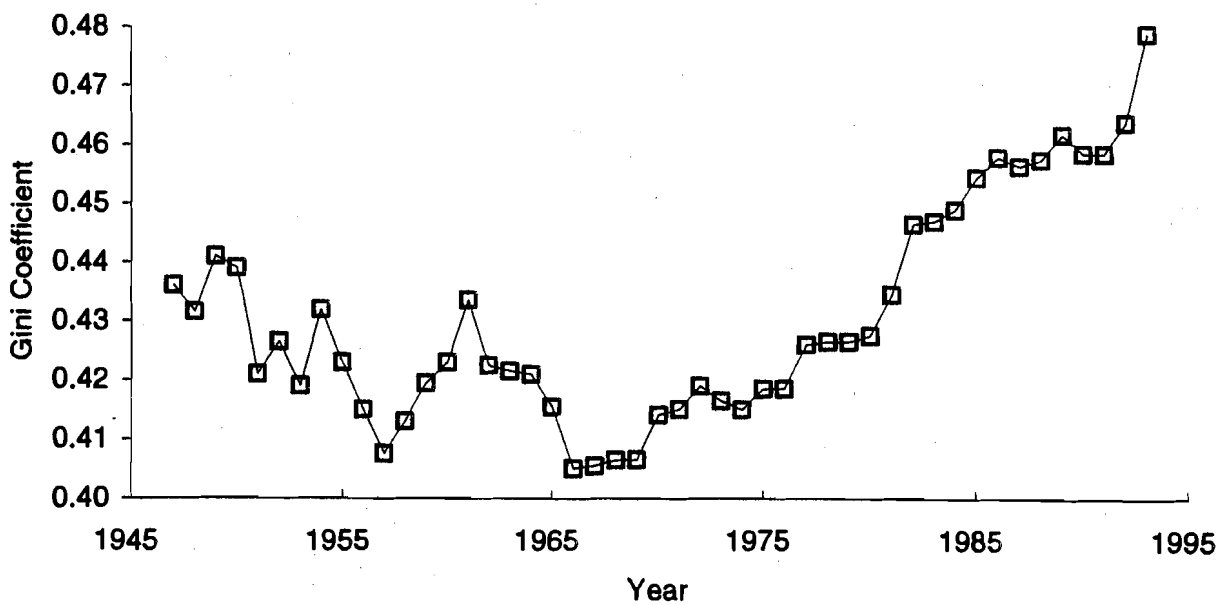


| | 1968 | 2004 |
|------------------------------------|-------|-------|
| Income Share: | | |
| Bottom Quintile | 4.2 | 3.4 |
| 2 nd Quintile | 11.1 | 8.7 |
| 3 rd Quintile | 17.6 | 14.7 |
| 4 th Quintile | 24.5 | 23.2 |
| Top Quintile | 42.6 | 50.1 |
| Percentile Ratios: | | |
| 90 th /10 th | 8.68 | 11.07 |
| 95 th /50 th | 2.58 | 3.56 |
| 80 th /50 th | 1.65 | 2.00 |
| 20 th /50 th | 0.42 | 0.43 |
| Gini Coefficient | 0.386 | 0.466 |

Figure 3.5 Gini Coefficients for Household Income, 1947-1993



2004 Household Income Shares

| | <u>Income</u> | <u>Adjusted Income</u> |
|--------------------------------|---------------|------------------------|
| Income Share: | | |
| Bottom Quintile | 3.42 | 4.68 |
| 2 nd Quintile | 8.68 | 10.34 |
| 3 rd Quintile | 14.83 | 16.08 |
| 4 th Quintile | 23.02 | 24.02 |
| Top Quintile | 50.05 | 44.88 |
| <u>Gini Coefficient</u> | 0.450 | 0.400 |

Adjusted Income is Income plus: non-cash transfers,
realized capital gains/losses,
return on home equity
minus: work expenses
federal and state income taxes
federal payroll taxes
property taxes

Household Income Shares

| | <u>1979</u> | <u>2003</u> | <u>Change</u> | <u>%Change</u> |
|------------|-------------|-------------|---------------|----------------|
| Bottom 80% | 54.5 | 47.8 | -6.7 | -12.3% |
| Top 20-10 | 15.0 | 15.0 | +0 | +0 |
| 10-5 | 9.8 | 10.2 | +0.4 | +4.1% |
| 5-1 | 11.4 | 12.7 | +1.3 | +11.4% |
| 1 | <u>9.3</u> | <u>14.3</u> | <u>+5.0</u> | +53.8% |
| | 100.0 | 100.0 | 0 | |

