4	275.7	705.9	2191.8	142
Wealth	-168.5	-31.9	-1.8	-11.8	54.1	199.6	533.4	4519.6	2623.4	6848	37141.8	1059
Share of Sample (%):												
Earnings	.9	1.8	.9	6.5	9.5	13.9	17.9	52.2	9.7	18.1	11.3	100
Income	.6	1.5	1	5.9	8.3	12	16.5	57.4	9.7	19.9	15.4	100
Wealth	-.2	-.1	0	-.2	1	3.8	10.1	85.4	12.4	25.9	35.1	100
Asset Classes (%):												
Housing & Cars	-43.6	-99.1	-356.7	-175	172.7	125.6	76	21.2	33.6	20.5	7.9	32.7
Business & Nonfinancial	-2.9	-5.4	-24.7	-7.9	8.8	9.5	12.1	35.4	23.7	28.9	50.8	31.9
Financial Assets	-21.2	-37.8	-120.5	-58.1	35.7	31.1	37.1	49.3	51.7	56.4	43.5	47.5
Collaterized Debt	161.9	220	517.2	312.8	-111.8	-63.7	-24.6	-5.4	-8.7	-5.3	-1.5	-11.3
Uncollateralized Debt	5.8	22.3	84.7	28.1	-5.5	-2.4	-.6	-.5	-.2	-.4	-.6	-.7
Share of Sample (%):												
Housing & Cars	.2	.4	.1	1.2	5.4	14.5	23.4	55.5	12.7	16.2	8.4	100
Business & Nonfinancial	0	0	0	.1	.3	1.1	3.8	94.7	9.2	23.4	56	100
Financial Assets	.1	.1	0	.3	.8	2.5	7.9	88.6	13.5	30.7	32.1	100
Collaterized Debt	2.3	2.3	.4	6.2	10.1	21.2	21.9	40.6	9.6	12.2	4.7	100
Uncollateralized Debt	1.4	4	1.1	9.4	8.3	13.6	9.3	59.3	3.6	14.9	33.5	100
Income Sources (%):												
Labor	83.5	82.4	59.6	73.2	76	76	69.4	48	58.8	49.8	25.2	58.7
Capital	.3	.1	.1	.1	.6	1.6	2.8	22.4	14.6	25.5	36.8	13.6
Business	11.8	1.9	2.1	3.9	5.2	5.2	7.3	18.4	12.5	16.4	31.5	13.1
Transfer	2.7	13.2	33.7	20	16.2	15.7	18.4	9.8	14.5	7.5	3.4	13.1
Other	1.7	2.5	4.5	2.9	1.9	1.4	2.1	1.3	-.4	.9	3.1	1.6
Age (%):												
Under 31	22.1	33.7	27.9	27.2	19.6	11.6	3.9	1	2.6	.8	0	12.7
31-45	49.3	34.2	26.3	29.4	32.9	30.5	23.4	12.5	11.6	8.7	6.9	25.8
46-65	28.5	26.1	23.9	26.6	28.6	34.1	39.3	47.8	48.7	47.7	45.5	35.3
Over 65	.1	6	21.9	16.9	18.8	23.7	33.3	38.7	37.1	42.8	47.6	26.3
Average (Years)	39.9	39.8	46.2	45	47.7	51.5	57	61.1	60.6	62.7	64.7	52.4
Education (%):												
Dropouts	.1	3.9	24.8	15.3	9.6	5	3.7	.2	.5	0	0	6.7
High-School	5.7	10.7	29.5	28.1	33.6	24.4	24.2	11.4	11.6	8.4	7.2	24.4
Some-College	15.1	40	31.7	32	32.3	32.9	27	17.6	13.2	11.6	12.8	28.4
College	79.1	45.3	14.1	24.6	24.5	37.8	45	70.8	74.7	79.9	80	40.5
Employment Status (%):												
Workers	82.6	72.8	46.2	59.2	63.9	63	54.2	43.5	42.7	34.2	18.2	56.8
Self-Employed	4.4	8.1	6.4	8.1	8.6	7.8	10.4	21.2	20.5	32.3	53	11.2
Retired	0	5.4	14.3	13.1	16.9	22.4	30.3	33.4	35.6	32.4	26.3	23.2
Non-Workers	13	13.7	33.1	19.5	10.6	6.8	5.2	1.9	1.3	1.2	2.5	8.8
Disabled	4.2	5.2	19.1	10.9	6.4	3.2	2.4	.2	.3	.1	0	4.6
Marital Status (%):												
Married	41.1	28.3	23.1	30.5	49.1	63.3	65.3	79.1	79.2	84.1	90.6	57.5
Single w/ Dependents	17.5	33.9	32.9	28.2	19.1	12.5	9.1	4.7	3.6	1.1	1.9	14.7
Single w/o Dependents	41.5	37.8	44	41.4	31.8	24.2	25.7	16.2	17.2	14.8	7.5	27.8
Family Size	2.07	2.28	2.07	2.2	2.49	2.58	2.46	2.51	2.4	2.48	2.47	2.45
Excl. Retired Widows												
Single w/ Dependents	17.5	32.7	32.7	27.9	17.6	10.9	7.1	3.9	2.6	.9	1.9	13.5
Single w/o Dependents	41.5	37.3	39.9	38.2	28.1	19	17.2	12.3	12.1	10.6	5.3	23

Notes: Economic characteristics along the 2022 wealth distribution. The first column reports the economic characteristics examined along the wealth distribution. The following columns show the different wealth groups considered. Assets are positive and liabilities are negative when the net asset position is positive. Assets are negative and liabilities are positive when the net asset position is negative.

Wealth partition Wealth in Table 8 is the most concentrated variable: the lowest quintile has negative wealth, the second lowest holds 1% of all wealth, while the highest quintile holds 85%, and the top 1% more than a third. Earnings and income also rise with wealth.

The poorest 1% of the wealth distribution (with negative wealth of almost $170,000) have an annual income of nearly $90,000—more than the average income in the third quintile. The main reason these households have so little wealth is their large student loans. On average, households in the bottom 1% of the wealth distribution owe more than $200,000 in student debt.

These households are also relatively young—40 years old on average, more than 12 years younger than the typical American household—and highly educated (almost 80% have a college degree). This is not the group one typically thinks of as poor. Their high income provides the opportunity to repay debt and build wealth in the future.

What we typically consider wealth-poor households are those in roughly the bottom 5–10%. Their average wealth is approximately zero, and their earnings and income are only about 20% of the sample average. Most of these households are workers with lower educational attainment than average. Young households are overrepresented, with almost 3 in 10 being 30 years old or younger.

The majority of households (the poorest 60%, excluding the lowest 1%) have little wealth and relatively low earnings and income—what many economists describe as hand-to-mouth or financially constrained households. They have little business income, are less educated than average, and more than half are not married. Most of these households, and even many in the fourth quintile, have more debt than financial assets.

As we move up the wealth distribution, both income and earnings increase monotonically. The wealthiest 20% have income above $400,000 on average and wealth of about $4.5 million (with a median around $880,000). Most of this income and wealth is concentrated at the very top. The wealthiest 1% have numbers that seem alien to most of us: average income of $2.2 million and average wealth of $37 million, owning 35.1% of all wealth. Including the wealth of the Forbes 400 raises this to 36.9%.[6] Relative to the average, the richest 1% have a much larger share of business and nonfinancial wealth and a much smaller share of housing and vehicles.

5.3 Portfolio Composition of the Wealth Distribution

A key strength of the SCF data is that they provide a detailed breakdown of household wealth in the different portfolio components. Figure 5 provides a schematic overview of the SCF portfolio.

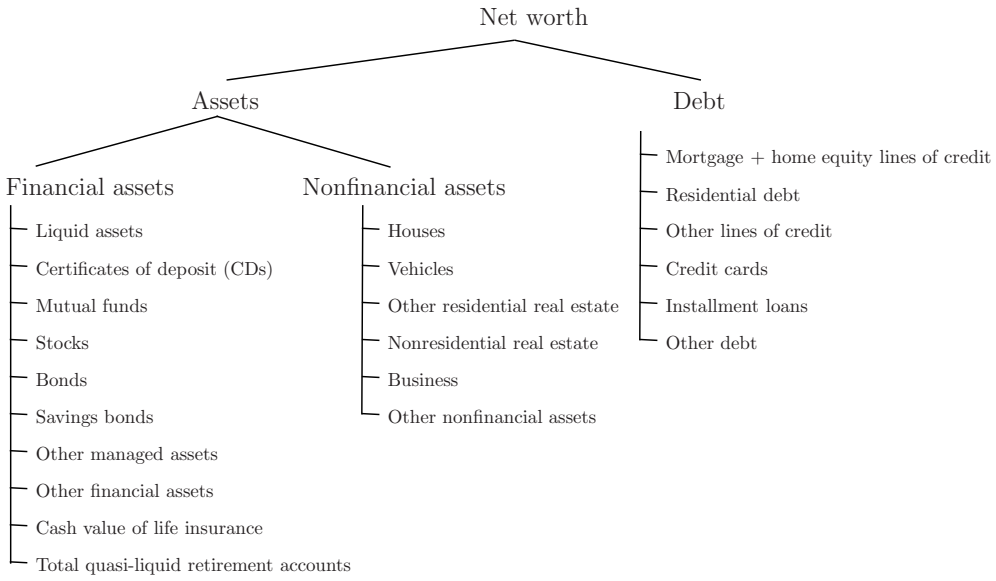
[6]This large share of wealth in such a small group reflects the SCF's special sampling scheme for representing the macroeconomic distribution of household wealth.

Table 9: Portfolio Composition (Figure 5) of the Wealth Partition, 2022

	Bottom(%)			**Quintiles**					**Top(%)**			**All**
	0-1	1-5	5-10	1st	2nd	3rd	4th	5th	90-95	95-99	99-100	0-100
Liquid Assets	-8.8	-17.3	-57.8	-26.2	14.2	8.2	7.9	5.3	6.4	5.5	3.9	5.8
CDs	0	-.1	0	0	.7	.9	1	.5	.7	.4	.5	.6
Mututal Funds	-.3	-.4	-.3	-.6	.6	1.2	2.2	11.9	7.2	12.2	15.6	10.4
Stocks	-.2	-2.2	-.6	-1.8	.8	1	1.6	9.1	6.3	9.9	11.1	7.9
Bonds	0	0	0	0	0	0	0	1.2	.4	.9	2	1
Saving Bonds	-.1	0	0	-.1	.1	.1	.2	.2	.1	.5	.1	.2
Other Mgd Assets	0	0	0	0	.5	1.5	2.1	3.1	2.5	3.7	3	2.9
Cash Value Life Ins.	-.5	-.8	-6.3	-2.6	1.9	1.4	1	.8	.6	.8	.7	.8
Other Fin. Assets	-1	-5.2	-12.1	-4.9	1.5	1.1	.5	.6	.4	.9	.4	.6
Ret. Accts.	-10.3	-11.3	-31.5	-20.3	15.2	15.6	20.6	16.7	27.1	21.7	6.2	17.1
Houses	-29.3	-57	-78.1	-85.1	131.7	110.5	68.5	19.7	31	19.2	7.3	29.4
Vehicles	-14.3	-41.8	-259.3	-88.1	41.5	15.2	7.5	1.6	2.5	1.3	.6	3.3
Other Res. RE	-1.7	-3.3	0	-3.3	3.9	5.2	5.5	6.5	6.9	7.3	5.4	6.4
Nonres. RE	0	-.6	-.2	-.6	1	.8	1.7	2.8	2.8	2.4	3.3	2.6
Business	-.8	-.7	-22.9	-2.6	2.5	2.4	4.5	25.3	13.6	18.4	41.2	22.1
Other Nonfin. Assets	-.5	-.7	-.2	-1.2	1.4	1.1	.5	.8	.4	.7	1	.8
Mtge + HELOCs	20.9	43.2	56.1	63.7	-83	-52.4	-20.2	-4.1	-7	-3.7	-1	-8.5
Res. Debt	3.3	6.7	0	6	-1.8	-1.4	-1.1	-.9	-1.2	-1.4	-.5	-1
Other LOC	.7	1	2.5	1.4	-.1	0	0	-.2	0	-.3	-.3	-.2
Credit Card	4.6	13.8	69.2	21.3	-4.5	-1.9	-.5	0	-.1	0	0	-.3
Installment	137.7	169.5	433.2	239.9	-27.3	-10	-3.3	-.4	-.5	-.2	-.1	-1.8
Other Debt	.4	7.4	8.4	5.1	-.9	-.5	-.1	-.2	-.1	-.1	-.3	-.2

Notes: Portfolio shares along the 2022 wealth distribution. The first column reports the portfolio components examined along the wealth distribution. The following columns show the different wealth groups considered. Assets are positive and liabilities are negative when the net asset position is positive. Assets are negative and liabilities are positive when the net asset position is negative.

Figure 5: SCF Household Portfolio



Notes: Description of the partition of asset classes in the SCF.

Table 9 displays a much more granular portfolio composition than that in Table 8.

Note that portfolio shares for assets are negative for households in the first quintile. This is due to our reporting convention which makes the sign inherit that of their total wealth. These households have negative wealth mostly due to installment loans, e.g. student or car loans, and they hold some positive assets (houses, cars, cash).

