Lifetime Earnings, Income Or Wealth? How Alternative Resource Measures Affect the Location And Composition Of the Very Top Of the Distribution

Melissa Gentry*
Texas AM University

Jeffrey Thompson†
Federal Reserve Bank of Boston

In this article, we compare the distributions of income, wealth, and lifetime earnings, using a high-quality household survey with an oversample of high net worth households (the Survey of Consumer Finances) to identify points in the distribution where the very top separates from the rest. We explore the traits of the rich using each of these measures to understand if and how they differ. We then look further along the distribution to identify the social, demographic, and economic measures where the very top of the distribution truly stands apart from the lower-resourced groups and where there is overlap with the rest of the distribution.

Keywords: lifetime earnings, inequality, distribution of income and wealth, measurement
JEL Classifications: D31; D63; E01; G51; I24; I31; J31

Introduction

The general public holds a range of views on what it takes to be considered "rich". There are many perspectives on the threshold one must cross to move from merely doing well or being economically comfortable to being deemed rich. In addition, the relevant resource measure for identifying the rich is also open to interpretation. For instance, a 2018 YouGov.com poll found that 56 *per cent* of respondents agreed that an individual with an annual income of $\$100,000$ qualified as rich,[1] while respondents to a 2020 Charles Schwab survey felt, on average, that the wealth level at which a household qualified as rich or wealthy was \$2.6 million.[2] Although such public opinions are shaped by a range of factors, including cultural influences, political ideology, media consumption, and, most likely, the respondent's own economic status, they are also somewhat arbitrary and disconnected from categories used by

* *Address for Correspondence:* (starting Fall 2026) University of South Florida E-mail: mdgentry12@gmail.com

† *Address for Correspondence:* Research Department, Federal Reserve Bank of Boston, 600 Atlantic Ave, Boston, MA 02210, USA. E-mail: Jeffrey.Thompson@bos.frb.org

researchers studying inequality. Relative to household income and wealth data, these values, derived from the 2019 Survey of Consumer Finances (SCF), sit at the 66^{th} percentile of family income distribution and the 94^{th} percentile of wealth.

Although disciplined by data and carefully expressed, the approaches used by researchers to identify the "rich" are also typically chosen in an arbitrary fashion. There are numerous reasons why researchers and policymakers use data to identify subsets of the population who are rich or enjoy a particularly high degree of affluence relative to the rest of the distribution. Social scientists have tracked the wealth and income shares of top groups over time to gain insights into the diffusion of the benefits of economic growth across the population. Policymakers select thresholds above (or below) which to alter tax treatment to generate revenue in a manner considered fair or progressive.

The lines drawn in the data to separate the rich from everyone else are, however, not predetermined and remain subject to discussion and debate. Activist groups, such as Occupy Wall Street and some progressive politicians, including Vermont Senator Bernie Sanders, have focused considerably on the "top 1 *per cent*". Many economists interested in top-end resource concentration also routinely emphasise the top 1 *per cent* when calculating income and wealth statistics (Wolff 1995 and 2014, Piketty and Saez 2003, Smeeding and Thompson 2011, Alvaredo *et al.* 2013, Saez and Zucman 2016).

Other analysts, however, argue that different, broader groups are more appropriate for consideration as extremely affluent or rich. Historically, the top one-fifth of the distribution was the most highlighted top-income group before the recent attention on the top 1 *per cent.* Likewise, for many decades, the United States Census Bureau has considered the top quintile and the top 5 *per cent* as the default high-income groups in its statistical tables and publications. In a 2017 *New York Times* opinion article, titled "Stop Pretending You Are Not Rich", social scientist Richard Reeves argues that the top one-fifth of the income distribution is, in fact, the affluent group that matters most for understanding modern American society. In the later book-length elaboration of his argument, Reeves argues that the "upper middle class is leaving everyone else in the dust"(Reeves 2017, p. 8). As a class, those occupying the top one-fifth act as "dream hoarders", whose politics and behaviours, from education to residential choices and taxation, stifle economic opportunity and lead to worse outcomes for the broad middle and bottom of the population.

Similarly, Matthew Stewart claims that the top 10 *per cent* is the most relevant group of affluent families meriting attention. In his popular 2018 *Atlantic* feature piece, Stewart argues that the 9.9 *per cent* represents a

New American Aristocracy.[3] While the billionaires, or the top 0.1 *per cent*, hold vast wealth, the remainder of the top decile comprise the professional and managerial elites, "setting up barriers that prevent people from below to realise the American Dream".[4] These barriers, Stewart argues, lead to increased segregation and worse health outcomes across the rest of the broader distribution of wealth.

Still other researchers have focused on even more affluent subgroups within the top 1 *per cent*, examining levels and trends of inequality among the top 0.1 *per cent*, 0.01 *per cent*, and even the top 0.001 *per cent* (Thompson *et al.* 2022). After all, in the United States, a country of 340 million people, well over 3 million fall within the top 1 *per cent*, while the "captains of industry" and billionaires are far fewer in number.

In addition to the threshold researchers use to separate the rich from everyone else, a further definitional consideration arises in identifying the group of interest, namely, what resource measure should be employed to identify the rich?. One common measure is income. The United States Census Bureau calculates income groups; Reeves used income to identify his "dream hoarders". Wealth is the resource relied upon by Stewart in defining his *New American Aristocracy* and is also the preferred resource measure used by many economists and sociologists, including Wolff (2014), Killewald *et al.* (2017), and Pfeffer and Waitkus (2021). Many scholars studying inequality alternate between income and wealth depending on the question at hand and the data available. Others have explored hybrid resource measures that simultaneously include income, wealth, and consumption (Fisher *et al.* 2021).

Lifetime income or lifetime earnings is an important resource measure preferred by many economists for understanding well-being and economic behaviour, although it is not often used in distributional analyses, presumably due to data limitations (Bodenschatz *et al.* 2023). The few studies that do employ lifetime income or earnings data for distributional analysis tend to focus on either the entire distribution or broad subsets of it (Bloome and Furey 2020, Huggett *et al.* 2011). Others present statistics for groups near the top of the distribution, relying on standard distributional groupings, that is, the top 10 *per cent* and the top 1 *per cent* (Karahan *et al.* 2019). A notable exception is the study by Guvenen *et al.* (2017), a somewhat rare example of a distributional analysis using lifetime income that is agnostic *ex ante* with respect to how to bin the various distribution percentiles into groups. They highlight the sections of the distribution that are moving together over time, clustering adjacent percentiles that are rising, falling or remaining flat. They report income shares for each decile up to the 90^{th} percentile, then for the 90^{th} to 95^{th} percentile, the 95^{th} to 98^{th} percentile, the 98^{th} to 99^{th} percentile, and the top 1 *per cent*.

When we go to the data, what we find is that for each resource measure, the top end of the distribution separates from the rest within the top few percentiles. The top 1 *per cent* of wealth, normal income, and lifetime earnings clearly stands apart from the rest of the distribution, but so do the 2^{nd} , 3^{rd} , and sometimes 4^{th} , and 5^{th} percentiles. Below the 5^{th} percentile, however, all three resource measures appear to be a gradual extension from the rest of the distribution rather than a separation from it.

One of the main contributions of this article is to make comparisons across these different resource measures, since each one noted has some merit in identifying extremely affluent or rich households. Ultimately the "correct" resource is likely to be context-dependent and governed by a specific research question. We remain therefore agnostic in this article. By examining the economic profiles and demographic traits of groups identified as rich based on different resources, we can, however, explore how these groups are similar and how they differ, and, in addition, what lessons, if any, can be drawn from these similarities and differences.

As another contribution, this article examines the differences between subgroups at the top of the distribution. How similar are the top 1 *per cent* and the next 4 *per cent*? Does it make sense to think of them as a coherent group constituting the top 5 *per cent*? Additionally, in response to Reeves's concept of "dream hoarders", how meaningful is the top quintile as a group? If the gulf between the next 4 and the next 15 *per cent*, let alone between them and the top 1 *per cent*, is substantial, should they all be lumped together in our analysis?

Unsurprisingly, our analysis of the data shows that the differences between the top 1 or 5 *per cent* and the overall population are substantial across a broad range of economic and demographic traits, regardless of the resource measure used. Compared with the overall population, the rich are older, more highly educated, and more likely to be white and to be married or partnered. They are also much more likely to be self-employed or a partner in a firm, to own a home, to have recently purchased a new car, and to have received an inheritance but far less likely to face financial stress, such as bankruptcy, late payments or high payment-to-income ratios. There are also meaningful differences between rich groups depending on which resource measure is used to identify them. Most notably, the highest lifetime earnings (LE) families are older and more highly educated than families flagged as rich using normal income or wealth measures. The high-LE rich are also much less likely to be self-employed, a partner in a firm or a business owner, and somewhat more likely to be retired or no longer working.

Comparing subsets of the top 5 *per cent* to a series of successive portions of the distribution of the same resource (that is, the next 15 *per cent*, the 51st to the 80th percentiles, the 21st to the 50th percentiles, and the bottom 20 per cent), we find that for some traits, the top 5 *per cent* is similar to the next 15 *per cent* and only subtly distinct from the successive parts of the distribution. This is the case for demographic traits, including racial composition and marital status, some low-end measures of educational attainment (the share with only a high-school degree), home ownership, and different measures of financial distress (recent bankruptcy or denial of credit). For other traits, however, the top 5 *per cent* stand out as substantially different from the rest of the top quintile. This is true for measured levels of high-end educational attainment (the share with advanced degrees), measures of business ownership and self-employment, and ownership of directly held stock and real estate.

In the next section, we describe the data and methods used in our analysis, including how we calculate lifetime earnings in the SCF. We then review the findings related to the series of questions posed in this article. First, we review the full distributions of each outcome measure, normal income, net worth, and lifetime earnings, and identify inflection points separating the richest households from the rest of the distribution for the three resource measures. Second, we explore the traits of the rich, using each of these measures to understand if and how they differ. We compare the economic and demographic profiles of the affluent groups, as defined by the three different resource measures. Third, we look further along the distribution to identify the social, demographic, and economic measures where the rich truly stand apart from lower-resourced groups and where there is overlap with the rest of the distribution. We explore specifically the variables over which the rich are truly distinct from the rest of the distribution by comparing the traits of the top 5 *per cent* of each resource group with the next 15 *per cent*, the 51st to the 80th percentiles, the 21st to the 50th percentiles, and the bottom 20 *per cent*. Finally, we discuss the implications of these findings.