The first quintile includes some home owners as well as vehicle owners with these two items being the largest while have enormous debts. For the next two quintiles houses exceed total wealth while vehicles shrink. For the fourth quintile housing is still the majority of the wealth, about two thirds with debts being about one quarter of their assets and a few other scattered assets (retirement accounts, liquid assets, cars, and small quantities of other financial assets, other residences, businesses). The lowest 80% have negative financial assets (excluding the not so easy to use retirement accounts). The highest quintile sees a large increase of the share of businesses and various financial assets (mutual funds, and stocks and bonds), a trend that continues towards the top 1%. As households in the top 10% own more than 70 % of all wealth (Table 8), this explains why the average portfolio in the last column of Table 9 also contains more than 20 % of wealth in these asset classes. The important role of business wealth at the very top show up with a wealth share of more than 40 % in business wealth in the top 1% of the wealth distribution. This strong variation in the portfolio composition along the wealth distribution opens up the possibility that asset price movements can shape and change the wealth distribution quickly over time [Kuhn et al., 2020]. We

will return to this topic again below when discussing changes in income and wealth inequality over time and across cohorts of U.S. households.

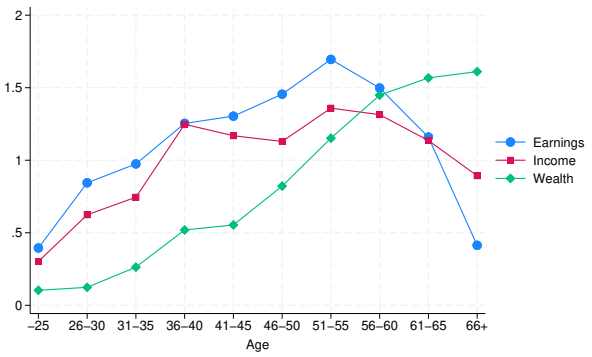
6 Other Dimensions of Inequality

The main household characteristics related to economic performance, are age, education, employment status, and marital status. The SCF collects this information allowing us see how they are related to earnings, income, and wealth. We will see that while some of the differences in performance is accounted by these characteristics, there are still large difference between households that share similar characteristics.

6.1 Age and Inequality

Figure 6 illustrates how earnings, income, and wealth evolve over the life cycle, with each variable normalized to an average of 1 to highlight their distinct patterns. While earnings and income follow similar hump-shaped trajectories, wealth increases almost continuously with age. Specifically, earnings and income start at approximately half the life-cycle average for households under age 25, then rise steadily to peak at about 150 % of the average between ages 51-55. This trajectory represents nearly a tripling of resources during the 30-year span between ages 25 and 55. After age 55, both earnings and income decline as retirement reduces labor market participation, with a particularly sharp drop after age 65.

Figure 6: Mean of Earnings/Income/Networth by Age

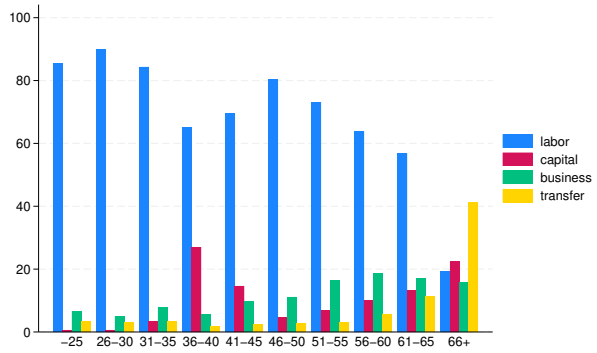


Notes: (Indexed) Life-cycle profiles for earnings, income, and wealth. All profiles expressed relative to the life-cycle mean so the average of each profile is 1. The horizonal axis shows 5-year age groups and the vertical axis the index for earnings, income, and wealth.

Wealth follows a markedly different pattern. Households begin with minimal wealth, but accu-

mulation continues throughout life, reaching approximately 1.5 times the life-cycle average for the 66-and-older group. Notably, even in the oldest age groups, we observe no decline in wealth that would indicate significant dissaving during retirement—a pattern that has stimulated substantial research and one we will examine further when discussing savings motives.

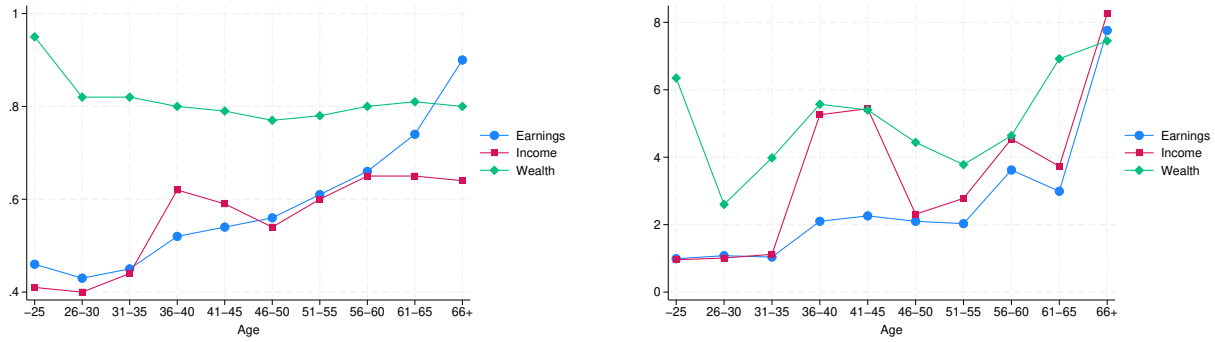
Figure 7: Income Sources by Age Group



Notes: Composition of income sources across age groups. Four bars for each age group shows the percentage share of total income coming from labor income, capital income, business income, and transfer income. Numbers do not sum to 100 as not all income sources are shown.

Figure 7 decomposes income by source across age groups, revealing two clear patterns. First, labor income dominates for younger households but becomes progressively less important with age—not because earnings decline in absolute terms as shown in Figure 6, but because other income sources grow more rapidly, particularly capital and business income. Second, transfer income remains relatively constant during working years but increases sharply after age 60 when households enter retirement. These patterns align with standard life-cycle theory: households begin with limited wealth but high human capital, then accumulate financial and business assets over time that generate increasing capital income as they age.

Figure 8: Gini index and Coefficient of Variation for Earnings/Income/Wealth by Age Group



Notes: Left panel shows life-cycle profile of the Gini coefficients within age group for earnings, income, and wealth. Right panel shows the corresponding life-cycle profiles for the coefficient of variation. Horizontal axis shows 5-year age groups.

While the life-cycle profiles demonstrate substantial between-group differences, Figure 8 examines within-group inequality by displaying Gini coefficients and coefficients of variation for each age group. Within-group inequality for earnings and income increases systematically with age. By contrast, wealth inequality remains high across all age groups, with Gini coefficients consistently above 0.75. The coefficient of variation shows a less clear age pattern but peaks noticeably in the oldest group, where all three variables display similar values, suggesting especially high concentration among the elderly.

Table 10: Age Partition of the 2022 Sample

	Averages (x 10^3 USD)			**Income Sources (%)**					**Gini Coefficient**			**Coeff. of Variation**			**Share & Size**	
Age	E[a]	Y[b]	W[c]	L[d]	K[e]	B[f]	Z[g]	O[h]	E[a]	Y[b]	W[c]	E[a]	Y[b]	W[c]	H(%)[i]	Size[j]
-25	38.9	42.9	109.5	85.4	.6	6.6	3.2	4.2	.46	.41	.95	.99	.96	6.35	5.5	2.03
26-30	83.1	88.6	131.3	89.8	.6	5	3.1	1.6	.43	.4	.82	1.08	1.01	2.6	7.2	2.51
31-35	95.9	105.8	278.6	84.3	3.2	7.8	3.3	1.3	.45	.44	.82	1.04	1.12	3.98	9.1	2.84
36-40	123.4	177.2	549.9	65.1	27	5.6	1.7	.6	.52	.62	.8	2.1	5.26	5.57	8.3	3.22
41-45	128.3	166	586.7	69.4	14.6	9.7	2.4	3.9	.54	.59	.79	2.26	5.44	5.4	8.4	3.33
46-50	143.2	160.4	870.4	80.2	4.6	11.1	2.8	1.2	.56	.54	.77	2.1	2.31	4.44	8	3.05
51-55	166.8	193	1220.1	73.1	6.7	16.4	2.9	.9	.61	.6	.78	2.03	2.78	3.78	8.2	2.74
56-60	147.4	186.6	1534	63.8	10.1	18.7	5.7	1.6	.66	.65	.8	3.62	4.54	4.64	9	2.46
61-65	114.1	161.3	1660.1	56.9	13.2	17.1	11.2	1.6	.74	.65	.81	2.99	3.73	6.92	10.1	2.12
66+	40.7	126.8	1706	19.3	22.3	15.7	41.3	1.4	.9	.64	.8	7.76	8.26	7.45	26.3	1.7
Total	98.4	142	1059	58.7	13.6	13.1	13.1	1.6	.68	.61	.83	3.15	5.31	7.63	100	2.45

Notes: Economic characteristics; properties of the earnings, income, and wealth distribution; and household share and size by age of the household head in 2022. The first column shows the different age groups considered. The following columns report the economic characteristics, distribution properties, and household share and size examined by age group. Abbreviations: [a] Earnings; [b] Income; [c] Wealth; [d] Labor; [e] Capital; [f] Business; [g] Transfers; [h] Other; [i] Percentage of households of each type;[j] Average number of persons per primary economic unit.

Table 10 provides the underlying numerical values for these patterns. Unlike the normalized figures, this table reports actual dollar amounts and inequality measures. The table also includes demographic information, showing the shares of households in different age groups and their average size. The age distribution reflects the aging of the baby boom generation, while household size varies substantially with age due to family formation and dissolution patterns—an important reminder that household-level statistics must be interpreted carefully when considering individual welfare.

6.2 Education and Inequality

Education represents a fundamental dimension of stratification in household finances. Higher educational attainment is associated with greater human capital and consequently higher income, which in turn facilitates wealth accumulation. However, educational differences extend beyond simple income multiplication: even at similar income levels, college-educated households save more and participate more actively in financial markets, particularly stocks, thereby achieving superior returns on their wealth [Bartscher et al., 2020]. Understanding the mechanisms through which education translates into improved financial outcomes remains an active research area.

Table 11 provides comprehensive information on household finances by educational attainment, using the same format as Table 10 but dividing households into four educational categories: high-school dropouts, high-school graduates, those with some college education, and college graduates. The first panel confirms that earnings, income, and wealth all increase substantially with education. The gap between high-school dropouts and graduates is particularly striking, with high-school completion associated with approximately double the earnings and income, and triple the wealth. While some college education provides only modest additional benefits compared to high-school graduation, completing college represents the most significant educational divide. College graduates, who constitute 40.5% of households, enjoy average earnings more than three times those of high-school dropouts, income nearly seven times higher, and wealth thirteen times greater.

Examining income sources in the second panel reveals that labor income represents a relatively constant share (approximately 60%) across educational groups. However, substantial differences emerge in other income components: capital income's share increases with education from near-zero for dropouts to almost 17% for college graduates, while transfer income follows the opposite pattern, declining from 34% to less than 9%. Business income shows no monotonic relationship with education but peaks among college graduates.

Table 11: Education Partition of the 2022 Sample

Education	Averages (x 10^3 USD)			Income Sources (%)					Gini Coefficient			Coeff. of Variation			Share & Size	
	E^a	Y^b	W^c	L^d	K^e	B^f	Z^g	O^h	E^a	Y^b	W^c	E^a	Y^b	W^c	$H(\%)^i$	$Size^j$
Dropouts	22	35.5	143.8	56.8	.4	6.5	34.2	2.1	.68	.39	.81	2.67	1.94	34.47	6.7	2.39
High-School	50.6	75.4	519.8	57.2	4.9	12.1	23.7	2	.62	.47	.81	2.66	2.67	8.75	24.4	2.42
Some-College	60.6	88.5	567.5	60.8	8.8	9.5	20.1	.9	.62	.49	.8	2.39	4.06	7.53	28.4	2.41
College	166.3	237.2	1879	58.5	16.8	14.3	8.7	1.7	.63	.6	.79	2.71	4.75	6.09	40.5	2.5
Total	98.4	142	1059	58.7	13.6	13.1	13.1	1.6	.68	.61	.83	3.15	5.31	7.63	100	2.45

Notes: Economic characteristics; properties of the earnings, income, and wealth distribution; and household share and size by education of the household head in 2022. The first column shows the different education groups considered. The following columns report the economic characteristics, distribution properties, and household share and size examined by education group. Abbreviations: ^{a} Earnings; ^{b} Income; ^{c} Wealth; ^{d} Labor; ^{e} Capital; ^{f} Business; ^{g} Transfers; ^{h} Other; ^{i} Percentage of households of each type; Average number of persons per primary economic unit.

The inequality measures demonstrate that significant dispersion exists within all educational groups. Earnings and wealth Gini coefficients remain high and show limited variation across education levels. However, income inequality increases monotonically with education, with college graduates displaying the highest within-group income Gini (0.60). This pattern reflects substantial heterogeneity even among the highly educated—comprising the largest segment of households—with some college graduates achieving extraordinary financial success while others attain more modest outcomes.