Data and Methods

Survey of Consumer Finances

Our primary data come from the Federal Reserve Board's triennial Survey of Consumer Finances (SCF), which collects detailed information about households' financial assets and liabilities. The current version of the SCF has been conducted since 1989, though our analysis focuses on results from the 2016 and 2019 surveys. Due to the survey's unique design, including

oversampling households with predicted high net worth using tax information from the Internal Revenue Service, SCF data are commonly used to explore wealth concentration at the top of the distribution (Wolff 1995 and 2014, Keister and Moller 2000, Kennickell 2006, Bricker *et al.* 2016, 2017, and 2020, Fisher *et al.* 2021). In addition to asking core financial questions, the survey also queries respondents about demographics, family structure, educational attainment, work history, and more.

Two key SCF variables relied on for this analysis are net worth and normal income. Net worth is the sum of all assets recorded in the survey, minus all debts. The survey's asset measure is comprehensive and much more expansive than other household surveys, such as the Panel Study of Income Dynamics (PSID),[5] the Survey of Income and Program Participation (SIPP),[6] or the Health and Retirement Study (HRS)[7]. The SCF collects detailed information on broadly held financial and non-financial assets, such as savings accounts and houses, as well as narrowly held assets, such as privately held business and trusts. Debt categories are similarly comprehensive, including credit card, automobile, mortgage, student loan, and several other types of debt. The concept of normal income refers to the usual income that a household makes in a typical year and was developed to provide a usual resource flow measure not affected by temporary fluctuations (for example, layoffs, lottery winnings, *etc.*) (Kennickell 1995). Data related to this variable have been collected in the SCF since 1995.

Lifetime Earnings

The final resource measure explored in this article, lifetime earnings, is derived from the SCF but is not directly included in it. Lifetime earnings comprise the earnings from work summed across the work history (or histories) of the respondent and spouse/partner up to the time of the interview. The survey's work history module provides the building blocks from which the LE measure is calculated. For each respondent and spouse/partner, earnings history questions in the module relate to the number of years in the job, terminal salary for the current and longest-held past job, age at first employment, and total number of full-time and part-time years employed.

The SCF lifetime-earnings estimates we use were developed by Jacobs *et al.* (2022), who applied earnings growth over one's working life (estimated by the shape of Current Population Survey (CPS) earnings estimates) to individual work histories from the SCF. Pseudo-panel growth paths from the CPS are assigned to the SCF respondents who are most similar in their work history profiles to certain CPS earnings estimates, based on birth year,

occupation, education level, and sex. In their original paper, Jacobs *et al.* (2022) project future earnings up to the point of anticipated retirement and focused their analysis on respondents aged 40 to 59. Here, we use only retrospective earnings up to the respondent's age at the time of the survey and explore earnings for individuals aged 30 to 65 (both of which are available in the data provided by Jacobs *et al.* (2022)).

For each respondent and spouse, Jacobs *et al.* (2022) estimate a full history of past earnings using regression estimates that rely on CPS data from 1964 to 2020. Individuals are categorised by birth-year cohort (22 three-year cohorts beginning in 1924–1926 and ending in 1987–1989), education level (lower than high school, high school or equivalent, or some college/degree), and broad occupation category (management, professional, and related; service; sales and office work; construction, maintenance, production, and transportation; and self-employed across all occupations). In our analysis, however, we use data from only the 2016 and 2019 SCF.

Age-adjusted Distribution

Each of the three resource measures we explore in this article, normal income, lifetime earnings, and wealth, is strongly influenced by age. All three increase markedly with age. As a result, the simplest conclusion about the rich is that they tend to be older. This is true, but it complicates comparisons with other potentially notable economic and demographic traits. In some of the tables and figures presented in the following section, we compare such traits across an age-adjusted distribution by calculating resource percentiles within successive five-year age bins.

Findings

The Point of Separation: Finding the Line between the Rich and Everyone Else

Comparing families at the very top and bottom of the distribution of wealth, income or earnings reveals stark differences in material standards of living. The differences between the richest and poorest in the United States are massive and evident. When one moves away from these extremes at the respective ends of the distribution, however, the picture becomes more complicated. Rather than making simple comparisons between the ends of the distribution, analysts often group households into categories across the distribution for comparison. When we parse a distribution into a discrete number of groups to make statements about (and highlight differences between) these groups, it is preferable that the groups exhibit some internal

coherence and meaningful distinctions from one another. Yet, this is not guaranteed when resorting to the standard distributional categories used by inequality researchers, that is, the top 1, 5, 10, or 20 *per cent.*

Take, for example, the distribution of normal income in the 2019 SCF, looking specifically at households headed by someone aged 30 to 65. The average normal income for the top 1 *per cent* of the distribution was $2.2 million, and for households in the 81^{st} percentile, it was $\$160,500$. The material differences spanned by the top quintile of the distribution are substantial, raising questions about how much these two households have in common. The household with a normal income of $\$160,500$ in the 81^{st} percentile surely has much more in common with a household with a normal income of $\$157,100$ in the 80^{th} percentile, though they fall within different quintiles. Even if we acknowledge that arbitrary categories, for example, quintiles, quartiles, and deciles, will not necessarily yield internally coherent groups that are meaningfully distinct from one another, the question of how exactly to identify those groups remains. Focusing specifically on the rich, how far down the distribution could we go while still considering someone to be rich? Is it the top 10 *per cent*, the top 1 *per cent* or the top .01 *per cent*? Should the designation be based on responses to opinion surveys about whom the public regards as rich?

If we seek to identify a subset of the distribution in a given country and at a particular time to designate that subset as rich, without relying on arbitrary thresholds, this group should stand apart not only from the rest of the distribution but also from nearby groups below it. In line with this motivation, we examine the full distribution of SCF data to identify natural cut points and to separate the most affluent groups from the rest. One limitation of our study is that we cannot reliably dissect below the percentile level, given the sample size. Although the SCF includes an oversampling of households with a high probability of having high net worth, the survey includes only 5,000 to 6,000 families in each cross section. Other research (for example, Bricker *et al.* 2022) uses Internal Revenue Service data to disaggregate the top 1 *per cent*, finding large distinctions between the 1 *per cent*, the .01 *per cent*, and the .001 *per cent.* In this article, we treat the single percentile as the smallest unit of analysis.

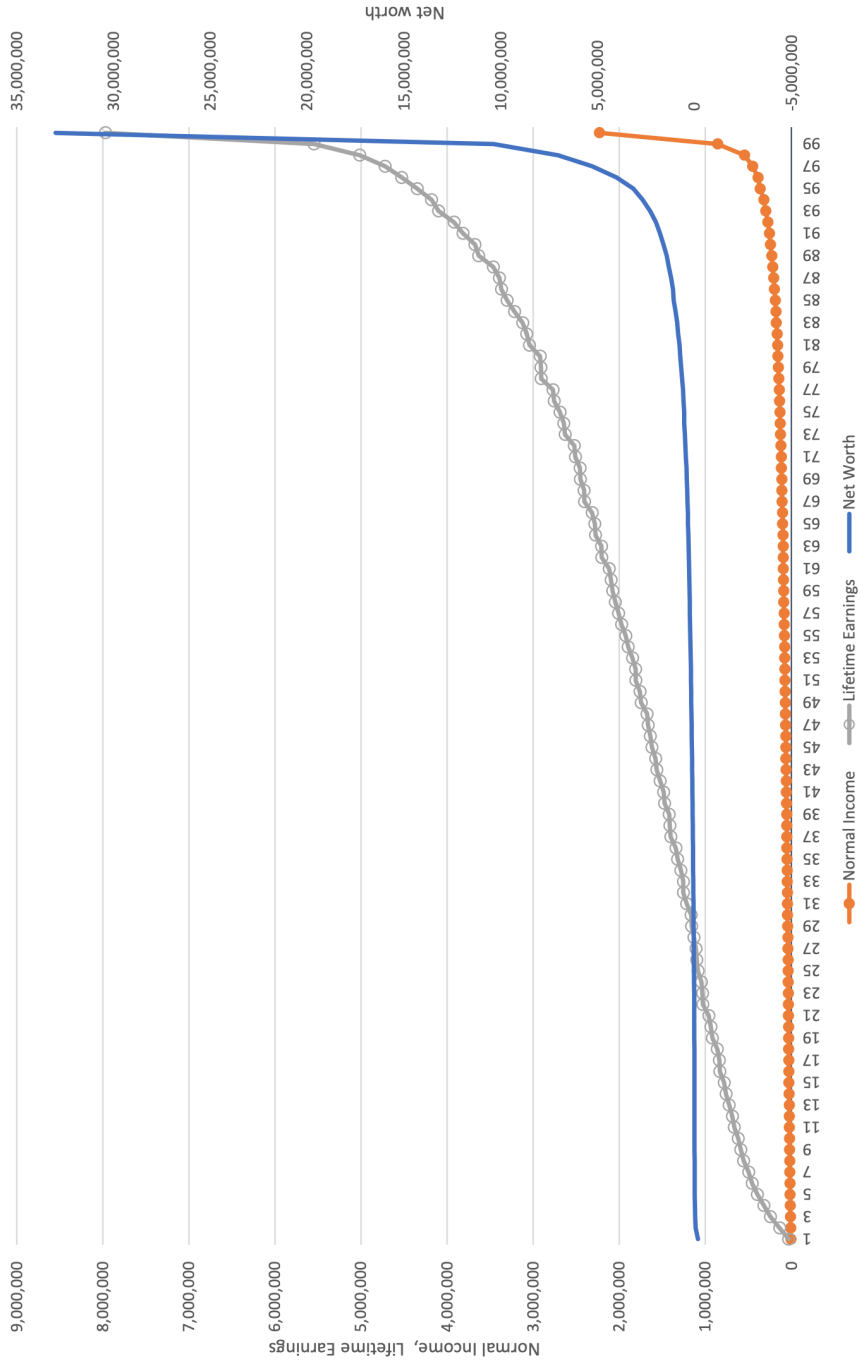
At this level, we find that the top 1 *per cent* indeed stands apart from the rest of the distribution. Figure 1 shows the full distribution of three resource measures (normal income, net worth, and lifetime earnings) in 2019, among households with heads aged 30 to 65. Regarding net worth, the top 1 *per cent* has average wealth of $32.9 million, more than three times the average wealth of families in the 99^{th} percentile (at $10.4 million). For lifetime earnings, the top 1 *per cent* averages just below $8.0 million, compared to $5.5 million at the the 99^{th} percentile. At the right tail of these distributions,

the distinct jumps between percentiles are substantial. As we proceed down the distribution, however, the differences between the percentiles quickly become much smaller and imperceptible at the scale of the figure.