6.3 Employment Status and Inequality

Employment status strongly shapes household financial outcomes. Using SCF classifications, we examine four distinct employment categories: workers, self-employed, retired, and non-workers (with disabled households identified separately).

As Table 12 demonstrates, employment status creates substantial financial stratification. Workers and the self-employed enjoy the highest earnings, while retired and non-worker households receive only about one-quarter of a typical worker's earnings. Disabled households fare worst, with earnings averaging just 10% of the sample mean.

When accounting for transfers and capital income, the disparities narrow considerably. Retired households get nearly 80% of working households' income, while non-workers reach approximately half the retirees' level. The self-employed stand out with average income almost double that of workers. The wealth distribution follows a different pattern, with retirees possessing more than twice the wealth of working households—consistent with life-cycle accumulation profiles. The self-employed demonstrate extraordinary wealth accumulation, averaging 5.4 times that of workers,

Table 12: Employment Partition of the 2022 Sample

Employment	Averages (x 10^3 USD)			Income Sources (%)					Gini Coefficient			Coeff. of Variation			Share & Size	
	E[a]	Y[b]	W[c]	L[d]	K[e]	B[f]	Z[g]	O[h]	E[a]	Y[b]	W[c]	E[a]	Y[b]	W[c]	H(%)[i]	Size[j]
Workers	124.4	141.4	629.2	84.7	5.5	4.1	4	1.7	.52	.52	.79	2.03	2.86	4.49	56.8	2.76
Self-Employed	158.1	277.2	3388.9	22.6	27	42.5	6.9	1.1	.74	.75	.84	4.2	6.18	5.68	11.2	2.52
Retired	29.8	110.7	1292.6	20.9	23.6	7.3	46.6	1.5	.93	.61	.76	4.81	6.97	6.85	23.2	1.74
Non-Workers	35.7	56.1	241.9	60.1	7.5	4.3	24.2	3.9	.85	.62	.88	5.57	4.38	6.88	8.8	2.2
Disabled	9.3	30.6	103.9	26.9	.8	4.3	62.8	5.2	.84	.38	.81	2.76	1.05	2.72	4.6	1.99
Total	98.4	142	1059	58.7	13.6	13.1	13.1	1.6	.68	.61	.83	3.15	5.31	7.63	100	2.45

Notes: Economic characteristics; properties of the earnings, income, and wealth distribution; and household share and size by employment status of the household head in 2022. The first column shows the different employment groups considered. The following columns report the economic characteristics, distribution properties, and household share and size examined by employment group. Abbreviations: [a] Earnings; [b] Income; [c] Wealth; [d] Labor; [e] Capital; [f] Business; [g] Transfers; [h] Other; [i] Percentage of households of each type; [j] Average number of persons per primary economic unit.

though with high within-group inequality.

Income composition naturally reflects employment status: workers primarily receive labor income, the self-employed depend on business income, and retirees and disabled households rely heavily on transfers. Somewhat surprisingly, the average non-worker household still derives most income from labor sources, likely reflecting working spouses of non-working household heads.

Inequality measures reveal that earnings dispersion is especially pronounced among non-worker groups. For income, workers show the lowest within-group inequality, while the self-employed display the highest. The wealth Gini for self-employed households (0.84) underscores that entrepreneurship produces varied outcomes, creating both extraordinary wealth and considerable financial vulnerability.

6.4 Marital Status and Inequality

Marital status fundamentally shapes household finances. Table 13 shows that married households possess approximately three times the resources of singles, a difference that exceeds the population ratio of less than two-to-one. This financial advantage persists across earnings, income, and wealth.

The SCF defines household heads in couples as the male partner in mixed-sex couples and the older partner in same-sex couples, meaning female household heads primarily appear in single households. We therefore provide gender-disaggregated results for singles, while also distinguishing between those with and without dependents.

Singles with dependents represent a financially vulnerable group. Despite household sizes ap-

Table 13: Marital Status Partition of the 2022 Sample

Marital Status	Averages (x 10^3 USD)			Income Sources (%)					Gini Coefficient			Coeff. of Variation			Share & Size	
	E[a]	Y[b]	W[c]	L[d]	K[e]	B[f]	Z[g]	O[h]	E[a]	Y[b]	W[c]	E[a]	Y[b]	W[c]	H(%)[i]	Size[j]
Married	143	196.1	1513.5	61.8	12.7	13.7	10.5	1.3	.61	.57	.8	2.56	4.55	6.41	57.5	3.06
Single	38.2	69	445.3	46.7	17.1	10.6	22.9	2.7	.68	.55	.84	5.13	7.23	11.43	42.5	1.63
Single w/ Dep.	38.9	55.3	265	63.8	4.9	8.1	20.1	3.1	.57	.43	.84	2	1.7	13.24	14.7	2.81
Male	42.5	64.5	433	56.2	10.9	11.9	19.6	1.5	.59	.49	.84	2.77	2.32	15.02	4.2	2.62
Female	37.5	51.5	197.6	67.7	1.9	6.2	20.4	3.9	.56	.41	.83	1.44	1.12	2.7	10.5	2.89
Single w/o Dep.	37.8	76.3	540.7	40.1	21.8	11.6	24	2.6	.73	.59	.83	6.24	8.04	10.63	27.8	1
Male	48.7	99.1	618.3	37.7	31.7	14.1	15.4	1.1	.71	.67	.86	7.15	8.97	7.89	11.9	1
Female	29.6	59.2	482.3	43.1	9.2	8.4	34.8	4.5	.75	.49	.8	2.57	4.27	13.12	15.9	1
Retired Widows	2.4	53.7	713.6	.9	21.7	4.4	68	5	1.07	.49	.73	6.37	9.03	17.51	3.7	1
Total	98.4	142	1059	58.7	13.6	13.1	13.1	1.6	.68	.61	.83	3.15	5.31	7.63	100	2.45

Notes: Economic characteristics; properties of the earnings, income, and wealth distribution; and household share and size by marital status of the household head in 2022. The first column shows the different marital groups considered. The following columns report the economic characteristics, distribution properties, and household share and size examined by marital group. Abbreviations: [a] Earnings; [b] Income; [c] Wealth; [d] Labor; [e] Capital; [f] Business; [g] Transfers; [h] Other; [i] Percentage of households of each type; [j] Average number of persons per primary economic unit.

proaching those of married couples, they possess substantially fewer resources across all measures. These households receive 20% of their income from transfers—double the rate of married households. Retired widows rely even more heavily on transfers (nearly 70% of income) yet maintain relatively substantial wealth holdings, exceeding the average single household by 60%.

Among singles without dependents, significant gender disparities emerge. Male-headed households possess approximately 50% more earnings, income, and wealth than their female counterparts. Income composition reveals further differences: single males derive 32% of income from capital sources, while single females receive 35% from transfers. This pattern likely reflects demographic differences, including greater longevity among women resulting in more widows.

Marital status thus represents not merely a demographic characteristic but a fundamental dimension of economic stratification, with single households—particularly those headed by women and those with dependents—facing greater financial constraints despite often similar household sizes.

7 Additional perspectives on inequality and its drivers

In this section, we further refine our analysis by focusing on additional dimensions of inequality: the labor market (Sections 7.1 and 7.2), family structure (Section 7.3); cohort effects in wealth accumulation (Section 7.4) and self-reported savings motives (Section 7.5).

7.1 Labor market states and inequality

The labor market is for most households the most important source of income. The labor market is therefore a widely studied economic market but so far joint analysis of the labor market situation and the financial situation are still scarce. Following previous work, we have in Section 6.3 partitioned the employment status into workers, self employed, retired and non-workers specifying whether they were disabled. In this section, we now follow the large literature in labor economics and adopt the Bureau of Labor Statistics' (BLS) framework, categorizing households as employed, unemployed, or out of the labor force. The aim of such an analysis is to provide a first step trying to bridge the two strands of literature that have largely evolved in parallel.

Table 14 presents financial outcomes by labor market status. We should point out that the BLS categories change fast and thus the situation that we observe in the SCF data is a specific snapshot of the households' labor market situation at the survey date. Shortly after that date, the state might change. Importantly, the data provide information for researchers who want to learn about these differences for example for calibrating quantitative models of the interplay of consumption-saving behavior in financial markets and the dynamics in the labor market [Kuhn et al., 2025].

Table 14: Income/Wealth Distribution by Labor Market Status

(a): Income Distribution

Labor Market Status	**Average** (x 10^3 USD)	**Quintiles** 1st	2nd	3rd	4th	5th	**Inequality Measures** CV[a]	Var(ln)[b]	G[c]
Employed	166.42	28.24	56.27	89.1	136.9	521.45	4.74	.94	.58
Unemployed	83.3	7.1	20.79	32.94	57.79	296.81	4.24	1.17	.69
Out of the Labor Force	100.25	14.04	26.73	46.59	78.99	334.85	7.06	1.07	.63

Notes: Average income, income quintiles and income inequality measures by labor market status of the household head. Abbreviations: [a] Coefficient of variation; [b] Variance of logs; [c] Gini Coefficient.

(b): Wealth Distribution

Labor Market Status	**Average** (x 10^3 USD)	**Quintiles** 1st	2nd	3rd	4th	5th	**Inequality Measures** CV[a]	Var(ln)[b]	G[c]
Employed	1057.18	-13.18	50.51	181.18	497.81	4567.9	7.73	4.37	.84
Unemployed	396.48	-8.93	3.66	44.02	202.67	1736.71	5.41	8.35	.86
Out of the Labor Force	1120.2	-8.51	73.88	263.4	640.3	4625.94	7.36	5.86	.8

Notes: Average wealth, wealth quintiles and wealth inequality measures by labor market status of the household head. Abbreviations: [a] Coefficient of variation; [b] Variance of logs; [c] Gini Coefficient.

Households with employed heads have twice the income of those with unemployed heads ($166,420

versus $83,300). Those outside the labor force fall between these extremes, with average income of $100,250. Within-group variation remains substantial—households in the fourth quintile of the unemployment distribution have approximately the same income as those in the second quintile of the employed distribution.

Wealth distribution follows a different pattern. Households outside the labor market possess the highest average wealth ($1,120,200), slightly exceeding employed households ($1,057,180) and far surpassing the unemployed ($396,480). This counterintuitive pattern reflects the heterogeneity within the "out of labor force" category, which includes both retired households with substantial accumulated assets and discouraged workers with limited resources. This large heterogeneity can be seen when comparing the wealth of the bottom quintile with on average negative wealth to the top quintile with wealth of more than 4.5 million on average.

Inequality within each labor market category resembles overall societal inequality, with Gini coefficients for wealth exceeding 0.80 across all groups. The unemployed face particular challenges in wealth accumulation, with their wealth-to-income ratio significantly lower than for other groups.

7.2 Occupations/Industries and Inequality

The previous section analyzed the relationship between employment status, income, and wealth. In this section, we take a closer look at employment status and explore whether the type of work households do is correlated with their financial situation. We define the type of work based on the occupation of the household head. We build on the fact that the Survey of Consumer Finances (SCF) provides information on the industry and occupation of the household head. Although the information is not as fine-grained as in surveys targeted specifically towards the labor market, the SCF detailed wealth information uncovers important features. To eliminate other important characteristics of households that correlate with income and wealth when studying between-industry and occupation differences, we run a regression of income (wealth) on dummy variables for age, marital status, and education together with dummies for industries or occupations. We report in Tables 15 and 16 the estimated dummy coefficients relative to a the reference group that reports not doing any work for pay.

Table 15 shows that the highest income is in the rental and leasing, software and data processing, and repair and maintenance industry group. Relative to the reference group, the difference is substantial, 200,000 dollars. Agriculture and manufacturing come in with the second highest incomes and the public service shows the lowest income (perhaps because of the armed forces) and their low-wage compensations that is even slightly lower than for households reporting not doing

Table 15: Regression Coefficients (x 10^3 USD) of Income/Wealth on Sector of Employment

SCF Industry Code	1^a	2^b	3^c	4^d	5^e	6^f	7^g
Income	61.06	40.96	63.91	49.75	206.94	40.27	-4.19
Wealth	1923.52	648.62	686.95	661.26	1705.45	287.26	-145.33

Notes: Regression coefficients on sector of employment dummies (in 1000s of 2022 dollars) from regressions of income/wealth on sector of employment dummies, with controls for marital status, education, and age of the household head. SCF industry codes: ^{a} Agriculture, forestry, fishing and hunting; ^{b} Mining; ^{c} Manufacturing; ^{d} Wholesale trade, retail trade, and restaurants; ^{e} Rental and leasing, software and data Processing, and repair and maintenance; ^{f} Telecommunication, utilities, finance, real estate, insurance, scientific, education, administration, arts, entertainment, hospital, personal, and laundry services; ^{g} Public Administration and Armed Forces. Regression on industry dummys (reference category: not doing any work for pay), controlling for age, marital status and, education.

any work for pay but they could receive transfer income such as the large subgroup of retirees. Interestingly, we find across all industry groups that differences in income and wealth are only weakly correlated. For example, workers in wholesale trade, retail trade and restaurants have 20 % more income but more than double the wealth difference than workers in telecommunications and other industries; households in agriculture are very wealthy, typically. We think that the reasons for these across industries differences have so far received little attention, are interesting but might also hide substantial heterogeneity between the households involved.