The figure makes evident, at least for normal income and net worth, that somewhere in the top 10 or 5 *per cent* of the distribution, the slope of the line shifts upward and then steepens. For lifetime earnings, the shift is much more gradual, beginning somewhere in the top quintile. Dramatic differences between successive percentiles, however, are evident only among the top few percentiles. As the curve steepens, the differences between successive percentiles become larger, making it more credible to think of them as experiencing materially distinct standards of living compared with the preceding groups.

In Figure 2, we calculate the difference between the average resource for each percentile and the level predicted based on the growth rate across the preceding 3 percentiles. For example, in the 98^{th} percentile of the normal income distribution (Panel A), average normal income was $\$545,000$ in 2016–19. If the average growth rate over the preceding 3 percentiles is applied to the 97^{th} percentile, then the predicted normal income at the 98^{th} percentile would be $\$492,000$, and actual normal income is 11 *per cent* greater than predicted. Between the 70^{th} and 92^{nd} percentiles, the average gap between actual and predicted normal income was just 0.5 *per cent.* Five

Figure 1
Mean Resource Value across Full Distributions of Normal Income, Net Worth and Lifetime Earnings, 2019 SCF, Ages 30–65



Source: Authors' SCF analysis.

of the top 6 percentiles have gaps greater than 5 *per cent*, and the top 3 percentiles have gaps greater than 10 *per cent*, with the gaps being 40 *per cent* and 127 *per cent* for the top two deciles. For normal income, it appears that the top 5 percentiles stand apart as a distinct group from the preceding percentiles, and within that top 5, the top 1 and 2 percentiles stand further apart.

The same group separation is evident for net worth (Panel B). There is clear separation in the top five percentiles and again at the top 1 and 2 percentiles. Net worth at each percentile between the 96^{th} and the 98^{th} is more than 10 *per cent* higher than what was predicted from the average growth rate in the preceding percentiles. The gap grows to 17 *per cent* at the 99^{th} percentile and jumps to 143 *per cent* for the top 1 *per cent.* Arguably, separation also begins lower in the top 10 *per cent* of the net worth distribution. For 4 of the 6 percentiles between the 90^{th} and the 95^{th}, the gap between actual and predicted is nearly 5 *per cent.* The average gap between the 70^{th} and 89^{th} percentiles is just 0.6 *per cent.*

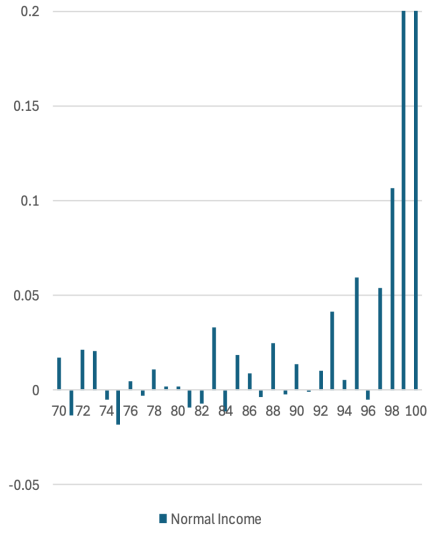
By contrast, the separation for lifetime earnings is only evident for the top 1 or 2 percentiles (Panel C). Lifetime earnings for the top percentile is 37 *per cent* higher than predicted, and at the 99^{th} percentile, it is just 6 *per cent* higher. As is also evident in Figure 1, lifetime earnings increase more steadily across the distribution, with much smaller jumps at the very top compared with either normal income or net worth.

Age also increases along the resource distribution. In fact, age is the trait that exhibits the sharpest distinctions between the top 1 *per cent* and the overall distribution: among household heads aged 30 to 65, the average age is 47.9, compared to 55.1 among the top 1 *per cent* of net worth (Table 1). For both net worth and lifetime earnings, much of the correlation between age and affluence is mechanical. Households with similar earnings paths and savings rates will exhibit substantially different wealth and lifetime earnings at different ages simply due to the passage of time rather than different economic conditions. Figure 3 depicts the resource-age profile for normal income, lifetime earnings, and net worth. All three resources rise with age, plateauing in the late 40s for normal income and the mid 50s for net worth and lifetime earnings.

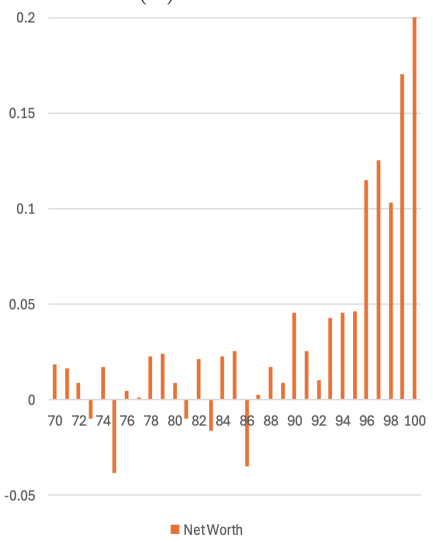
Figure 4 depicts the top 30 *per cent* of the distribution for each resource measure, controlling for age. It is limited to household heads aged 55 to 65 and uses age-adjusted distributions. The figure repeats the analysis depicted in Figures 1 and 2 for the top one-third of the distribution, showing average resources by percentile. In addition, the figure includes trend lines to identify points of separation at the top of the distributions of normal income, net worth, and lifetime earnings. The patterns exhibited further sharpen the points of separation at the top of the distribution revealed in earlier figures.

Figure 2
Gap between Actual and Predicted Mean Resource by Percentile, based on Rate of Growth over Three Preceding Percentiles using 2016–19 SCF

(A) Normal Income



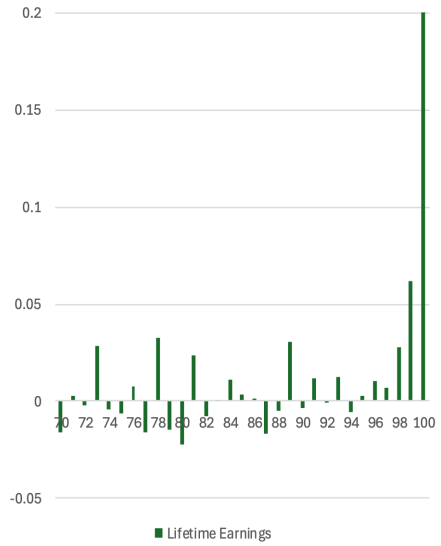
(B) net worth



Notes: Top percentile values for all three resource measures. The second percentile for normal income exceeds 20 *per cent*. The top 1 *per cent* values are as follows: normal income, 127 percent; net worth, 143 *per cent*; and lifetime earnings, 37 *per cent*. The second percentile value for normal income is 40 *per cent*.
Source: Authors' SCF analysis.

Figure 2
Gap between Actual and Predicted Mean Resource by Percentile, based on Rate of Growth over Three Preceding Percentiles using 2016–19 SCF
Continued

(C) Lifetime Earnings

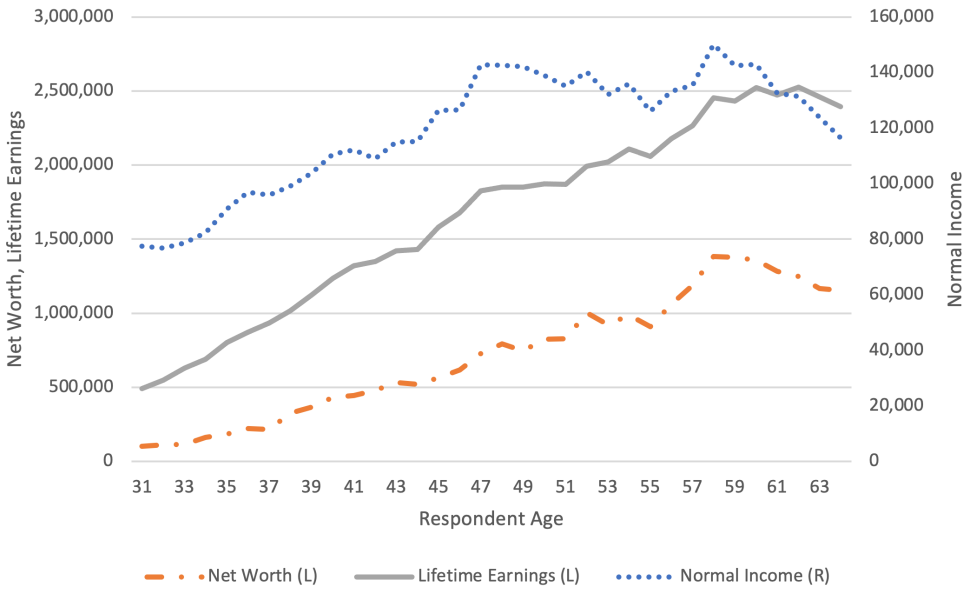


Notes: Top percentile values for all three resource measures; the second percentile for normal income exceeds 20 *per cent*. The top 1 *per cent* values are as follows: normal income, 127 percent; net worth, 143 *per cent*; and lifetime earnings, 37 *per cent*. The second percentile value for normal income is 40 *per cent*.
Source: Authors' SCF analysis.

Within this more restricted age group, the distinct points of separation occur around the 95th percentile and once again at the 99th percentile. For normal income, net worth, and lifetime earnings, we observe separation from the preceding percentiles within the top 5 *per cent*, particularly at the very top. Linear trend lines, from the 71st to 95th percentiles, the next 4 percentiles, and between the 99th and top-most percentiles, neatly capture these distinct subsets of the very top of the distribution. These patterns point to the top 1 *per cent* and the next 4 *per cent* of the distribution for each of these resource measures as distinct groups standing apart in a meaningful way from the groups preceding them.

The most affluent households stand apart clearly from the general population, not only in material resources but also across a range of demographic and other traits. To what extent, however, do the different ways of identifying the rich or even the top 1 *per cent* result in a distinct

Figure 3
Mean Resource by Age (Three-year Moving Average), SCF 2016 and 2019



Source: Authors' SCF analysis.

group of households? More broadly, how do the top 1 *per cent* of normal income, wealth, and lifetime earnings differ along demographic, workforce, and economic lines?

Table 1 shows demographic, educational, workforce, and financial attributes for the overall population aged 30 to 65, alongside those of the individuals who are rich according to several different definitions. Compared with the general population, households in the top 1 *per cent* of normal income, for example, are substantially older, more likely to be married, less racially diverse, and more highly educated. They also have higher rates of business ownership as well as managerial and professional occupations. These affluent families are more likely to own homes, have experienced much less financial stress, have recently purchased new cars, and to have received an inheritance. None of these differences is particularly surprising, but the magnitude of some of the distinctions may be. Some gaps might be greater than expected: 71 *per cent* of the top 1 *per cent* of normal income comprise households in which two members hold higher education degrees (BA+), while this is true for just 18 *per cent* of the overall population. Other gaps might be smaller than expected: one-fifth of the overall population has received an inheritance, compared with just over one-third of those in the top 1 *per cent* of normal income.

Figure 4
Mean Resource by Percentile (Top 30 *Per cent*) of Age-adjusted Distribution for Ages 55-65 in 2016–2019 SCF.

Notes: The figure shows separate linear trends for the Top 1, "Next 4", and 71st to 95th percentiles.
Source: Authors' SCF analysis.

Table 1
Traits of Total Population Compared with the Top 1 *Per cent* and 5 *Per cent* Rich as to Resource, 2016–2019

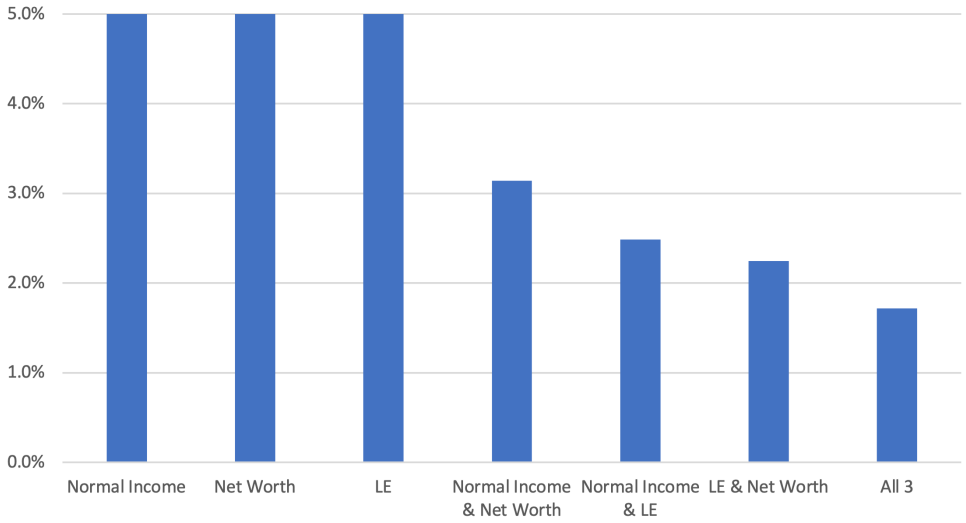
	Panel A. All Ages (30 to 65)							Panel B. Ages (55 to 65) - age-adjusted distributions			
	Total	Top 1% Normal Income	Net Worth	LE	Next 4% Normal Income	Net Worth	LE	Total	Top 5% Normal Income	Net Worth	LE
Demographics & Family											
av. age	47.9	54.6	55.1	57.3	51.2	54.5	58.2	59.9	59.9	60.0	60.0
% 35-49	39.3%	21.1%	19.6%	9.7%	37.9%	23.0%	7.1%				
% 50-64	44.3%	75.3%	76.5%	87.9%	57.3%	70.8%	85.1%				
av. # kids in home	1.0	1.1	1.1	0.8	1.3	0.9	0.6	0.4	0.6	0.5	0.5
% married	60.8%	89.5%	90.8%	92.5%	92.2%	90.1%	97.9%	57.1%	92.5%	91.9%	97.5%
av. family size	2.8	3.1	3.0	2.8	3.3	2.8	2.7	2.2	2.6	2.5	2.5
% white	61.7%	90.0%	87.3%	84.0%	77.6%	84.0%	84.5%	69.9%	87.3%	90.2%	86.1%
Education											
% less than HS	11.3%	0.4%	0.6%	1.9%	1.7%	2.9%	0.5%	11.6%	0.4%	1.3%	0.5%
% HS only	24.7%	4.6%	5.9%	0.1%	4.1%	8.8%	1.9%	27.6%	4.5%	7.1%	1.1%
% BA+	36.3%	90.5%	89.1%	95.8%	85.7%	78.0%	90.8%	33.8%	85.0%	78.5%	94.6%
% Advanced	14.3%	53.9%	47.9%	56.0%	50.6%	43.6%	41.2%	14.0%	54.5%	46.4%	52.8%
% two BA+ couples	18.4%	71.1%	68.4%	79.4%	67.7%	59.3%	74.5%	15.2%	64.7%	58.4%	81.4%
Workforce											
% Employee	68.6%	42.1%	33.2%	53.5%	60.0%	47.2%	64.5%	50.9%	40.9%	31.1%	53.1%
% Self-employed or Partner	12.7%	48.3%	54.3%	31.4%	33.3%	40.5%	20.2%	14.3%	42.4%	48.1%	24.2%
% in Managerial or Professional	35.3%	79.9%	76.3%	76.4%	77.1%	66.8%	67.1%	28.0%	75.2%	68.0%	68.5%
% in Technical, sales or services	24.1%	9.0%	8.0%	8.4%	12.5%	14.7%	12.6%	19.6%	7.0%	6.0%	8.6%
% in Production, Labor, Farm or Other	21.9%	1.5%	3.2%	0.1%	3.7%	6.2%	4.9%	17.7%	1.0%	5.3%	0.2%
% Not Working	18.7%	9.6%	12.5%	15.1%	6.7%	12.2%	15.3%	34.7%	16.7%	20.8%	22.7%
Finances											
% Homeowner	65.0%	95.0%	96.3%	95.9%	92.5%	94.9%	96.6%	73.6%	97.6%	98.5%	97.5%
% Payment to Income Ratio >40	7.8%	1.4%	4.9%	1.6%	1.6%	3.8%	2.2%	7.6%	0.8%	3.6%	1.5%
%Turned Down for Credit	12.0%	2.4%	2.2%	4.7%	4.7%	3.8%	3.6%	7.7%	4.1%	2.9%	2.2%
% Bankrupt in Last 5 years	2.9%	0.0%	0.0%	0.0%	0.2%	0.1%	0.7%	2.9%	0.0%	0.0%	0.8%
% with Late Payments	14.9%	3.2%	4.2%	4.6%	3.2%	1.8%	2.7%	10.2%	2.1%	2.4%	3.1%
% with Recent New Car Purchase	11.6%	40.5%	37.2%	39.6%	26.4%	27.6%	29.5%	11.5%	31.7%	30.0%	34.1%
% Received Inheritance	19.5%	36.0%	41.6%	37.1%	29.2%	39.0%	37.2%	28.0%	39.3%	45.4%	42.0%
Av. Normal Income	$118,533	$2,061,459	$1,548,508	$1,264,429	$476,590	$501,076	$398,659	$131,904	$1,058,019	$910,250	$726,258
Av. Net Worth	$725,942	$21,400,000	$27,600,000	$12,400,000	$4,642,701	$4,967,748	$2,894,483	$1,206,853	$12,500,000	$14,700,000	$8,375,089
Av. Lifetime Earnings	$1,660,680	$6,338,448	$5,470,871	$8,099,356	$3,925,849	$4,200,239	$5,296,928	$2,366,659	$5,592,394	$5,208,699	$6,543,131

Source: Authors' SCF analysis.

Similarities and Differences between the Different Types of Rich

We also explore similarities and differences across the groups identified as rich according to different definitions. A high degree of similarity for these at the top of the distributions of normal income, net worth, and lifetime earnings is expected because, to a considerable degree, they represent the same households. Many of the top, normal income households are also top wealth households and top LE households. As shown in Figure 5, slightly more than 3 *per cent* of families are in both the top 5 *per cent* of normal income and the top 5 *per cent* of net worth. While the overlap between top lifetime-earnings families and those at the top of the normal-income and net worth distributions is somewhat smaller, it remains considerable. More than 2 *per cent* (2.2 *per cent*) of families are in the top 5 *per cent* of both lifetime earnings and net worth. Just under 2 *per cent* (1.7 *per cent*) of families are in the top 5 *per cent* across all three resource measures.

Figure 5
Share in Top 5 *Per cent* by Resource Combination
(Ages 55–65, 2016–2019, Age-adjusted Distribution)



Source: Authors' SCF analysis.

Returning to Table 1, we compare the traits of households in the top income groups. The average age across the three different top 1 *per cent* groups ranges from 55 to 57 years, compared with 48 years for the general population. The share of household heads who are married ranges from 89.5 *per cent* to 92.5 *per cent* among the top 1 *per cent* groups, compared with 61 *per cent* for the general population. In some areas, we see meaningful differences between the top groups for different resource measures. For

example, 79 *per cent* of the highest lifetime-earnings families consist of couples in which both members hold at least a bachelors degree, compared with 68 *per cent* of top net worth families. In addition, more than half of top-wealth families are self-employed or contain a partner in a firm, while less than one-third of top lifetime-earnings families are self-employed or hold firm partnership.

Generally, the top net worth and normal-income households are more similar to each other than they are to the top lifetime-earnings households. This is evident among the top 1 *per cent* as well as the next 4 *per cent* (the remainder of the top 5 *per cent*). For example, within the next 4 *per cent* of the LE distribution, 85 *per cent* are in the 50-64 age range, compared with just 57 *per cent* of the next 4 *per cent* of the normal income distribution. For this same portion of the distribution (next 4), there are fewer respondents with advanced degrees when measured by lifetime earnings by than normal income (41 *per cent* versus 51 *per cent*) but more couples in which both members hold at least a bachelors degree (75 *per cent* versus 68 *per cent*).

Since we know that some of these demographic and trait differences are driven by age, as illustrated earlier, Panel B of Table 1 presents comparable profiles for the top 5 *per cent* of the age-adjusted distribution among 55- to 65-year-olds. We find that the average ages, family sizes, and marital statuses, for example, of the three top 5 groups are more similar. Even within these age-adjusted profiles, however, many differences across the various ways of identifying the rich persist. For instance, more than half of the top 5 *per cent* lifetime-earnings group are employed by someone else, compared with less than one-third of the top 5 *per cent* wealth group.