Table 16: Regression Coefficients (x 10^3 USD) of Income/Wealth on Occupation

SCF Occupation Code	1^a	2^b	3^c	4^d	5^e	6^f
Income	107.37	23.29	10.92	15.05	22.16	74.26
Wealth	953.14	310.7	263.67	138.2	171.22	3082.72

Notes: Regression coefficients on occupation dummies (in 1000s of 2022 dollars) from regressions of income/wealth on occupation dummies, with controls for marital status, education, and age of the household head. SCF occupation codes: ^{a} Management occupations, business operations specialists, financial sepcialists, computer and mathematical occupations, architecture and engineering occupations, life/physical/social science occupations, community and social services occupations, legal occupations, education/training/library occupations, arts/design/entertainment/sports/media occupations, healthcare practitioners and technical occupations, healthcare support occupations; ^{b} Architecture and engineering occupations, sales and related occupations, office and administrative support occupations; ^{c} Protective service occupations, food preparation and serving related occupations, building and grounds cleaning and maintenance occupations, personal care and service occupations, armed forces; ^{d} Construction trades, extraction workers, installation/maintenance/repair workers, production occupations; ^{e} Other production occupations, transportation and material moving occupations; ^{f} Farming, fishing, and forestry occupations. Note 2: Regression on occupation dummies (reference category: not doing any work for pay), controlling for age, marital status and, education.

Table 16 reports results for the corresponding analysis across occupation groups. Households

in management occupations earn the highest income while those in protective, cleaning, food processing and other low skill occupations are the ones that earn the least. Again, workers in agriculture stand out with the second highest income. As before they also stand out when looking at wealth with the by far highest wealth difference of more than 3 million across all occupations. The second wealthiest households are in management occupations with almost 1 million dollar more wealth than the reference group. As in the case of industries, we find also across occupations that the income and wealth differences are not proportional to each other and that typically income differences are larger than wealth differences if we consider relative differences.

7.3 Families, Children, and Inequality

Most people live in families and a growing literature studies the role of families in the macroeconomy [Doepke and Tertilt, 2016]. We have considered different family types so far only with respect to their marital status and the existence of dependents living with the household head in the same household. Yet, the SCF also collects information about whether the household head or the couple have children even if they do not live in the same household. To inform the growing literature about the role of families, we now use this additional information to provide a more fine grained and comprehensive analysis of the differences in the financial situation of families. Specifically, we consider households with and without children independently of if they live in the household or not.

The top panel of Table 17 summarizes the differences in income of different family types. Married households with children have higher incomes than married households without children but the reverse is true for single households. These differences are mostly the result of differences in the top quintile where those with children have 60 % higher income than those without. Unlike for income, both married and single households with children always have more wealth than households without children, this is true for all quintiles. The fact that married households with children have more income and wealth leads us to explore how the number of children is related to the position in the income and wealth distribution. To this end, Table 18 reports the number of children by income and wealth. As income, wealth, and the number of children have a life-cycle profile, we also condition on the age of the household head to take some of this life-cycle effect into account.

The top panel of Table 18 shows no systematic relationship between household income and the number of children once we condition on age. With respect to wealth, there is a slightly declining relationship between the average number of children and the position in the wealth distribution. Conditioning on age, the number of children declines about 2.5 below median wealth to about 2.3 for above median-wealth households. One reason for lower positions in the wealth distribution for

Table 17: Income/Wealth Distribution by Family Status

(a): Income Distribution

Family Status	**Average** (x 10^3 USD)	**Quintiles** 1st	2nd	3rd	4th	5th	**Inequality Measures** CV[a]	Var(ln)[b]	G[c]
Married	196.05	35.38	70.96	107.43	159.8	606.53	4.55	.85	.57
w/ Children	204.48	36.18	70.51	106.95	162.84	645.78	4.64	.88	.58
w/o Children	153.12	31.36	73.75	109.08	148.98	400.63	3.45	.72	.48
Single	69.03	13.01	25.95	40.75	60.82	204.59	7.23	.8	.55
w/ Children	61.85	14	26.03	40.42	59.68	168.99	5.64	.73	.5
w/o Children	81.32	11.32	25.81	41.32	62.67	264.75	8.4	.93	.62

Notes: Average income, income quintiles and income inequality measures by family satus. Family statuses include: married (with or without children), married with children, married without children, single (with or without children), single with children, and single without children. Income inequality measures include: [a] Coefficient of variation; [b] Variance of logs; [c] Gini Coefficient.

(b): Wealth Distribution

Family Status	**Average** (x 10^3 USD)	**Quintiles** 1st	2nd	3rd	4th	5th	**Inequality Measures** CV[a]	Var(ln)[b]	G[c]
Married	1513.5	6.07	127.13	328.29	822.75	6281.84	6.41	3.94	.8
w/ Children	1635.35	17.7	144.17	359.83	892.17	6757.72	6.37	3.74	.8
w/o Children	892.79	-31.92	51.78	198.4	506.3	3725.64	5.15	4.6	.82
Single	445.33	-20.56	12.57	77.12	265.14	1889.28	11.43	5.57	.84
w/ Children	509.23	-16.4	17.76	94.8	291.73	2157.94	12.3	5.23	.83
w/o Children	335.95	-27.36	7.97	47.91	215.89	1432.41	5.2	6.07	.85

Notes: Average wealth, wealth quintiles and wealth inequality measures by family satus. Family statuses include: married (with or without children), married with children, married without children, single (with or without children), single with children, and single without children. Wealth inequality measures include: [a] Coefficient of variation; [b] Variance of logs; [c] Gini Coefficient.

households with more children could be financial investments in children.

Table 18: Number of Children by Age Group

(a): Along the Income Distribution

	Quintiles					Top(%)			
Age	1st	2nd	3rd	4th	5th	90-95	95-99	99-100	All
40-50	2.3	2.52	2.33	1.99	2.21	2.24	2.58	2.18	2.27
50+	2.4	2.35	2.57	2.41	2.39	2.26	2.36	2.69	2.42
50-60	2.07	2.18	3.01	2.24	2.52	2.15	2.41	2.63	2.4
60+	2.49	2.41	2.57	2.28	2.43	2.1	2.44	2.7	2.44

Notes: Average number of children by income and age. Income quintiles/Top income groups are determined separately for each age group indicated in the first column.

(b): Along the Wealth Distribution

	Quintiles					Top(%)			
Age	1st	2nd	3rd	4th	5th	90-95	95-99	99-100	All
40-50	2.69	2.49	1.88	2.11	2.19	1.79	2.4	2.2	2.27
50+	2.58	2.49	2.45	2.31	2.29	2.23	2.38	2.38	2.42
50-60	2.32	2.53	2.61	2.18	2.39	2.13	2.49	2.36	2.4
60+	2.67	2.57	2.34	2.32	2.29	2.23	2.32	2.44	2.44

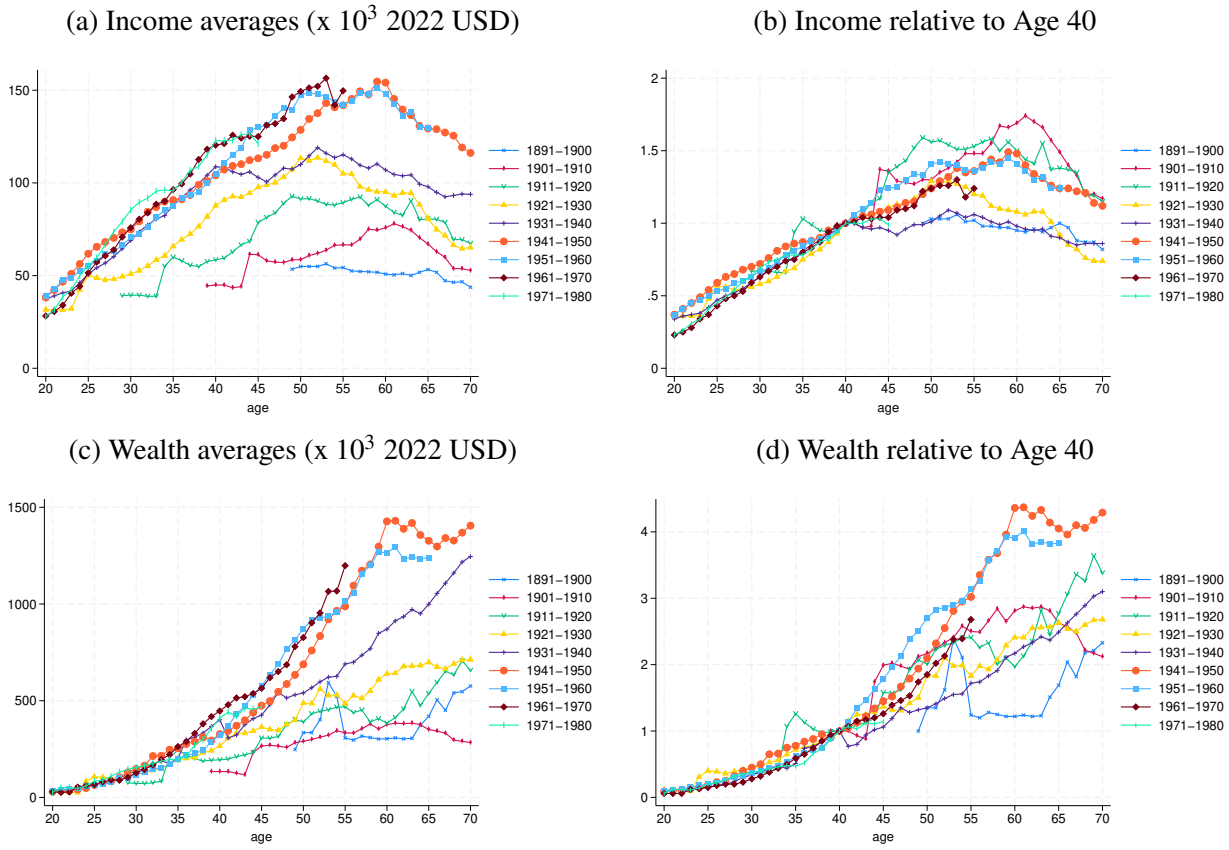
Notes: Average number of children by wealth and age. Wealth quintiles/Top wealth groups are determined separately for each age group indicated in the first column.

7.4 Income and Wealth across Cohorts

Intergenerational differences in savings behavior and wealth accumulation have become an important topic of the public debate and also an important topic of macroeconomic research. In this section, we therefore want to get a glimpse of the time variation of age profiles across birth cohorts. Are the cross-sectional patterns by age found in Section 6.1 purely an age factor or do they also stem from differences between cohorts? Cohort differences could stem, for example, from specific events of time periods that cohorts have lived through and that shaped their financial situation. We will return to the importance of asset prices in shaping wealth accumulation over time as a potential source of cohort effects in wealth building in the last section. To extend the number of cohorts for whom we observe entire life-cycle pattern, we rely on the SCF+ data [Kuhn et al., 2020] that provides data on income and wealth going back to 1950. We will first look at the average profiles across cohorts and how their shape changed over time (Figure 9). In a second step, we look at the evolution of within cohort inequality over the life cycle (Figure 10). For the analysis, we group households in 10-year birth cohorts. The oldest cohort are households with a household head born

in the last decade of the 19^{th} century. The youngest cohort are households born between 1971 and 1980. Hence, there are nine birth cohorts in total for whom we compare incomes and wealth accumulation over the life cycle.

Figure 9: Income and Wealth Life-Cycle Profiles by Cohort



Notes: Age-income and age-wealth profiles by 10-year birth cohort. Panel (a)/(c) presents the age-income/age-wealth profiles in 1000s of 2022 dollars. Panel (b)/(d) shows the indexed age-income/age-wealth profiles, with income/wealth at age 40 set to 1. All age profiles are constructed using moving averages (+/-2 years).

The top left panel of Figure 9(a) shows the life-cycle profiles for income in absolute dollar amounts adjusted for inflation and the tremendous economic progress that has taken place in the United States during the 20^{th} century is clearly displayed. Average income for the youngest cohort is at age 50 now almost 3 times the income of the oldest cohort of the same age. Looking at the younger cohorts, the data displays to a slowdown of this tremendous growth with the two youngest cohorts lying almost on top of each other. The top right panel (b) shows an index of the life-cycle profile with income at age 40 set to 1. This indexed life-cycle profile provides the opportunity to compare the shape of the life-cycle profiles across cohorts. Income growth between ages 20 and 40 aligns almost perfectly across cohorts. Differences appear in the second half of the life cycle after age 40. We observe the most growth for the two cohorts born in the first two decades of the 20^{th} century

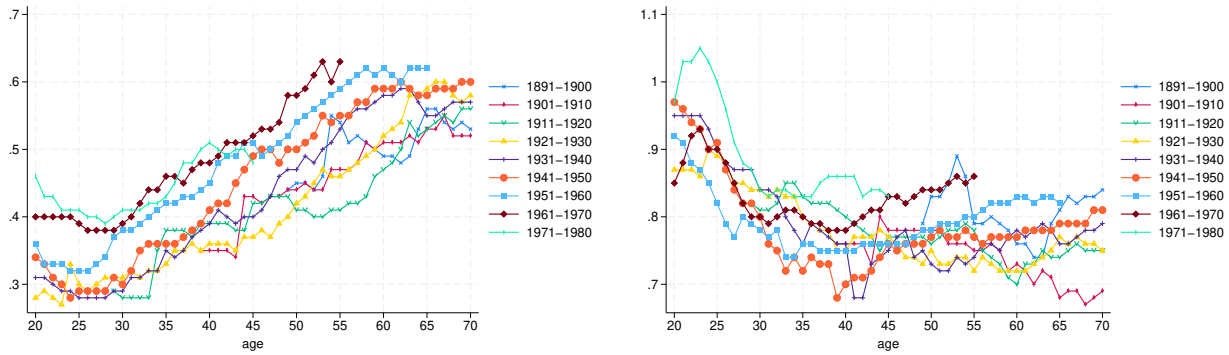
and the least for the oldest cohort and the cohort born in the 1930s. Yet, across cohorts there is no monotone ordering in terms of life-cycle profiles suggesting that macroeconomic conditions might have shifted some cohorts up and others down in the later part of the life cycle. However, it is important to note that the close comovement during the first part of the life cycle is only based on four out of the eight cohorts.