Traits across the Distribution

For the remainder of the article, we focus on differences in resources and traits across a sequence of discrete groups making up the full distribution of each of the three resource measures. In addition to the top 1 *per cent* and the next 4 *per cent* groups identified earlier (percentiles 2 through 5), we now include the next 15 *per cent* (that is, the remainder of the top quintile or percentiles 6 through 20), as well as groups for the 51^{st} to 80^{th} percentiles, 21^{st} to 50^{th} percentiles, and the bottom 20 *per cent.* The next 15 *per cent* is intended to allow comparisons within the top quintile, the so-called "dream hoarder" group (alongside the next 4). The remaining groups are arbitrarily identified and intended to proxy the "broad middle", "lower-middle/working class", and "poverty or near-poverty" groups.

For the age-adjusted distribution of 55- to 65-year-olds, Table 2 displays the average resources based on distributions constructed using normal income, net worth, and lifetime earnings. Unsurprisingly, the pattern of

resources declines in a stair-step fashion, moving from the top to the bottom of the distribution, regardless of which resource is measured or which is used to develop the distribution. The steepest steps are consistently at the top. For example, average normal income for the top 1 *per cent* of the wealth distribution is \$1.8 million, compared with \$685,000 for the next 4 *per cent*, and only \$33,000 for the bottom 20. The gaps between the top and bottom groups are always greatest for net worth and smallest for lifetime earnings. When sorted by lifetime earnings, for example, the bottom quintile has an average normal income that is 2 *per cent* of that of the top 1 *per cent*, 1 *per cent* of the net worth, and 7 *per cent* of the lifetime earnings.

Additionally, the composition of survey-year income varies sharply across and between the distributions of each resource measure. Figure 6 shows the share of 2016 and 2019 survey-year income consisting of three types of income: wages, business and capital income (interest, rents, dividends, and capital gains), and retirement and transfer income. The income shares across the distribution are fairly similar for normal income and net worth. In both cases, capital income comprises a large share for the top 1 *per cent* and then

Table 2
Mean Resource by Normal Income, Net Worth, and Lifetime Earnings Groups, 2016–2019 SCF, Ages 55–65, Age-adjusted Distribution

		Normal Income		Net Worth		Lifetime Earnings	
		Average \$	Relative to Top 1	Average \$	Relative to Top 1	Average \$	Relative to Top 1
Normal Income Groups:							
	Top 1	2,654,977	100%	29,800,000	100%	6,883,191	100%
	Next 4	673,395	25%	8,318,142	28%	5,281,508	77%
	Next 15	224,669	8%	1,393,510	5%	3,922,416	57%
	51-80	97,766	4%	532,767	2%	2,707,014	39%
	21-50	44,679	2%	209,193	1%	1,647,098	24%
	Bottom 20	16,925	1%	80,970	0.3%	979,487	14%
Wealth Groups:							
	Top 1	1,835,901	100%	39,700,000	100%	6,023,968	100%
	Next 4	684,593	37%	8,558,651	22%	5,009,952	83%
	Next 15	229,425	12%	2,039,230	5%	3,908,500	65%
	51-80	95,342	5%	469,681	1%	2,518,610	42%
	21-50	56,315	3%	97,085	0.2%	1,785,169	30%
	Bottom 20	33,055	2%	-2,572	-	1,149,658	19%
Lifetime Earnings Groups:							
	Top 1	1,616,123	100%	17,000,000	100%	9,339,622	100%
	Next 4	504,782	31%	6,219,025	37%	5,847,121	63%
	Next 15	253,520	16%	2,472,193	15%	4,262,411	46%
	51-80	119,786	7%	1,022,301	6%	2,721,630	29%
	21-50	56,764	4%	333,508	2%	1,558,164	17%
	Bottom 20	28,008	2%	113,213	1%	616,158	7%
Total		131,904		1,206,853		2,366,659	

Source: Authors' SCF analysis.

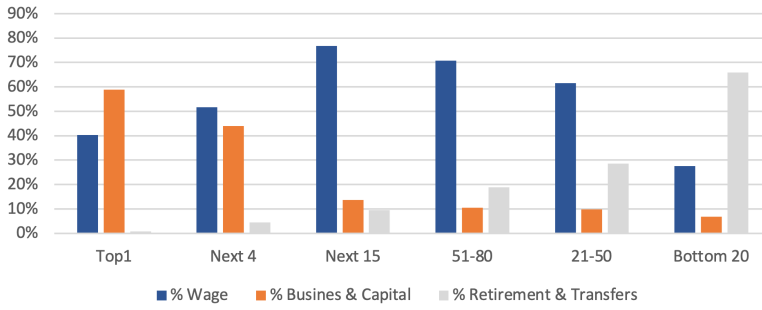
declines sharply; the wage share has a hump-shaped pattern, peaking in the middle of the distribution; and the transfer share surges at the bottom. Business and capital income makes up 70 *per cent* of the income of the top 1 *per cent* in the net worth distribution, and nearly 60 *per cent* for the top 1 *per cent* in the normal-income distribution. For the next 4 percentiles in both distributions, the business and capital share is nearly as high as the wage share, making up 52 *per cent* and 54 *per cent*, respectively. In contrast, income composition across the distribution is substantially different for groups determined by lifetime earnings. Wage income accounts for the largest share of income in the top 1 *per cent* of lifetime earnings. The profile of the business and capital income share is much flatter across the distribution, accounting for just over 40 *per cent* in the top 1 *per cent*, nearly 30 *per cent* in the next three groups, and more than 20 *per cent* in the 21st to 50th percentile groupings.

Table 3 summarises a broad range of traits, including demographics, family structure, educational attainment, workforce status, and financial status and distress, across the full age-adjusted distributions (broken into the 6 groups identified previously) for normal income, net worth, and lifetime earnings. For all three resource measures, the trait profile across the distribution from top to bottom is nearly always monotonic, with the richest group exhibiting a higher concentration of traits associated with economic affluence, and the lowest groups showing a lower concentration. Of particular interest, however, are the subgroups within the top one-fifth.

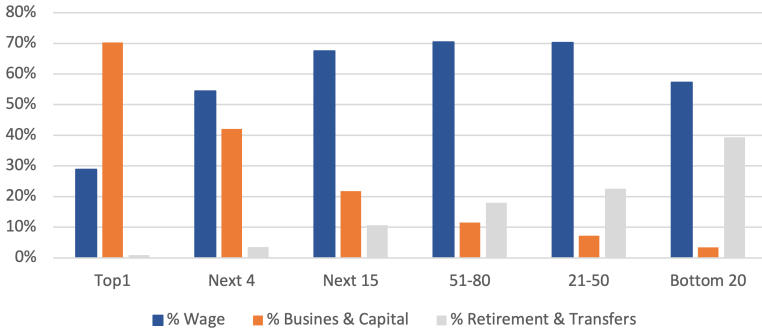
To illustrate the differences between the top 1 *per cent* and the succeeding portions of the distribution, we calculate the percentage-point differences for a selected set of variables and display them in Figure 7. Panel A shows these gaps for the net worth distribution. The patterns are nearly universally monotonic, with the next 4 having almost no gap or only a very small one from the top 1 *per cent* and with the difference growing larger as we move down to the next 15 *per cent* and the remaining groups. In some instances, gaps in traits across the extremes of the distribution are massive; for instance, the bottom 20 *per cent* of wealth is almost 90 *per cent* less likely to own a home than the top 1 *per cent.* In other cases, the gaps are more modest; for example, the payment-to-income ratio for the bottom 20 *per cent* of net worth is only 10 percentage points higher than that of the top 1 *per cent.*

Figure 6
Income Composition across the Full Distribution by Resource, 2016–2019 SCF, Ages 55 to 65, Age-adjusted Distribution

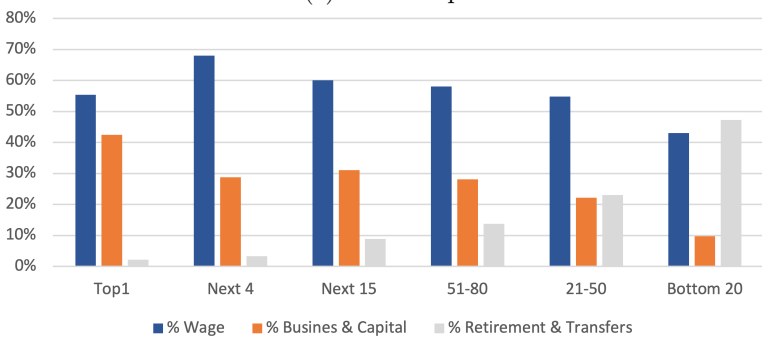
(a) Normal Income Groups



(b) Wealth Groups



(c) LE Groups



Source: Authors' SCF analysis.

Table 3
Traits across Distribution by Resource, Ages 55 to 65, Age-adjusted Distributions, 2016–2019