Figure 9(c) reports results for wealth in inflation adjusted dollars. Again, we see the large increase in wealth over the 20^{th} century. The increase even exceeds the increase of income with an almost 6-fold increase of wealth at age 60 between the oldest and the youngest cohort. Such a decoupling between income and wealth growth is likely the effect of asset price movements that played an important role in shaping the U.S. wealth distribution in the 20^{th} century [Kuhn et al., 2020]. If we look at the indexed profiles for wealth in Figure 9(d), we see that the two cohorts born between 1940 and 1960 stand out (babyboom generation): relative to their wealth levels at age 40, they have almost 4 times the wealth level only 20 years later at age 60. These households lived through a period of strongly rising stock and housing prices in the United States.

Figure 10: Income and Wealth Gini Coefficients by age across cohorts

(a) Income Gini Coefficient

(b) Wealth Gini Coefficient



Notes: Income-Gini-age profiles and wealth-Gini-age profiles by 10-year birth cohort.

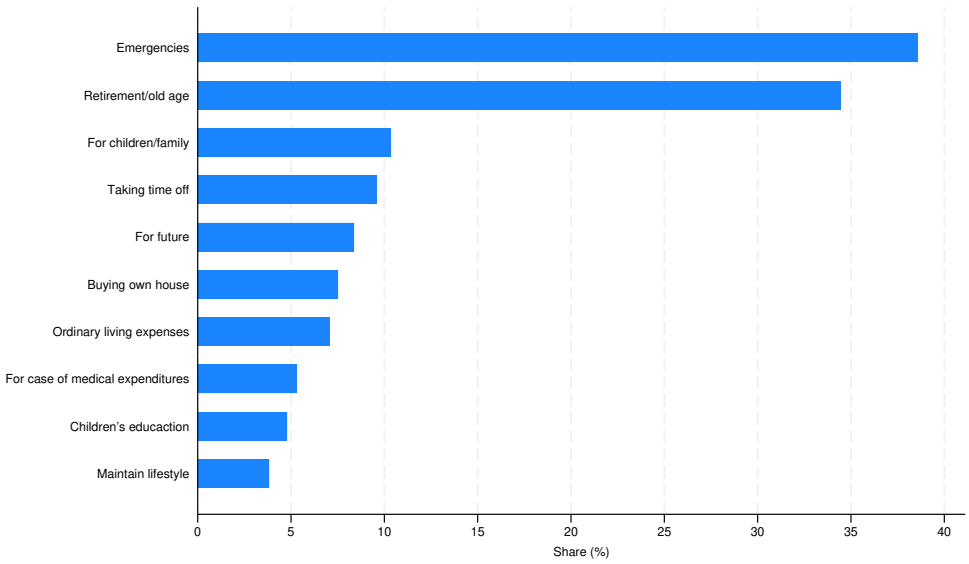
Figure 10 shows how the life-cycle profiles of within-cohort inequality for income and wealth changed over time. Looking at income in the left panel, we observe a level shift towards higher within-cohort inequality for younger cohorts. The youngest cohort born in the 1950s has throughout the life cycle higher levels of income inequality than any of the older cohorts. With respect to the shape and increase of inequality over the life cycle the different cohorts look very much alike. All cohorts show an almost linear increase of the income Gini coefficient between age 30 and 60 with flatter parts for younger and older ages. The profiles of the different cohorts also roughly evolve in parallel showing no sign that the cohorts evolved differently over their life cycle but that initial conditions at age 25 persisted over the life cycle. There is no clear pattern of inequality in wealth

across cohorts. All cohorts share the profile that we already observed in Section 6.1: a falling life-cycle profile up to age 40 and a flat profile thereafter. There is no clear ordering in terms of a shift towards more wealth inequality among younger cohorts. The results suggest that other drivers than income inequality shaped wealth inequality. An important potential driver are the asset prices that already showed up as a potentially important source to drive wealth accumulation when we looked at the average life-cycle profiles of cohorts.

7.5 Savings Attitudes

Economic theory uses different mechanisms to rationalize why households save and accumulate wealth. Important among them are the precautionary savings motive and the life-cycle savings motive. The SCF also collects information on households self-reported reasons (they can report more than one) of why they save and accumulate wealth. Figure 11 reports the share of households who report a specific savings motive (we restrict attention to the 10 most frequently reported motives).

Figure 11: Saving Attitudes Among All Households



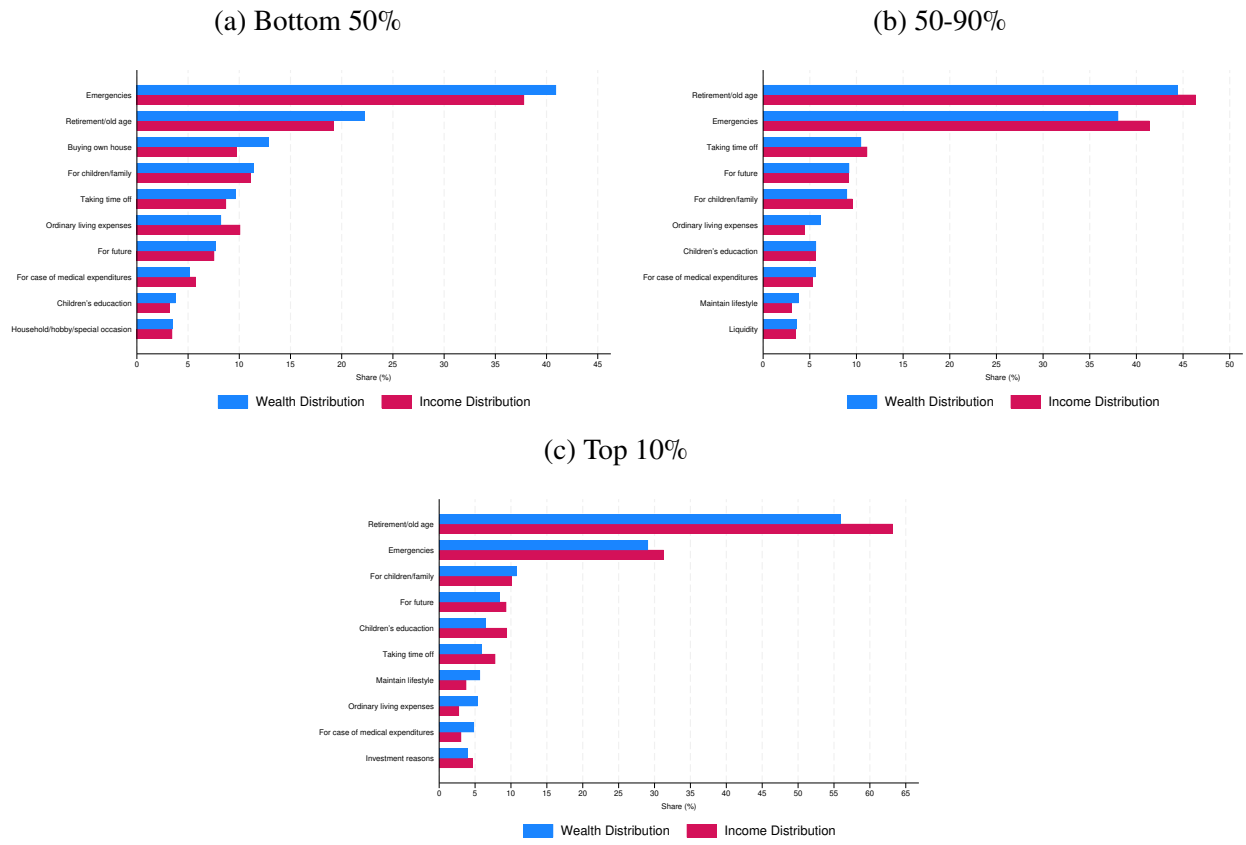
Notes: Share of households in 2022 reporting specific savings motives, showing only the top 10 savings motives.

Consistent with the focus on the precautionary savings and the life-cycle savings motive in most of the literature on savings behavior, *emergencies* and *retirement* are the two most important savings motives, mentioned respectively by 40 and 35 % of households. Other savings motives appear also closely related to the life cycle but are conditional on the family situation, for example, the savings

motive *children/family* or *children's education* are directly related to the presence of children that as we have seen before are not present in all households. Yet, when they are we found wealth to be higher consistent with the fact that having children constitutes a reported savings motive of households. Other savings motives such as *taking time off* could be considered similar to *emergencies* as they aim at insulating consumption flows from the income stream by financing consumption out of savings. *Medical expenditures* have been discussed in the theoretical literature as a potentially important savings motive for older households in the later part of the life cycle and are a form of emergencies as they are not always easy to predict.

We now break down savings motives by income and wealth to see if their relative importance change with the position in the income or wealth distribution. Figure 12 shows the results when we group households along the income and the wealth distribution in three groups: bottom 50%, 50%-90%, and top 10% of the respective distribution.

Figure 12: Saving attitudes by income and wealth



Notes: Share of households reporting specific savings motives along the 2022 income/wealth distribution. Panel (a) shows the shares of households among the bottom 50% of the income and bottom 50% of the wealth distribution, displaying only the top 10 savings motives among the bottom 50% of the wealth distribution. Panel (b) and (c) proceed similarly for the 50-90% and top 10% of the income/wealth distribution.

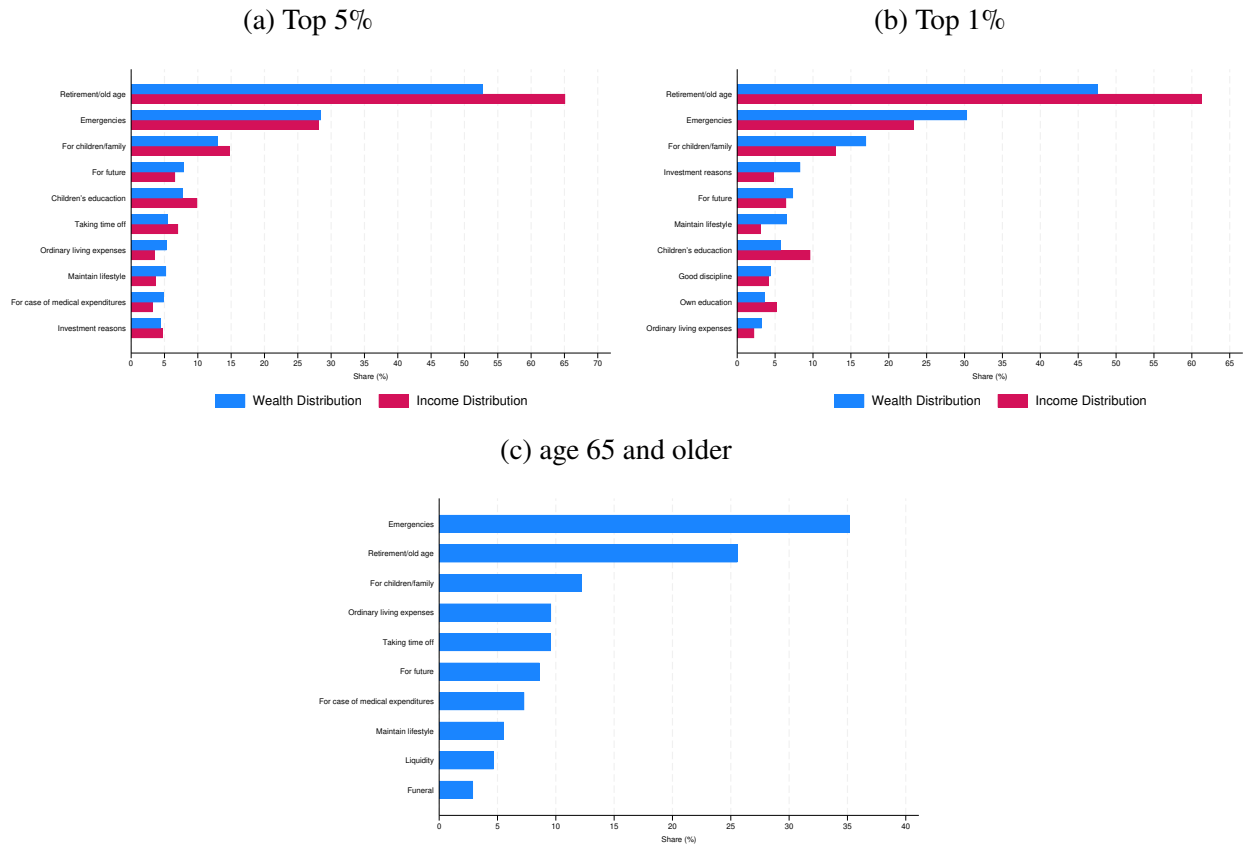
In all cases *emergencies* and *retirement* are the two most important savings motives. However, their relative importance changes. Whereas only one out of five households in the bottom 50% of the income or wealth distribution mentions retirement as a savings motive, it is more than half of all households in the top 10% of the income and the wealth distribution. Those in the middle (50%-90%) are in between with slightly below 50% of households reporting retirement as a savings motive. By contrast, *emergencies* are the most important savings motive at the bottom of the distribution. Almost two out of five households mention emergencies as a savings motive. Although retirement is mentioned more often at the top of the distributions as a savings motive, it is striking that also among the top 10% emergencies are mentioned by almost one out of three households as a savings motive, only a slightly lower share for the top 10% than for the bottom 50%. Interestingly, we find that there is very little difference between the groups along the income and wealth distribution although we have seen that these groups differ in some dimensions substantially. Other motives like *children and family* are mentioned by roughly 10 % of households independent of their financial situation. *Investment reasons* and *liquidity* are only mentioned by a few households in the middle and at the top, yet they show up as the least important savings motive in their top 10 reasons.