	Normal-Income Groups							Wealth Groups						LE Groups					
	Total	Top1	Next 4	Next 15	51-80	21-50	0-20	Top1	Next 4	Next 15	51-80	21-50	0-20	Top1	Next 4	Next 15	51-80	21-50	0-20
Demographics & Family																			
av. Age	59.9	60.2	59.8	59.7	59.9	59.9	59.9	60.1	59.9	59.9	59.9	59.8	59.8	59.8	60.1	59.9	59.9	59.9	59.9
av. # Kids in home	0.4	0.6	0.6	0.5	0.4	0.4	0.2	0.6	0.5	0.5	0.4	0.4	0.4	0.5	0.5	0.5	0.4	0.4	0.4
% Married	0.57	97.1	91.3	89.7	76.4	41.1	19.6	92.4	91.8	85.2	64.5	49.1	28.2	99.0	97.1	98.0	81.2	35.1	13.3
Family size	2.2	2.6	2.6	2.5	2.4	2.0	1.6	2.6	2.4	2.4	2.2	2.1	1.9	2.5	2.5	2.6	2.4	2.0	1.8
% White	0.70	95.1	85.4	84.7	75.6	65.9	51.7	93.8	89.4	86.0	79.2	67.5	42.2	86.4	86.0	87.4	76.0	67.3	47.4
Education																			
% less than HS	0.12	0.6	0.4	2.5	5.0	12.5	29.1	1.6	1.3	2.3	4.4	15.6	25.7	2.3	0.0	0.8	2.9	12.1	34.4
% HS only	0.28	7.1	3.8	13.0	26.6	33.2	37.4	6.5	7.3	11.5	25.4	37.3	33.4	0.4	1.3	8.0	32.7	33.6	32.0
% BA+	0.34	89.3	83.9	64.7	39.9	20.0	9.8	87.0	76.5	68.6	39.2	18.7	11.3	97.2	94.0	77.4	35.2	19.4	5.9
%Advanced	0.14	54.6	54.5	25.5	15.7	7.2	2.8	48.4	46.0	27.1	16.9	6.2	3.5	70.2	48.5	30.6	14.0	7.4	2.0
% couples, each BA+	0.15	76.6	61.8	44.0	14.4	2.6	1.0	63.0	57.3	45.8	12.8	3.8	2.1	83.5	80.9	54.3	9.3	0.8	0.3
Workforce																			
% Employee	0.51	36.2	42.1	69.7	63.0	54.5	20.5	26.7	32.2	55.0	59.0	55.3	34.3	44.1	55.4	60.0	57.1	50.4	35.2
% Self-employed or Partner	0.14	52.6	39.9	16.5	13.7	12.0	7.5	59.7	45.3	23.8	15.8	8.2	5.9	34.5	21.7	21.1	18.4	11.7	4.8
% in Managerial or Professional	0.28	83.8	73.2	56.8	32.2	17.1	5.2	75.8	66.0	56.0	32.2	15.9	8.9	74.4	67.0	57.8	31.8	16.9	6.8
% in Technical, sales or services	0.20	4.0	7.7	16.2	19.3	27.0	15.4	8.0	5.5	12.9	20.5	25.7	17.5	3.7	9.8	14.1	17.2	23.8	23.8
% in Production, Labor, Farm or Other	0.18	1.0	1.0	13.1	25.2	22.3	7.5	2.7	6.0	9.9	22.0	21.8	13.9	0.4	0.2	9.3	26.5	21.3	9.4
% Not Working	0.35	11.2	18.1	13.9	23.3	33.6	72.0	13.6	22.5	21.2	25.3	36.6	59.7	21.5	23.0	18.8	24.5	38.0	60.0
Years worked full-time	48.2	51.5	58.6	62.9	57.9	43.1	28.8	54.5	57.1	59.7	53.2	46.5	32.5	58.6	66.9	65.4	59.3	43.0	22.3
Finances																			
% Homeowner	0.74	99.0	97.3	92.7	87.1	68.5	41.0	98.1	98.6	96.2	93.5	79.4	12.0	97.9	97.4	93.8	85.4	69.1	41.8
% Owns Stocks	0.15	65.9	58.4	34.4	14.2	7.0	3.1	68.9	54.9	41.6	15.2	5.0	1.1	73.3	54.7	30.8	15.8	8.3	3.4
% with Retirement Account	0.56	91.7	92.3	88.3	73.9	46.6	13.8	90.1	92.5	90.8	74.6	45.1	11.9	92.0	95.5	88.5	72.1	43.4	19.5
% Owns Businesses	0.17	70.6	56.3	26.3	17.7	12.3	4.0	78.2	62.4	35.3	20.7	7.3	2.2	49.0	37.6	31.7	22.5	11.2	2.8
% Owns Other Residential Real Estate	0.19	71.5	61.5	37.7	21.4	8.7	5.9	77.3	59.3	48.3	20.5	8.8	0.9	63.0	55.4	35.6	21.8	13.3	3.4
% Owns Non-Residential Real Estate	0.09	25.8	27.0	16.0	8.4	7.3	2.2	32.8	32.6	19.8	9.8	4.8	1.2	18.8	20.1	16.2	9.9	7.5	2.8
Payment to Income Ratio	0.10	0.02	0.05	0.12	0.16	0.16	0.12	0.03	0.05	0.10	0.15	0.17	0.10	0.03	0.06	0.10	0.13	0.15	0.12
% Payment to Income Ratio >40	0.08	0.1	0.9	2.4	5.4	11.4	10.2	2.5	3.9	4.8	7.2	11.6	5.2	0.3	1.8	1.5	8.4	10.5	8.1
% Turned Down for Credit	0.08	2.8	4.4	4.8	5.6	11.2	8.7	3.3	2.8	3.5	5.0	11.1	10.9	2.3	2.2	5.4	6.9	9.7	8.7
% with Late Payments	0.10	1.2	2.3	4.7	10.4	12.9	12.1	1.7	2.5	3.4	5.8	14.6	17.3	0.0	3.9	4.6	8.9	14.2	12.0
% Bankrupt in Last 5 years	0.03	0.0	0.0	0.7	3.7	3.9	2.7	0.0	0.0	0.1	1.8	4.7	4.6	0.0	1.0	1.2	3.3	3.7	3.0
% Savers (Income Exceeded Spending)	0.37	78.2	70.2	62.6	45.7	26.7	11.5	64.3	63.8	61.3	47.7	25.7	11.2	71.4	69.0	57.2	43.8	28.5	14.8
% with Recent New Car Purchase	0.12	39.0	30.0	24.6	13.9	5.5	1.8	34.0	29.0	23.4	13.1	6.5	3.3	41.5	32.3	22.0	13.9	6.5	2.4
% Received Inheritance	0.28	42.3	38.6	34.4	27.6	27.3	20.7	43.7	45.8	38.8	33.1	26.5	10.1	39.3	42.7	37.5	28.4	26.7	18.7

LE groups (Panel B) and normal income groups (Panel C) display the same patterns.

For some traits, the subgroups within the top quintile are nearly indistinguishable from each other, and in some cases, the lower portions of the top one-fifth even exceed the top 1 *per cent.* Marriage is one trait that separates the top from the bottom of the distribution, with affluent households overwhelmingly likely to be compromised of a married couple, while only one-third to one-tenth of those at the bottom include a married couple. Within the top of the distribution, marriage rates are nearly identical for the top 1, next 4, and next 15 *per cent* of each resource measure. Figure 8, Panel A, highlights these values for the lifetime-earnings and net worth distributions. Marriage is nearly universal (97 to 99 *per cent* of all households) among the three top groups of lifetime earnings. Although not as high among the top three wealth groups, marriage remains ubiquitous, ranging from 92 *per cent* of households in the top 5 *per cent* to 85 *per cent* of those in the next 15.

Work history also separates the top from the bottom, with low socioeconomic-status (SES) households having worked only one-third to one-half as many full-time years as those in the top one-fifth of the resource distribution. Figure 8, Panel B displays total years of full-time work for respondents and their spouses (if present) across the distributions of net worth and lifetime earnings. The gulf between the extremes at the top and the bottom stands out, but within the top one-fifth of each distribution, we see that total full-time work years are greater for less affluent groups. Among net worth groups, the top 1 *per cent* averaged 55 years of full-time work, compared with 57 years for the next 4 *per cent* and 60 years for the next 15 *per cent.* Between the two ways of identifying the rich, we see uniformly higher levels of full-time work for lifetime-earnings groups compared with the wealth groups. Average years of full-time work for the next 4 *per cent* in lifetime earnings (67) is 10 years greater than that of the next 4 *per cent* of net worth (57).

We see other notable differences and similarities across the distribution for educational attainment and employment. For both the share of respondents with advanced higher-education degrees (BA+) and the share of families headed by a couple in which both partners hold at least a Bachelor of Arts or Bachelor of Science, we see sharp differences within the top quintile and between the extremes of the distribution. Vanishingly few households below the 81st percentile of either the net worth or lifetime-earnings distribution, for example, include a household head with an advanced degree or consist of a couple in which both partners hold at least a Bachelor's degree (Figure 9). Within the top one-fifth, these benchmarks are relatively common and are much more likely to be seen at

the very top. Among the top 1 *per cent* of the lifetime-earnings distribution, for example, 70 *per cent* of respondents hold a BA+, and 84 *per cent* of families consist of a couple in which both partners hold at least a Bachelor's degree (BA+). In comparison, among families in the next 15 *per cent*, those shares are just 31 *per cent* and 54 *per cent*, respectively. While the next 4 *per cent* of the lifetime-earnings distribution closely resembles the top 1 *per cent* in terms of dual BA+ couples, there is a 22-point gap in the share of household heads with advanced degrees. Within the top 5 *per cent* of the wealth distribution, there is very little difference for either educational-attainment measure, but a steep drop occurs between the top 5 *per cent* and the next 15 *per cent*. While 46 *per cent* of household heads in the next 4 *per cent* of net worth have an advanced degree, only 27 *per cent* of those in the next 15 *per cent* are similarly educated.

Differences in employment class are also stark, both across each of the distributions and between lifetime-earnings and net worth distributions. Six in 10 families in the top 1 *per cent* of net worth are headed by a self-employed individual or a partner in a firm, compared with 45 *per cent* in the next 4, and 24 *per cent* in the next 15 (Figure 10). In the top two wealth-distribution groups, self-employment is much more common than traditional employment: among the top 1 *per cent*, 60 *per cent* are self-employed versus 27 *per cent* who are employed by someone else; among the next 4, the figures are 45 *per cent* and 32 *per cent*, respectively. In contrast, self-employment is far less common at the top of the lifetime-earnings distribution, and the gradient for it is flatter, as we proceed down the distribution. Within the top 1 *per cent* of lifetime earnings, 44 *per cent* are employed by someone else, while only 34 *per cent* are self-employed. Just over one-fifth of the remainder of the top quintile is self-employed.

The profile of occupational employment is similar between the net worth and lifetime-earnings groups but varies dramatically across each distribution. Three-quarters of the top 1 *per cent* of both the net worth and lifetime-earnings distributions are employed in managerial and professional occupations, compared with well below one-fifth in the bottom half of both distributions (Figure 11). Even within the top quintile, the gradient is steep; the gap in the managerial and professional share between the top 1 *per cent* and the next 15 is approximately 20 percentage points for both the wealth and lifetime-earnings distributions. The profiles of the share with unemployed heads is quite similar for both wealth and lifetime earnings. In both cases, roughly one-fifth of families in the top quintile have non-working heads, compared with 60 *per cent* of families in the bottom quintile.

Figure 7
Distance from the Top 1 *Per cent* (by Resource Measure) for Selected Traits, Ages 55 to 65, Age-adjusted Distributions, 2016–2019

(a) net worth Groups

Source: Authors' SCF analysis.

Figure 7
Distance from the Top 1 *Per cent* (by Resource Measure) for Selected Traits, Ages 55 to 65, Age-adjusted Distributions, 2016–2019
Continued.