A focus of the theoretical literature on accounting for the wealth distribution was to explain the wealth accumulation at the very top. In a second step, we therefore split the top of the distribution further up and look at the top 5% and top 1% of the income and wealth distribution and their reported savings motives. As retirement is mentioned as the most important savings motive, we also single out older households (age 65 and older) and look at what they report as savings motives. The results are shown as Figure 13.

When we zoom into the top of the income and wealth distribution, we find that also here *retirement* is the most important savings motive mentioned by about one out of two households. Still, we find *emergencies* to also be an important savings motive. Even among the wealthiest 1 % of households, one out of three households mentions emergencies as a savings motive. At the top, we find children and family to always come in as the third most mentioned savings motive. *Investment reasons* become more important as a savings motive the more we move up in the wealth distribution. Yet, overall the savings motive seem to differ only modestly along the income and wealth distribution.

When we consider only older typically retired households by restricting the sample to households with household head age 65 and older, we find the same pattern as for the bottom 50% with *emergencies* being the most important savings motive. Strikingly, we still find that although the households are in the part of their life cycle when income declines and wealth is high, still one out of four households reports retirement as a savings motive. This result opens up the possibility that maybe households summarize more than just a life-cycle savings motive under this heading. The

Figure 13: Saving Attitudes at the top and for older households



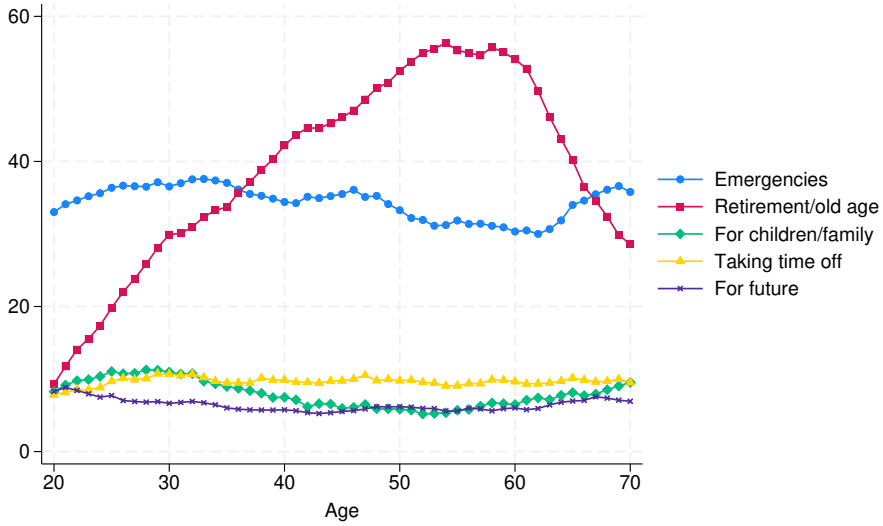
Notes: Share of households reporting specific savings motives at the top of the 2022 income/wealth distribution and among households with heads aged 65 or older in 2022. Panel (a) shows the shares of households among the top 5% of the income and top 5% of the wealth distribution, displaying only the top 10 savings motives among the top 5% of the wealth distribution. Panel (b) proceeds similarly for the top 1% of the income/wealth distribution. Panel (c) shows the shares for households with heads aged 65 or older, displaying only the top 10 savings motives for these households.

fact that savings motives vary systematically with age can be seen by the fact that now *funerals* enters the list of the most important savings motives.

To explore the variation of savings motives with age, we provide in Figure 14 an estimate of the life-cycle of savings motives based on all SCF data from 1989 to 2022. We focus on the five most frequently reported savings motives. The pattern are striking. First, we observe that emergencies and retirement are always the two most important savings motives in terms of how frequently they are reported by SCF participants. Whereas emergencies show a slightly declining trend between age 20 and 60 before increasing again in retirement age, retirement as a savings motive shows very strong life-cycle variation. From one out of ten households mentioning it as a savings motive at the beginning of the life cycle, it is almost six out of ten households at the peak of the profile at age 50. Taking time off and the future do show virtually no life-cycle variation. The savings motive

children and the family aligns closely and is more important when children are typically still young until age 40 of the household. There is little variation after age 45. The strong life-cycle variation in the retirement savings motive is striking but aligns with model-based decompositions of reasons for life-cycle wealth accumulation [e.g. Gourinchas and Parker, 2002, Cagetti, 2003, Kuhn et al., 2025].

Figure 14: Savings attitudes over the life cycle

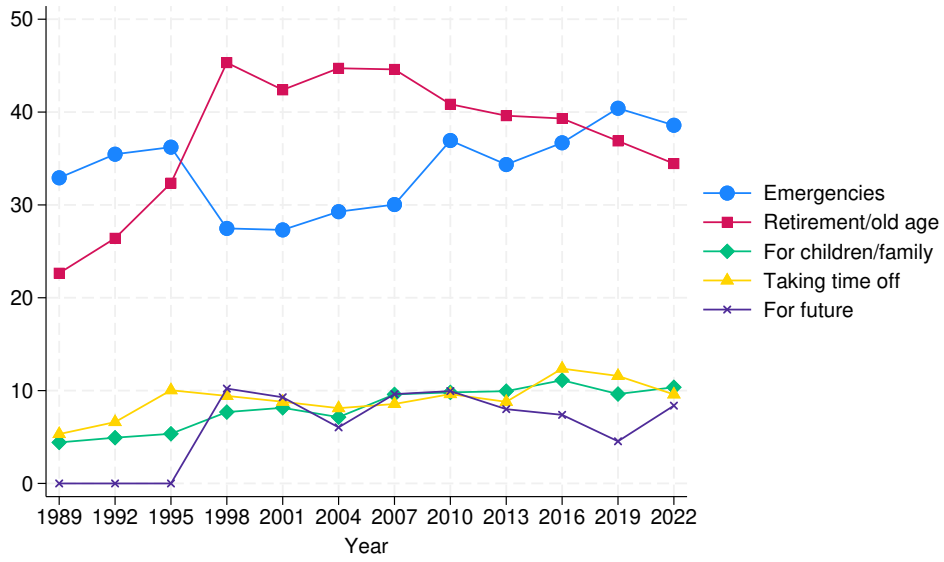


Notes: Share of households reporting specific savings motives by age. Estimates are based on all SCF data from 1989 to 2022. Only the top 5 savings motives among all households in 2022 are displayed. Age profiles are constructed using moving averages (+/- 2 years).

In a final step, we ask if the relative importance of savings motives has varied over time. For this, we rely as in the case of the life-cycle profile on all SCF data from 1989 to 2022. In Figure 15, we show the five most important savings motives over time.

Looking at the trends in Figure 15, we find that emergencies and retirement consistently come in as the most important savings motives over the last three decades. Yet, their relative importance is changing. Retirement has gained substantial importance over time starting from around 20 % in 1989 to around 40 % on average after the 2000s. The increasing importance of the retirement savings motive aligns with the proliferation and importance of defined contribution savings plans that were virtually non-existent in the early 1980s but became an important part of the household balance sheet in the decade after their introduction [Brendler et al., 2024]. Since the early 2000s, the data seem to suggest a secular trend with emergencies becoming more important and retirement savings becoming less important as savings motives. One reason could be the aging of the babyboom generation and their varying importance of the life-cycle savings motive (Figure 14). *Children*

Figure 15: Time Trends in Saving Attitudes Among All Households



Notes: Time trends in the top 5 reasons for saving (among all Households in 2022). Reason "For future" was not available as an answer until the 1998-wave.

and family, *taking time off*, and the *future* have been consistently mentioned by around 10 % of households as savings motives over time.[7]

8 Trends in Inequality

In a final step, we examine how inequality has evolved over time using SCF data from 1989 to 2022, focusing on key trends in earnings, income, and wealth distributions to provide context for the current state of inequality. The long consistent time series that exist today based on the modern SCF data allow us to trace out the developments of income and wealth concentration over nearly three and a half decades. The detailed portfolio information allows us on top to related the dynamics of the wealth distribution and diverging trends between income and wealth concentration to the dynamics in asset markets that have over this time period played a key role in driving a wedge between the evolution of income and wealth inequality [Kuhn et al., 2020].

Earnings, income, and wealth growth Table 19 shows the evolution of earnings, income, and wealth levels across different percentiles of their respective distributions. The data reveal divergent

[7]Note that the savings motive for future has been only included in the list of savings motives after 1998 explaining the zero share in earlier samples.

Table 19: Changes in the Levels of Earnings, Income, and Wealth

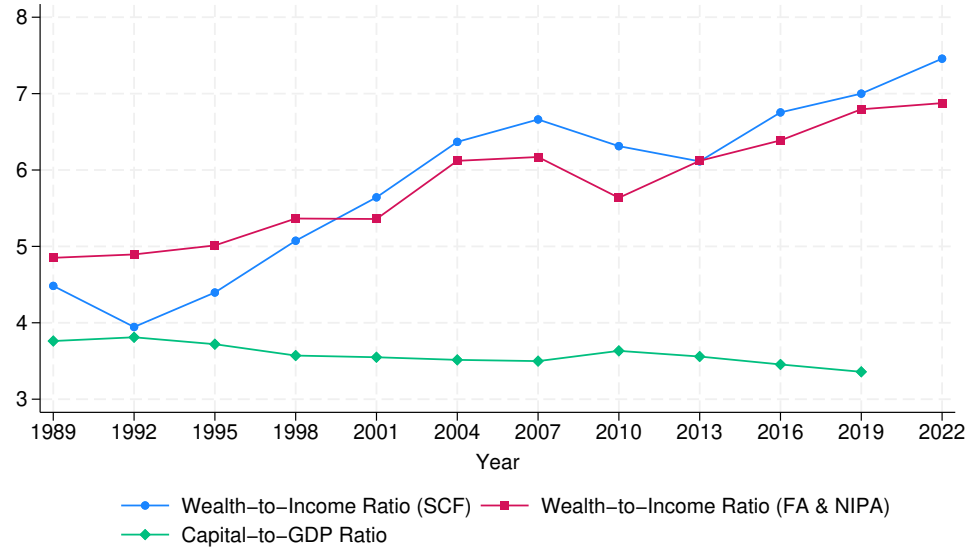
	Averages (x 10^3 USD)			30th Percentile			50th Percentile			90th Percentile		
Year	Earnings	Income	Wealth	Earnings	Income	Wealth	Earnings	Income	Wealth	Earnings	Income	Wealth
1989	72.6	97.2	435.7	12.2	33.6	23.9	48	60	108.3	149.9	177.6	846.7
1992	73.4	98.1	386.9	12.7	32.0	26.7	45.5	57.3	102.8	154.2	175.2	740.2
1995	74.8	93.6	411.3	12.9	33.8	31.5	47.5	59.4	111.7	151.7	167.8	735.3
1998	81.2	101.7	515.8	18.4	36.9	32.5	51.7	62.9	130.5	164.2	180.9	897.9
2001	92.2	117.8	664.4	22.3	39.7	38.6	55.0	66.7	145.0	181.4	203.2	1246.0
2004	88.3	110.7	704.9	19.3	40.3	36.7	53.2	67.7	146.1	185.4	203.5	1310.3
2007	91.2	119.5	795.8	19.1	40.4	37.9	52.9	67.6	172.9	180.2	202.9	1303.1
2010	84.8	106.9	674.6	13.9	38.3	20.1	45.8	62.7	105.0	173.3	194.1	1298.9
2013	81.3	110.0	672.3	12.9	36.2	18.8	41.4	59.4	103.6	171.7	197.6	1197.7
2016	91.1	125.8	849.9	12.6	38.6	23.3	43.7	65.0	120.0	183.6	217.9	1461.9
2019	90.0	123.4	863.9	16.5	41.2	27.7	47.1	68.3	141.0	194.4	222.1	1406.8
2022	98.4	142.0	1059.0	15.1	43.2	51.5	48.6	70.3	192.7	205.7	248.8	1936.9

Notes: Averages and percentiles of earnings, income, and wealth distributions by SCF wave.

growth patterns: while average earnings increased by 36% and income by 46% over the past three decades, wealth grew by 143%. This substantial difference suggests that wealth accumulation has been driven more by asset price appreciation than by savings from income.

Figure 16 further illustrates this divergence by comparing wealth-to-income ratios from different data sources. The wealth-to-income ratio based on SCF data almost doubled from about 4 in 1989 to over 7 in 2022. A similar but less pronounced trend appears when using Financial Accounts and National Income data. In contrast, the capital-to-output ratio from the Penn World Table remains relatively constant over this period. This striking difference highlights that asset price appreciation—not accumulation of physical capital—has been the primary driver of wealth growth.

Figure 16: Wealth-to-Income and Capital Stock-to-GDP Ratios By SCF Wave



Notes: Wealth-to-income ratio based on the SCF, wealth-to-income ratio using income from National Income and Product Accounts (NIPA) and wealth from Financial Accounts (FA), and capital stock-to-GDP ratio from Penn World Table 10.01.

Changes in distribution measures Tables 20 and 21 present the evolution of various inequality measures over time. Gini coefficients show a secular increase in inequality across all three variables until 2016. For wealth, the increase is most pronounced after the 2008-09 financial crisis, while earnings and income inequality rose more gradually. After 2016, wealth inequality notably declined, with the wealth Gini falling from 0.86 to 0.83 by 2022. The mean-to-median ratios and percentile ratios in the lower panel of Table 20 reveal that the top of all distributions moved further from the middle over time, while the 50-30 ratios show that the bottom moved closer to the middle, creating an asymmetric stretching of the distributions. Table 21 gives another picture of the thickening of the right tail by reporting the fraction of households above various multiples of the median. It shows how these measures picked around 2016.

Table 20: Changes in the Earnings, Income, and Wealth Distributions

(a): Inequality

	Gini Coeff.			Coeff. of Variation			Variance of Logs		
Year	Earnings	Income	Wealth	Earnings	Income	Wealth	Earnings	Income	Wealth
1989	.61	.55	.79	4.47	4.61	5.51	1.42	1.08	4.29
1992	.63	.57	.79	4.19	3.84	6.11	1.36	1.2	3.91
1995	.62	.55	.79	3.53	4.63	6.28	1.25	1.28	3.49
1998	.61	.55	.80	2.86	3.56	6.47	1.2	1.21	4.02
2001	.62	.57	.81	2.88	3.63	5.25	1.29	1.11	4.19
2004	.62	.54	.81	3	3.11	5.68	1.27	1.01	4.38
2007	.64	.57	.82	3.6	4.32	6.01	1.29	.99	4.39
2010	.65	.55	.85	3.26	3.45	6.35	1.41	.92	4.65
2013	.67	.58	.85	3.69	4.19	6.81	1.5	.99	4.8
2016	.68	.60	.86	4.46	4.48	7.83	1.6	1.05	5.27
2019	.65	.57	.85	2.57	4.83	7.52	1.51	1.02	5.04
2022	.68	.61	.83	3.15	5.31	7.63	1.56	1.09	5.04

(b): Shape of the Distribution

	Mean-to-Median Ratio			Location of the Mean			99-50-Ratio			90-50-Ratio			50-30-Ratio		
Year	Earnings	Income	Wealth	Earnings	Income	Wealth	Earnings	Income	Wealth	Earnings	Income	Wealth	Earnings	Income	Wealth
1989	1.51	1.62	4.02	65	71	80	9.92	10.15	49.32	3.12	2.96	7.82	3.94	1.79	4.53
1992	1.61	1.71	3.76	65	72	80	10.8	12.8	46.72	3.39	3.06	7.2	3.58	1.79	3.85
1995	1.58	1.58	3.68	65	70	82	10.79	10.01	42.36	3.2	2.83	6.58	3.69	1.75	3.54
1998	1.57	1.62	3.95	66	72	81	10.87	11.35	53.02	3.18	2.88	6.88	2.8	1.7	4.02
2001	1.68	1.77	4.58	68	73	81	12.5	13.32	67.62	3.3	3.05	8.59	2.46	1.68	3.75
2004	1.66	1.64	4.82	67	71	80	11.24	10.74	68.27	3.48	3.01	8.97	2.75	1.68	3.98
2007	1.72	1.77	4.6	69	74	82	13.42	14.39	69.21	3.41	3.0	7.54	2.77	1.67	4.56
2010	1.85	1.70	6.42	70	73	83	15.91	13.38	88.5	3.79	3.1	12.37	3.3	1.64	5.24
2013	1.96	1.85	6.49	70	74	83	17.46	14.78	96.81	4.15	3.33	11.56	3.21	1.64	5.5
2016	2.08	1.94	7.08	72	77	84	19.16	15.96	106.37	4.2	3.35	12.18	3.48	1.68	5.15
2019	1.91	1.81	6.13	70	75	84	15.63	14.7	91.31	4.13	3.25	9.98	2.86	1.66	5.08
2022	2.02	2.02	5.5	72	78	83	19.93	17.05	70.66	4.23	3.54	10.05	3.21	1.62	3.74

Notes: Properties of the earnings, income, and wealth distributions by SCF wave.

Table 21: Share (%) of Households with Wealth and Income Multiples of the Median

	Income			Wealth		
	> 10×	> 25×	> 50×	> 10×	> 25×	> 50×
1989	1	0.3	0.1	7.6	2.5	1.0
1992	1.4	0.5	0.1	6.7	2.4	0.9
1995	1.0	0.2	0.1	6.1	1.7	0.8
1998	1.2	0.3	0.1	6.4	2.3	1.1
2001	1.4	0.4	0.1	8.4	2.9	1.4
2004	1.1	0.3	0.1	9.0	2.9	1.5
2007	1.6	0.4	0.2	7.0	3.2	1.5
2010	1.6	0.3	0.1	11.9	4.8	2.2
2013	1.7	0.4	0.1	11.4	4.6	2.2
2016	1.8	0.5	0.2	12.1	4.8	2.4
2019	1.7	0.5	0.1	10.0	4.4	2.2
2022	2.2	0.6	0.2	10.1	3.8	1.8

Notes: Share of households with wealth or income exceeding 10, 25, and 50 times the median household wealth or income in each SCF wave.

8.1 Wealth Concentration at the very top

While the SCF excludes the Forbes 400 (the wealthiest 400 Americans), incorporating their wealth from Forbes Magazine estimates reveals interesting patterns. As shown in Table 22, their share of total household wealth increased from 1.8% in 1989 to a peak of 3.0% in 2019 before slightly declining to 2.8% in 2022. The top 1% wealth share (including the Forbes 400) followed a similar pattern rising from 31.2% in 1989 to 40.2% in 2016, before falling to 36.9% in 2022. This recent decline represents a potential inflection point in the long-term trend of rising wealth concentration.

8.2 Asset prices and portfolio composition explain recent trends

The reversal in wealth inequality after 2016 can be explained by examining asset price dynamics and portfolio composition across the wealth distribution.

Table 23 reveals striking differences in portfolio composition across wealth groups. The bottom 90% of U.S. households concentrate most of their wealth in housing. The middle class (50%-90%) holds approximately 60% of their wealth in housing—a share that has declined gradually over time. Simultaneously, retirement accounts have grown in importance from about 10% to more than 22% of middle-class wealth. On the liability side, housing debt accounts for about 18% of household

Table 22: Changes in Top Wealth Shares

	Top 1%		**Top 0.1%**		**Forbes 400**
	w/o Forbes 400	w/ Forbes 400	w/o Forbes 400	w/ Forbes 400	
1989	29.9	31.2	10.6	12.2	1.8
1992	30.1	31.4	11.2	12.9	2.0
1995	34.9	36.1	13.2	14.8	1.9
1998	33.9	35.4	12.5	14.6	2.4
2001	32.2	34.1	10.5	12.9	2.8
2004	33.2	34.6	11.6	13.4	2.0
2007	33.6	35.1	12.4	14.4	2.3
2010	34.1	35.6	12.3	14.3	2.3
2013	35.6	37.4	13.2	15.7	2.9
2016	38.6	40.2	14.8	17.0	2.7
2019	37.3	39.2	14.1	16.6	3.0
2022	35.1	36.9	14.7	17.1	2.8

Notes: Top wealth shares by SCF wave. The top 1% and 0.1% wealth shares are reported both excluding (w/o Forbes 400) and including (w/ Forbes 400) the Forbes 400 List in the respective SCF wave. Additionally, the Forbes 400's share (Forbes 400) is reported separately.

wealth, with a notable decline from 27% in 2010 to 18% in 2022.

The top 10%, shown in the lower part of Table 23, holds substantially different portfolios. Housing represents only 23% of wealth for the 90th-99th percentile and just 7% for the top 1%. Instead, these wealthy households hold substantially larger shares in business wealth and financial assets: 17% and 20% respectively for the 90th-99th percentile, and 41% and 29% for the top 1%. These portfolio differences create differential exposure to asset price movements—a booming housing market disproportionately benefits the middle class, while a booming stock market primarily benefits the top of the distribution [Kuhn et al., 2020].

Figure 17 illustrates these dynamics by showing the evolution of real stock prices, housing prices, and average household income, with all series indexed to 2016—the year of peak wealth concentration. Two important patterns emerge. First, both house prices and stock prices have outpaced income growth between 1989 and 2022, consistent with the rising wealth-to-income ratios discussed earlier. Second, stock prices grew particularly strongly during the 1990s through 2007, a period when wealth inequality increased. More recently, comparing asset growth since 2016, house prices have outpaced stocks, particularly between 2019 and 2022—precisely when wealth inequality declined. The impact of house price appreciation on household wealth is further magnified by leverage, though leverage has decreased in recent years.

Table 23: Portfolio Components by SCF Wave and Wealth Group: Shares (%)

(a): Bottom 90%

	Bottom 50%							50% - 90%						
	Housing	Business	Ret. Accts.	Fin. Assets[a]	Other Assets	Housing Debt	Other Debt	Housing	Business	Ret. Accts.	Fin. Assets[a]	Other Assets	Housing Debt	Other Debt
1989	117.3	2.6	8.5	3.2	76.8	-65.9	-42.4	66.6	6.7	10.2	4.7	35.6	-18.4	-5.5
1992	140.8	4.6	9.7	2.8	73.3	-85.2	-46	66.7	6.4	11.5	5.2	36.7	-21.4	-5.1
1995	145.1	3.3	16.4	2.8	77.1	-98.2	-46.5	65.6	5.4	14.4	5.6	36.4	-22	-5.4
1998	153.9	3.5	18.5	4.6	78.6	-102.9	-56.2	58.4	5.7	17	9.1	36.1	-20.7	-5.6
2001	135.1	2.5	16.1	4	68.7	-85.9	-40.6	56.7	6.9	18.4	8.9	33.1	-19.4	-4.6
2004	174.2	2.6	17.7	3.5	68.4	-118	-48.4	68.1	6.4	18.5	7	30.7	-25.4	-5.3
2007	188.1	3.3	21.1	2.8	70.2	-131.5	-54.1	69.8	5.3	19.7	5.4	30.8	-25	-6.1
2010	415.6	7.9	42.9	2.5	148.9	-366.1	-151.7	66.6	6.5	22.5	4.8	32.9	-26.7	-6.7
2013	362.1	6.7	40.2	3.9	157	-307.9	-162.1	64	5.1	25.4	5.5	31.9	-25.6	-6.3
2016	243.3	4.6	34.6	3.4	119.9	-173.6	-132.2	61.7	5.5	25.9	5.6	30.5	-22.6	-6.5
2019	228.5	3.7	30.7	2.5	96.9	-152.1	-110.2	64.4	5.8	23.9	5	30.6	-23.4	-6.3
2022	152.7	2.5	19.8	2	70.2	-89.8	-57.4	60	4.8	22.5	6.3	28.5	-17.7	-4.4

(b): Top 10%

	90% - 99%							Top 1%						
	Housing	Business	Ret. Accts.	Fin. Assets[a]	Other Assets	Housing Debt	Other Debt	Housing	Business	Ret. Accts.	Fin. Assets[a]	Other Assets	Housing Debt	Other Debt
1989	27.2	20.8	8.3	12.4	38.7	-4.7	-2.6	7.8	38.1	3.7	15	37.8	-.9	-1.5
1992	28.1	19.9	12.1	13.7	36.1	-6.8	-3	8.9	38.8	4.5	17.6	33.7	-1.5	-1.9
1995	26.1	13.5	16.4	16.1	37	-6.4	-2.7	7	41.1	5.6	22.7	26.6	-1.5	-1.5
1998	24.8	15.5	15.3	20.7	33.4	-6.8	-3	7.6	37.2	7.1	25.8	24.9	-1.5	-1.3
2001	23.1	16.2	17.4	19.6	31.1	-5.5	-1.8	8.6	33.4	5.9	26.2	28.4	-1.5	-1
2004	29.6	15.5	16.8	16.6	31	-6.8	-2.8	11.3	36	5.8	23	27.9	-2	-2
2007	28.8	18.8	16.6	15.9	29.8	-7	-2.8	10.3	42.5	6.2	22.6	21.2	-1.6	-1.2
2010	27.4	15.6	21.6	14.8	31.2	-7.8	-2.8	9.5	38	7.7	22.7	25.5	-1.8	-1.6
2013	25.3	16.3	22.5	16.6	28.5	-7	-2.2	9	36.9	9.4	22.7	24.7	-1.5	-1.1
2016	22.2	16.6	22.9	19.6	26.3	-5.5	-2.1	7.8	37.9	6	26.9	23.8	-1.2	-1.2
2019	22.8	16.8	23.5	17.8	26.8	-5.7	-2.1	9	38.6	6.1	27.1	21.6	-1.4	-1
2022	23	16.8	23.5	20	23.4	-4.8	-2	7.3	41.2	6.2	28.8	18.7	-1	-1.2