(b) Lifetime-Earnings Groups

Source: Authors' SCF analysis.

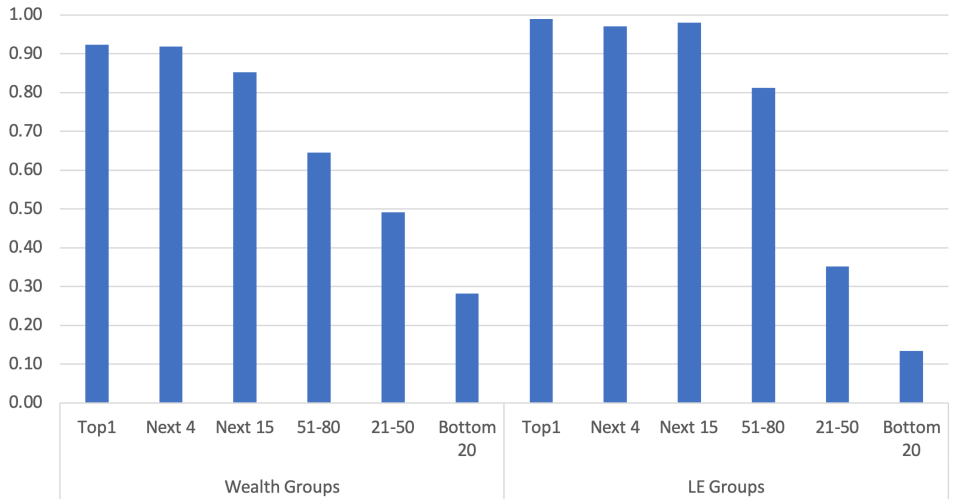
Figure 7
Distance from the Top 1 *Per cent* (by Resource Measure) for Selected Traits, Ages 55 to 65, Age-adjusted Distributions, 2016–2019
Continued.

(c) Normal-Income Groups

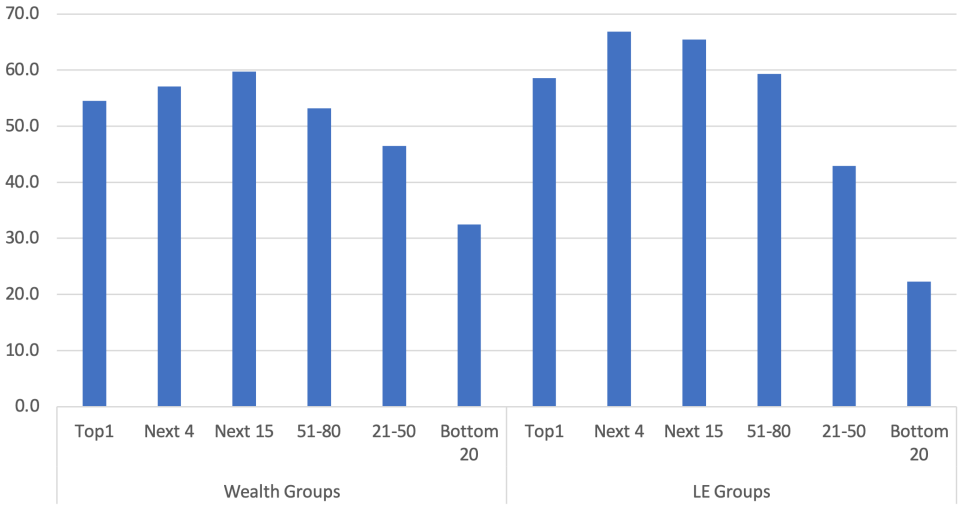
Source: Authors' SCF analysis.

Figure 8
Family Composition and Work History by Wealth, LE Groups
(2016–2019 SCF, Ages 55 to 65, Age-adjusted Distributions)

Panel A. Share of Families Headed by Married/Partnered Couple

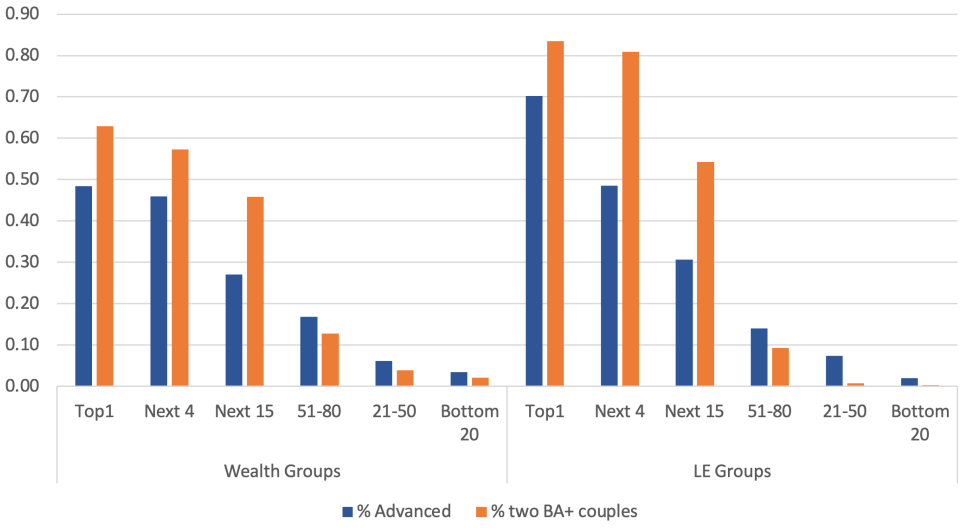


Panel B. Respondent, Spouse Combined Total Years of Full-time Work



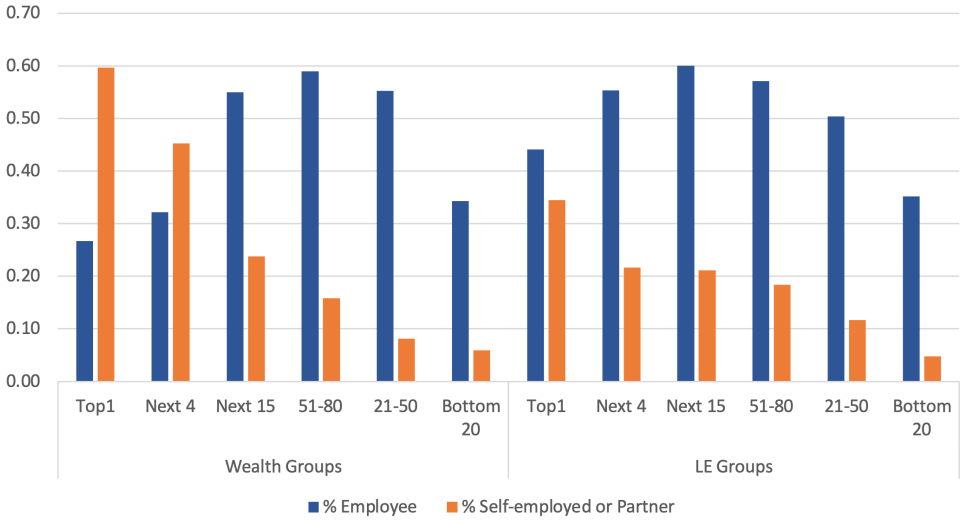
Source: Authors' SCF analysis.

Figure 9
Educational Attainment by Wealth or Lifetime-Earnings Groups (2016–2019 SCF, Ages 55 to 65, Age-adjusted Distributions)



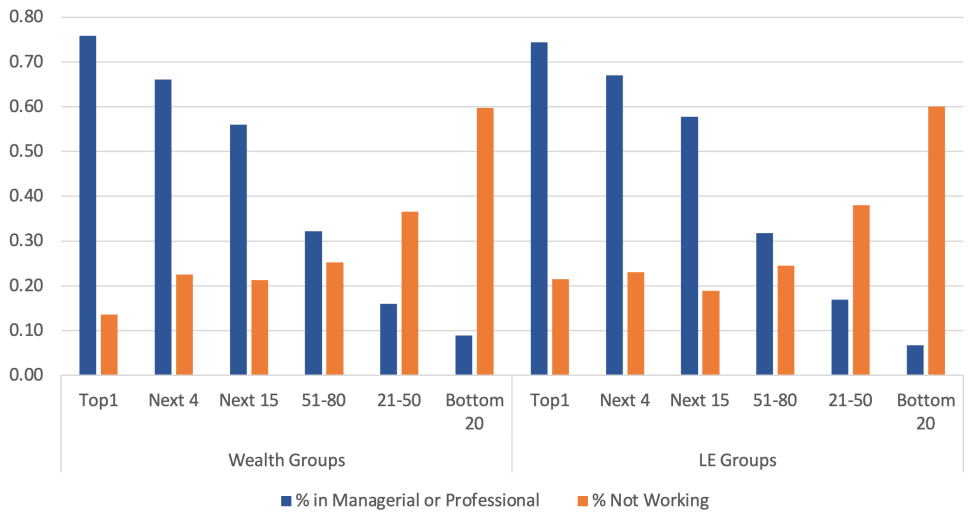
Source: Authors' SCF analysis.

Figure 10
Employment Class by Wealth or Lifetime-Earnings Groups (2016–2019 SCF, Ages 55 to 65, Age-adjusted Distributions)



Source: Authors' SCF analysis.

Figure 11
Type of Work by Wealth or Lifetime-Earnings Groups (2016–2019 SCF, Ages 55 to 65, Age-adjusted Distributions)



Source: Authors' SCF analysis.

Discussion and Conclusion

The microdata for household finances in the SCF reveal natural groups within the distribution that are, in some cases, consistent with those used by researchers studying inequality to identify affluent or rich families. Although we focus solely on single-percentile groups at the top of the distribution, it is clear that the top 1 *per cent* stands well apart from not only the rest of the distribution but the immediately preceding percentiles as well. This is evident across the distributions of net worth, normal income, and lifetime earnings. The next 3 to 4 percentiles of the distribution also form a distinct, coherent group. Each successive percentile, moving from the 97^{th} to the 98^{th}, shows incremental increases in resources, but the successive increments fall along the same linear path rather than standing markedly apart. This is most apparent in the net worth distribution and only modestly less so for normal income and lifetime earnings. For normal income, the 97^{th} and 98^{th} percentiles stand apart from the preceding distribution, and it is also reasonable to view the 99^{th} percentile as a distinct group. In the lifetime-earnings distribution, the next 4 percentiles do separate from the lower portions of the top quintile, but the distinctions are more modest, as we move up from preceding percentiles, than is evident for either the net worth or normal-income distributions.