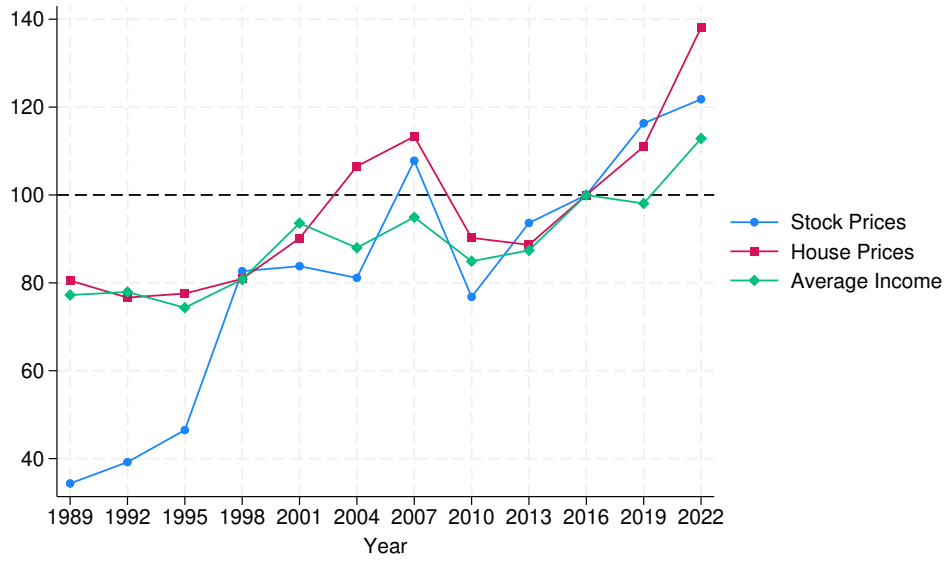
Notes: Portfolio shares of different asset classes and forms of debt by SCF wave and wealth group (Bottom 50%, 50% - 90%, 90% - 99%, and Top 1%). [a]Financial assets include stocks, bonds, and mutual funds.

Table 24 quantifies these asset growth patterns relative to 2016 levels. For the middle class (50%-90%), housing assets grew by more than 40%. Retirement accounts increased by 27%, consistent with continued stock market growth. While financial assets grew even faster (65%), they constitute less than 7% of total middle-class wealth and thus contribute less to overall wealth growth. By contrast, the most important asset classes for the top groups—financial assets and business wealth—grew by 20% (top 1%: 30%) and 17% (top 1%: 41%) respectively. Thus, the main asset of the middle class—housing—outperformed the principal assets of the wealthy, with the exception of business wealth at the very top.

Table 25 highlights the crucial role of house price appreciation. The first column shows that total housing assets grew by 37% between 2016 and 2022. The second column presents a counterfactual that applies house price appreciation from Figure 17 to the 2016 housing stock, without accounting for any new housing investment. This counterfactual almost exactly matches the observed increase, demonstrating that valuation effects—rather than additional household savings into housing—drove the increase in housing assets and reshaped the wealth distribution.

The different portfolio compositions across wealth groups thus created a "democratization of wealth

Figure 17: Stock and Housing Prices and Average Household Income by SCF Wave



Notes: Real stock prices, housing prices and average household income by SCF wave. All series are indexed to 2016.

gains" that reduced overall inequality despite continued high income concentration. These findings reinforce the importance of asset prices and portfolio heterogeneity in understanding distributional dynamics–factors that many macroeconomic models do not yet fully incorporate. The findings of the importance of these valuation-driven effects also highlight the important of the still existing asset ownership gap that is the reason why the bottom 50% saw little change in their wealth [Brendler et al., 2024].

Table 24: Portfolio Components by Wave and Wealth Group: Growth Rates Relative to 2016 (%)

Bottom 90%

	Bottom 50%							50% - 90%						
	Housing	Business	Ret. Accts.	Fin. Assets[a]	Other Assets	Housing Debt	Other Debt	Housing	Business	Ret. Accts.	Fin. Assets[a]	Other Assets	Housing Debt	Other Debt
1989	-54.4	-46.9	-76.8	-10	-39.4	-64.1	-69.6	-43.9	-36.8	-79.6	-56	-39.3	-57.9	-56.5
1992	-44.1	-3.9	-72.8	-18.3	-40.9	-52.6	-66.3	-48.9	-45.2	-78.9	-55.9	-43	-55.4	-62.8
1995	-32	-19.2	-46	-5.6	-26.7	-35.5	-59.9	-47	-50.8	-72.2	-50	-40.5	-51.5	-58.6
1998	-21.4	-5.5	-33.6	71.7	-18.6	-26.3	-47.2	-39	-32.8	-57.7	6	-23.7	-41	-44.2
2001	-13.9	-17	-27.8	86.4	-11.1	-23.3	-52.4	-23	4.4	-40.3	34.1	-9.1	-28.1	-41.3
2004	12.9	-10	-19.5	63.6	-10.1	7.2	-42.3	4.8	10.7	-31.9	18.9	-4.4	6.4	-23.1
2007	40.5	30.4	10.9	52.6	6.5	37.7	-25.6	17	.1	-21.1	-.2	4.5	14.1	-3.1
2010	25.8	26.5	-8.8	-45.3	-8.5	55.4	-15.5	-10.2	-1.9	-27.8	-27.6	-10.2	-2	-14.6
2013	4	1.7	-18.9	-18.4	-8.5	23.9	-14.4	-12.5	-22.2	-16.9	-16.9	-11.5	-4.6	-17.9
2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2019	22.3	4.2	15.5	-1.3	5.2	14.1	8.5	9.6	11.2	-2.7	-4.5	5.4	8.6	2.6
2022	50.5	31	36.9	40.1	40.4	24	4	41.7	27	27.1	65.1	36.3	13.9	-1.4

Top 10%

	90% - 99%							Top 1%						
	Housing	Business	Ret. Accts.	Fin. Assets[a]	Other Assets	Housing Debt	Other Debt	Housing	Business	Ret. Accts.	Fin. Assets[a]	Other Assets	Housing Debt	Other Debt
1989	-55.2	-54.1	-86.8	-76.9	-46.1	-68.7	-55.3	-70.6	-70.5	-82	-83.6	-53.3	-78.2	-63
1992	-57.8	-60.2	-82.5	-76.9	-54.3	-58.7	-53.1	-69.1	-72.4	-80.1	-82.3	-61.8	-65.2	-57.8
1995	-61.5	-73.5	-76.6	-73.2	-54	-62	-58.2	-68.8	-62.8	-68.1	-71	-61.6	-55.8	-57.9
1998	-50.1	-58.4	-70.2	-52.9	-43.4	-45.3	-37.4	-57.5	-57.5	-48.8	-58.3	-54.6	-46.7	-54.9
2001	-33	-37.3	-51.4	-36	-23.9	-35.3	-45.3	-38.7	-51.4	-46.4	-46.1	-34.3	-30.7	-54.8
2004	-7.3	-35.1	-49.1	-41.1	-18	-14.6	-9.4	-7.8	-39.7	-38.4	-45.6	-25.5	5.1	5
2007	10.1	-4	-38.6	-31.2	-3.9	8.3	11	0	-15.9	-23.2	-36.9	-33.2	.4	-24.2
2010	-3.9	-26.9	-27	-41.4	-7.9	10.5	2	-19.8	-34.5	-16	-44.7	-30	.6	-15.7
2013	-9.9	-22.5	-22.6	-33.1	-14.5	.1	-19.9	-17.9	-31.1	9.9	-40.1	-26.4	-11.8	-34.1
2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2019	9	6.6	8.4	-3.9	7.9	9	3.5	16.7	2.1	.9	1	-9.2	17.5	-19.3
2022	34	30.8	32.1	31.8	15.1	11.7	19.4	11.2	28.3	21.3	26.5	-7.1	-2.9	15.1

Notes: Growth rates relative to 2016 of different asset classes and forms of debt by SCF wave and wealth group (Bottom 50%, 50% - 90%, 90% - 99%, and Top 1%). [a]Financial assets include stocks, bonds, and mutual funds.

Table 25: Contribution of Price Changes to Housing Growth Since 2016

	Observed	Counterfactual	Contribution
2016	100.0	100.0	
2019	111.5	111.0	99.5
2022	137.0	138.1	100.8

Notes: The first column represents observed housing wealth indexed to 2016, the second column shows counterfactual housing wealth assuming only price growth since 2016, and the final column illustrates the contribution of the price growth rate to the observed housing wealth growth rate.

9 Conclusions

This paper provides an updated and detailed account of earnings, income, and wealth inequality in the United States based on the 2022 Survey of Consumer Finances. As inequality has become a central topic in the macroeconomics of heterogeneity, our aim is to offer a comprehensive reference point for scholars seeking to connect structural models to empirical patterns of distributional outcomes. Given that such models incorporate rich forms of heterogeneity, we present detailed cuts of the data along key dimensions including age, education, family structure, and labor market status.

Our analysis confirms the continued and pronounced concentration of wealth, with the top 1% of households holding over one-third of total wealth. While wealth inequality has modestly declined since its 2016 peak—largely due to housing gains that benefited middle-class households—income and earnings inequality have continued to rise. We also document several novel aspects of inequality, including occupational heterogeneity, generational gaps in wealth accumulation, the economic vulnerability of certain family types, and variation in savings motives across the wealth distribution. These findings highlight the multidimensional nature of inequality and provide essential empirical input for structural modeling and informed policy design. Taken together, the evidence offers a comprehensive benchmark for evaluating both the evolution of U.S. distributional dynamics and the mechanisms sustaining them.

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A Definitions

Here, we provide the household definition from the SCF and the definitions for earnings, income, and wealth as used in our article.

Households: Households are the primary economic units of the SCF. A primary economic unit is a person or a couple who live together and all the other people who live in the same household who are financially dependent on them. For example, underage children and, in some circumstances, older relatives are considered dependents. A financially independent person who lives in the same dwelling, such as a roommate or a brother-in-law, is not considered to be a member of the same economic unit. We also follow the SCF convention to determine who is the head of the household. Starting with the 2019 SCF, the SCF refers to the person as reference person. The SCF considers the male of a couple to be the head of the household in every case. In single households, the financially independent person of either sex is considered to be the head of the household. For same-sex couples, the older person is considered the household head or reference person.

Earnings: We define labor earnings as wages and salaries of all kinds, plus a fraction of business income. Business income includes income from professional practices, businesses, and farm sources. The value for the fraction of business and farm income that we impute to labor earnings is the sample-wide ratio of unambiguous labor income (wages plus salaries) to the sum of unambiguous labor income and unambiguous capital income. This ratio is 0.812 for the 2022 SCF sample (it was 0.874 for the 2019 SCF sample and 0.875 for the 2016 SCF sample).

Income: Income consists of all kinds of revenue before taxes. Hence, our definition of income includes both government and private transfers. Specifically, the sources of income that we consider are the following: wages and salaries; both positive and negative income from professional practices, businesses, and farm sources; interest income, dividends, gains or losses from the sale of stocks, bonds, and real estate; rent, trust income, and royalties from any other investments or business; unemployment and worker compensation; child support and alimony; Aid to Dependent Children, Aid to Families with Dependent Children, food stamps, and other forms of welfare and assistance; income from Social Security and other pensions, annuities, compensation for disabilities, and retirement programs; income from all other sources including settlements, prizes, scholarships and grants, inheritances, gifts, and so on. In other words, the notion of income that we use attempts to include all before-tax income received during the year. It approximately corresponds to the payments to the factors of production owned by the household plus transfers. However, it does

not include the income imputed from the services of some assets such as owner-occupied housing. (See Slesnick [1992] and Slesnick [1993] for details.)

Wealth: Wealth is the net worth of households. Our definition includes the value of financial and real assets of all kinds net of various kinds of debts. Specifically, the assets that we consider are the following: residences and other real estate; farms and all other businesses; checking accounts, certificates of deposit, and other banking accounts; IRA/Keogh accounts, money market accounts, mutual funds, bonds and stocks, cash and call money at the stock brokerage, and all annuities, trusts, and managed investment accounts; vehicles; the cash value of term life insurance policies and other policies; money owed to friends, relatives, businesses, and others; pension plans accumulated in accounts; and other assets. The debts that we consider are housing debts, such as mortgages, home equity, and HELOCs; other residential property debts, such as those derived from land contracts and vacation residences; credit card debts; installment loans; loans taken against pensions; loans taken against life insurance; margin loans and other miscellaneous debts.[8]

[8]Note that in our definition of wealth, we have not included the present value of pension plans not accumulated in accounts.