In developing distributional groups for analysis that are coherent based on their similarities in material resources, it is evident that the top quintile is not a particularly meaningful group, nor is the top 10 *per cent.* Within the top 5 *per cent*, the distinctions between the top 1 *per cent* and the next 4 are so substantial that it is not plausible to consider them as a coherent economic group. The next 4, however, despite some within-group differences, are sufficiently similar that they remain a coherent grouping that stands meaningfully apart from the rest of the distribution.

When comparing the rich groups determined by different resources, we see substantial differences between the highest lifetime-earnings groups, on the one hand, and the highest wealth and normal-income groups, on the other. Even in the age-adjusted distributions, we find large differences in educational attainment, types of employment, and income composition between the highest wealth and normal-income groups and the highest lifetime-earnings groups. These distinctions persist despite considerable overlap between the groups: half of the families in the top 5 *per cent* of the lifetime-earnings group are also in the top 5 *per cent* of the normal-income group, and 44 *per cent* are in the top 5 *per cent* of the wealth group.

In a rough sense, the distinctions between these different definitions of rich groups point to two largely distinct, though sometimes overlapping, paths to affluence. Members of the highest lifetime-earnings groups are all married, have a very high joint educational attainment within the household, and have accumulated a particularly high number of full-time working years over their careers in professional and managerial occupations. The members of the highest net worth groups are also highly educated, though not to the same extent as the lifetime-earnings groups, and similarly employed in professional and managerial fields. They are, however, disproportionately engaged in self-employment or partnerships in a firm, are business owners, and draw large portions of their income from business- and capital-income streams. These paths correspond, respectively, to an educated managerial elite that depends crucially on dual incomes and to a business-owning elite. While they overlap frequently, these two paths remain distinct.

Turning to the question of how different the rich are from the merely "well off" in social or demographic terms, the answer is substantially influenced by the trait under consideration and the resource measure used to identify the rich. Based on some demographic and workforce attributes, the top groups are profoundly different, while based on others, the differences are far more subtle. With respect to family structure or years of work, for example, the other parts of the top quintile are indistinguishable from or even outperform the top 1 *per cent.* For other traits, however, the gulf is substantial. Among the top quintile of lifetime earners, the top 1 *per cent* is dramatically more educated than the next 4 *per cent* and the next 15 *per cent.* Across subgroups

of the top quintile of wealth, we see comparably large gaps in the share of households that are self-employed or partners in firms. For other traits, the distinctions from one subgroup to the next are evident but more modest. Between the top quintile and the rest of the distribution, for example, the gulf in the share of those employed in managerial and professional occupations is substantial. Within the top quintile, however, the gradient is far more subtle: the top 1 *per cent*, regardless of resource measure, is more likely than the next 4 or next 15 to be employed in managerial or professional occupations, but the incremental steps are much smaller.

Notes

[1]Matthew Smith, "How Much Money Do You Need To Earn a Year To Be Rich?", YouGov, January 14, 2019, https://today.yougov.com/economy/articles/21660-how-much-money-do-you-need-earn-year-be-rich-1.

[2]Aimee Picchi, "Americans Were Asked What It Takes To Be Rich. Here's What They Said", CBS News, June 13, 2023, https://www.cbsnews.com/news/americans-were-asked-what-it-takes-to-be-rich-heres-what-they-said/

[3]Matthew Stewart, "The Birth of the New American Aristocracy," *The Atlantic*, June 2018, https://www.theatlantic.com/magazine/archive/2018/06/the-birth-of-a-new-american-aristocracy/559130/.

[4]Matthew Stewart interviewed by Paul Solman, "How a New Aristocracy's Self-Segregation Puts Stress on Society", PBS News, June 28, 2018, https://www.pbs.org/newshour/show/how-a-new-aristocracys-segregation-puts-stress-on-society.

[5]"The Panel Study of Income Dynamics (PSID) is the longest running longitudinal household survey in the world. The study began in 1968 with a nationally representative sample of over 18,000 individuals living in 5,000 families in the United States." https://psidonline.isr.umich.edu/

[6]"SIPP is a nationally representative [United States] longitudinal survey that provides comprehensive information on the dynamics of income, employment, household composition, and government program participation. ... The survey interviews individuals for several years and provides monthly data about changes in household and family composition and economic circumstances over time." https://www.census.gov/programs-surveys/sipp.html

[7]"The University of Michigan Health and Retirement Study (HRS) is a longitudinal panel study that surveys a representative sample of approximately 20,000 people in America." https://hrs.isr.umich.edu/about

References

Alvaredo, Facundo, Tony Atkinson, Thomas Piketty, and Emmanuel Saez 2013 "The Top 1 Percent in International and Historical Perspective", *Journal of Economic Perspectives* 27(3): 3–20. doi.org/10.1257/jep.27.3.3

Bodenschatz, Hope, Gerald Daniels, and Jeffrey Thompson 2023 "Decomposing Lifetime-earnings Differences between White, Black, and Hispanic Families", Federal Reserve Bank of Boston Research Department Working Papers No. 23–14. doi.org/10.29412/res.wp.2023.14

Bloome, Deirdre, and Jane Furey 2020 "Lifetime Inequality: Income and Occupational Differences and Dynamics in the US" *Research in Social Stratification and Mobility* 70: 100470. doi.org/10.1016/j.rssm.2019.100470.

Bricker, J., L.J. Dettling, A. Henriques, J.W. Hsu, L. Jacobs, K.B. Moore, S. Pack, J. Sabelhaus, J. Thompson, and R.A. Windle 2017 "Changes in US Family Finances from 2013 to 2016: Evidence from the Survey of Consumer Finances", Federal Reserve Bulletin: 103.

———, S. Goodman, K. Moore, and A.H. Volz 2020 "Wealth and Income Concentration in the SCF: 1989–2019" FEDS Notes. Board of Governors of the Federal Reserve System. doi.org/10.17016/2380-7172.2795

_____, A. Henriques, J. Krimmel, and J. Sabelhaus 2016 "Measuring Income and Wealth at the Top Using Administrative and Survey Data", *Brookings Papers on Economic Activity* 2016(1): 261–321. doi.org/10.1353/eca.2016.0016

Fisher, Jonathan D., David S. Johnson, Timothy M. Smeeding, and Jeffrey Thompson 2021 "Inequality in 3D: Income, Consumption, and Wealth" *The Review of Income and Wealth* 68(1): 16–42. doi.org/10.1111/roiw.12509

Guvenen, Fatih, Greg Kaplan, Jae Song, and Justin Weidner 2017 "Lifetime Incomes in the United States over Six Decades", NBER Working Paper Series, No. 23371. doi.org/10.3386/w23371

Huggett, Mark, Gustavo Ventura, and Amir Yaron 2011 "Sources of Lifetime Inequality", *American Economic Review* 101(7): 2923–2954. doi.org/10.1257/aer.101.7.2923

Jacobs, Lindsay, Elizabeth Llanes, Kevin Moore, Jeffrey Thompson, and Alice Enriquez Volz 2022 "Wealth Concentration in the United States Using an Expanded Measure of Net Worth", *Oxford Economic Papers* 74(3): 623–642. doi.org/10.1093/oep/gpab054

Karahan, Fatih, Serdar Ozkan, and Jae Song 2019 "Anatomy of Lifetime Earnings Inequality: Heterogeneity in Job Ladder Risk vs. Human Capital" Federal Reserve Bank of New York Staff Reports, No. 908.

Keister, L.A., and S. Moller 2000 "Wealth Inequality in the United States", *Annual Review of Sociology* 26: 63–81. doi.org/10.1146/annurev.soc.26.1.63

Kennickell, A.B. 2006 "Currents and Undercurrents: Changes in the Distribution of Wealth, 1989–2004", Finance and Economics Discussion Series 2006–13. Board of Governors of the Federal Reserve System. dx.doi.org/10.2139/ssrn.909206

Kennickell, Arthur B. 1995 "Saving and Permanent Income: Evidence from the 1992 SCF", Finance and Economics Discussion Series (95-41). https://ssrn.com/abstract=7017

Killewald, Alexandra, Fabian Pfeffer, and Jared N. Schachner 2017 "Wealth Inequality and Accumulation", *Annual Review of Sociology* 43: 379–404. doi.org/10.1146/annurev-soc-060116-053331

Pfeffer, Fabian, and Nora Waitkus 2021 "The Wealth Inequality of Nations", *American Sociological Review* 86(4): 567–602. doi.org/10.1177/00031224211027800.

Piketty, Thomas, and Emmanuel Saez 2003 "Income Inequality in the United States, 1913–1998", *Quarterly Journal of Economics* 118(1): 1–41. doi.org/10.1162/00335530360535135

Reeves, Richard 2017 *Dream Hoarders: How the American Upper Middle Class Is Leaving Everyone Else in the Dust, Why That Is a Problem, and What To Do about It* Washington, D.C.: Brookings Institution Press.

_____ 2017b "Stop Pretending You're Not Rich" *New York Times* June 10, 2017.

Saez, Emmanuel, and Gabriel Zucman 2016 "Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data", *Quarterly Journal of Economics* 131(2): 519-578. doi.org/10.1093/qje/qjw004

Smeeding, Timothy, and Jeffrey Thompson 2011 "Recent Trends in Income Inequality: Labor, Wealth and More Complete Measures of Income", in Herwig Immervoll, Andreas Peichl, and Konstantinos Tatsiramos (Eds.) *Who Loses in the Downturn? Economic Crisis, Employment and Income Distribution Research in Labor Economics* Vol. 32. Leeds, UK: Emerald Group Publishing Limited.

Stewart, Matt 2018 "The 9.9 *per cent* is the New American Aristocracy", *The Atlantic* June 2018.

_____ 2021 *The 9.9 Percent: The New Aristocracy That Is Entrenching Inequality and Warping Our Culture* New York: Simon and Schuster.

Thompson, Jeffrey, Jesse Bricker, and Michael Parisi 2022 "Understanding Rising Concentration at the Extremes of the US Income Distribution: How Important Are Income Fluctuations among the Very Richest Households?", *Journal of Income Distribution* 30(1). doi.org/10.25071/1874-6322.40475

Wolff, E.N. 1995 *Top Heavy: A Study of the Increasing Inequality of Wealth in America* New York: Twentieth Century Fund Press.

_____ 2014 "Household Wealth Trends in the United States, 1983-2010", *Oxford Review of Economic Policy* 30(1): 21–43. doi.org/10.1093/oxrep/gru001