2004 Distribution of Income of Tax Units

| | <u>Threshold</u> | <u>Average Income</u> |
|-----------------------------------|----------------------|-----------------------|
| 10 th -5 th | 92,315 (vs 120,924) | 106,037 |
| 5 th -1 st | 123,408 (vs 157,185) | 164,528 |
| 1-0.5 | 276,945 | 326,720 |
| 0.5-0.1 | 407,591 | 622,949 |
| 0.1-0.01 | 1,128,525 | 2,015,910 |
| Top 0.01 | 5,019,015 | 12,775,016 |

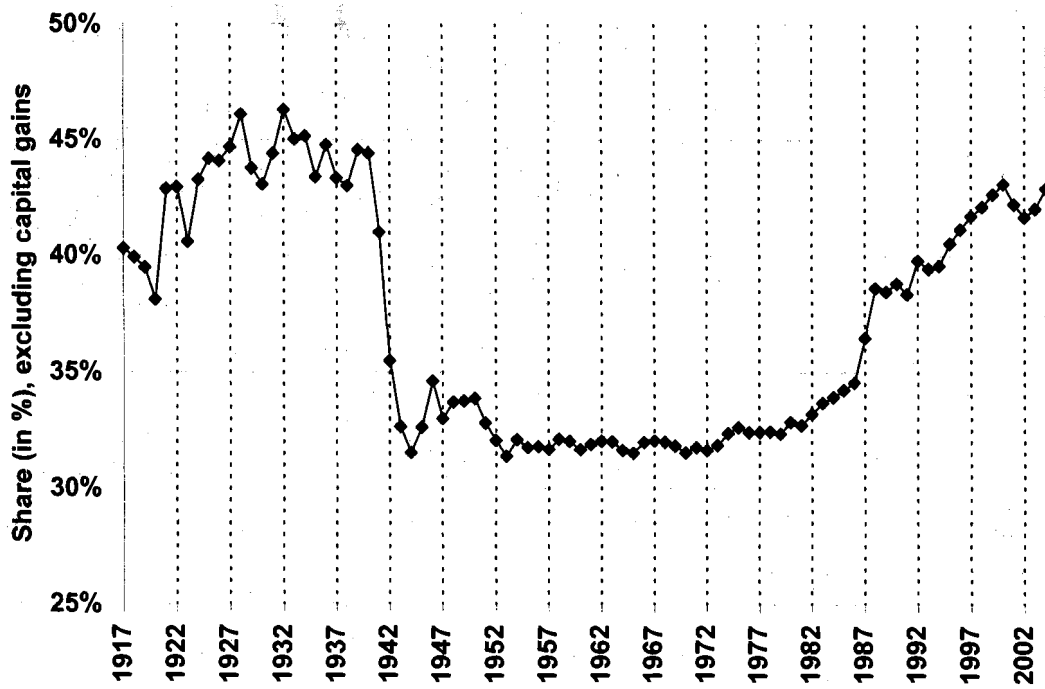


FIGURE 1
The Top Decile Income Share, 1917-2004

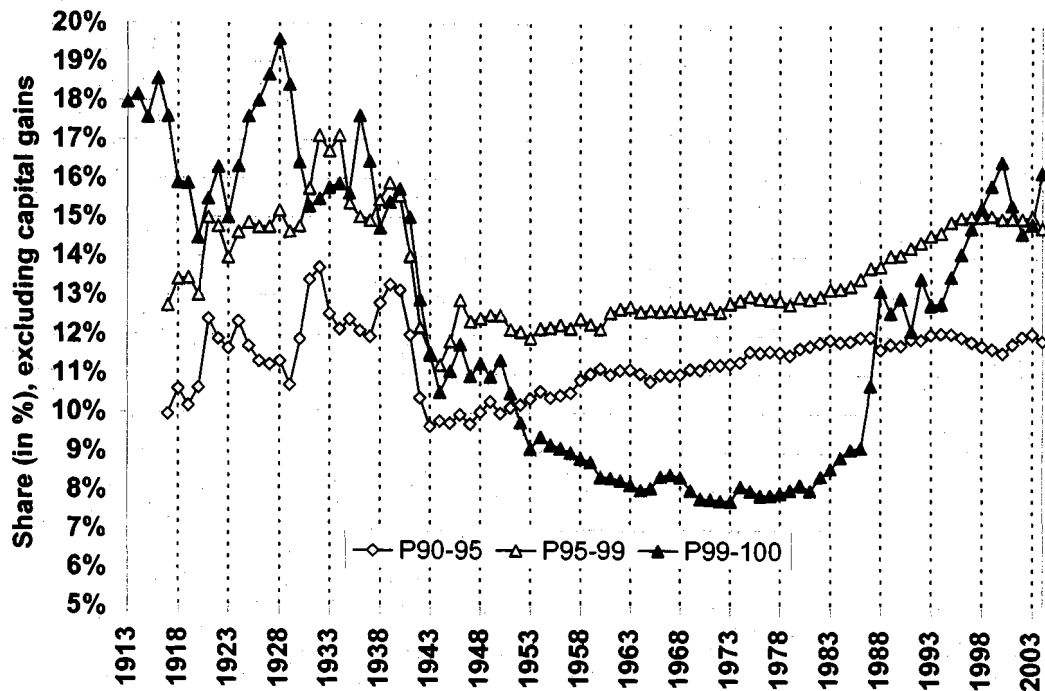
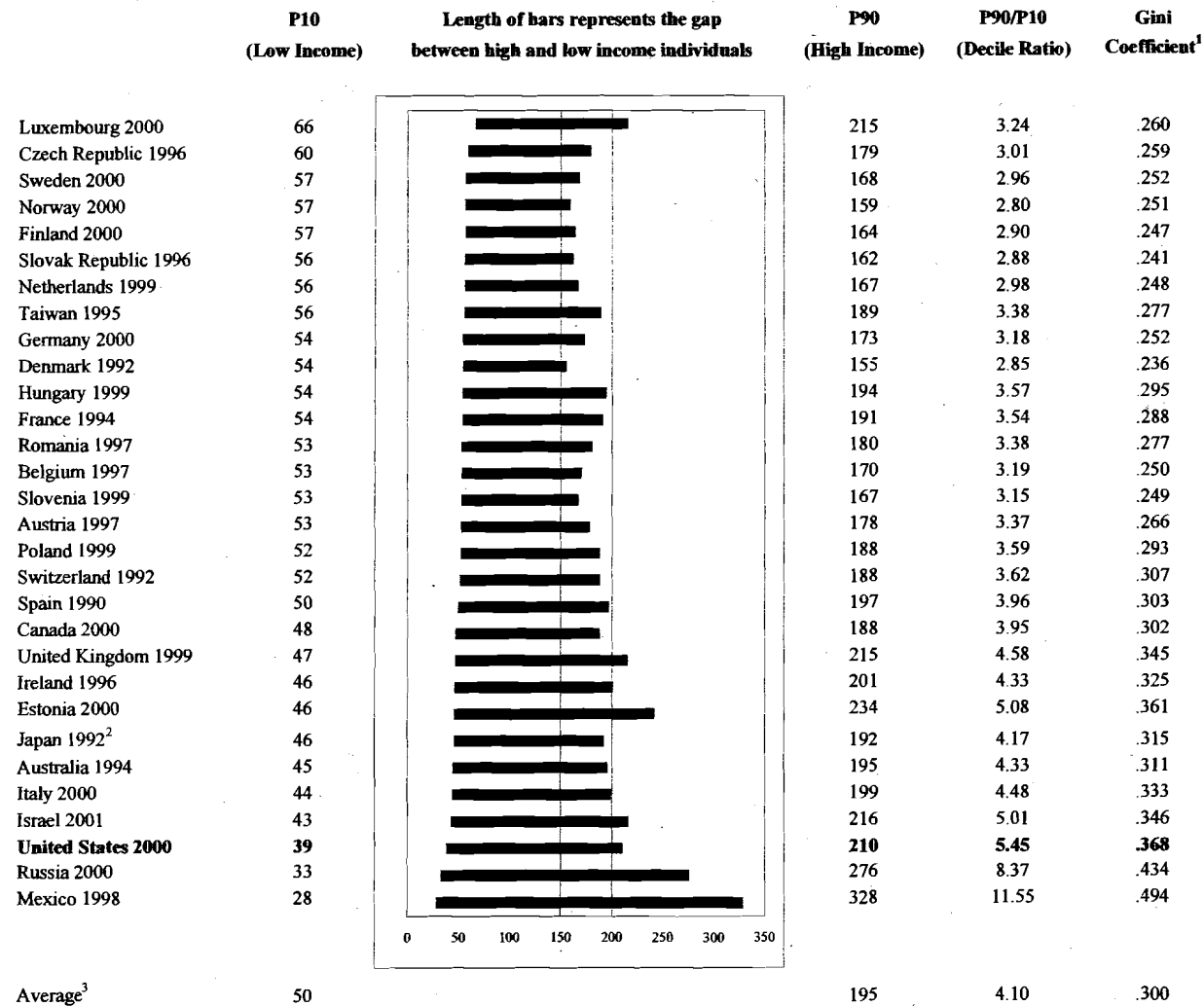


FIGURE 2
The Income Shares of P90-95, P95-99, and P99-100, 1913-2004

Figure 1. Social Distance and Social Exclusion
(numbers given are percent of median in each nation and Gini coefficient)



Source: Author's calculations from Luxembourg Income Study.

Notes: ¹Gini coefficients are based on incomes which are bottom coded at 1 percent of disposable income and top coded at 10 times the median disposable income.

²Japanese gini coefficient as calculated in Gottschalk and Smeeding (2000) from 1993 Japanese Survey of Income Redistribution.

³Simple average.

Gini Index from World Bank

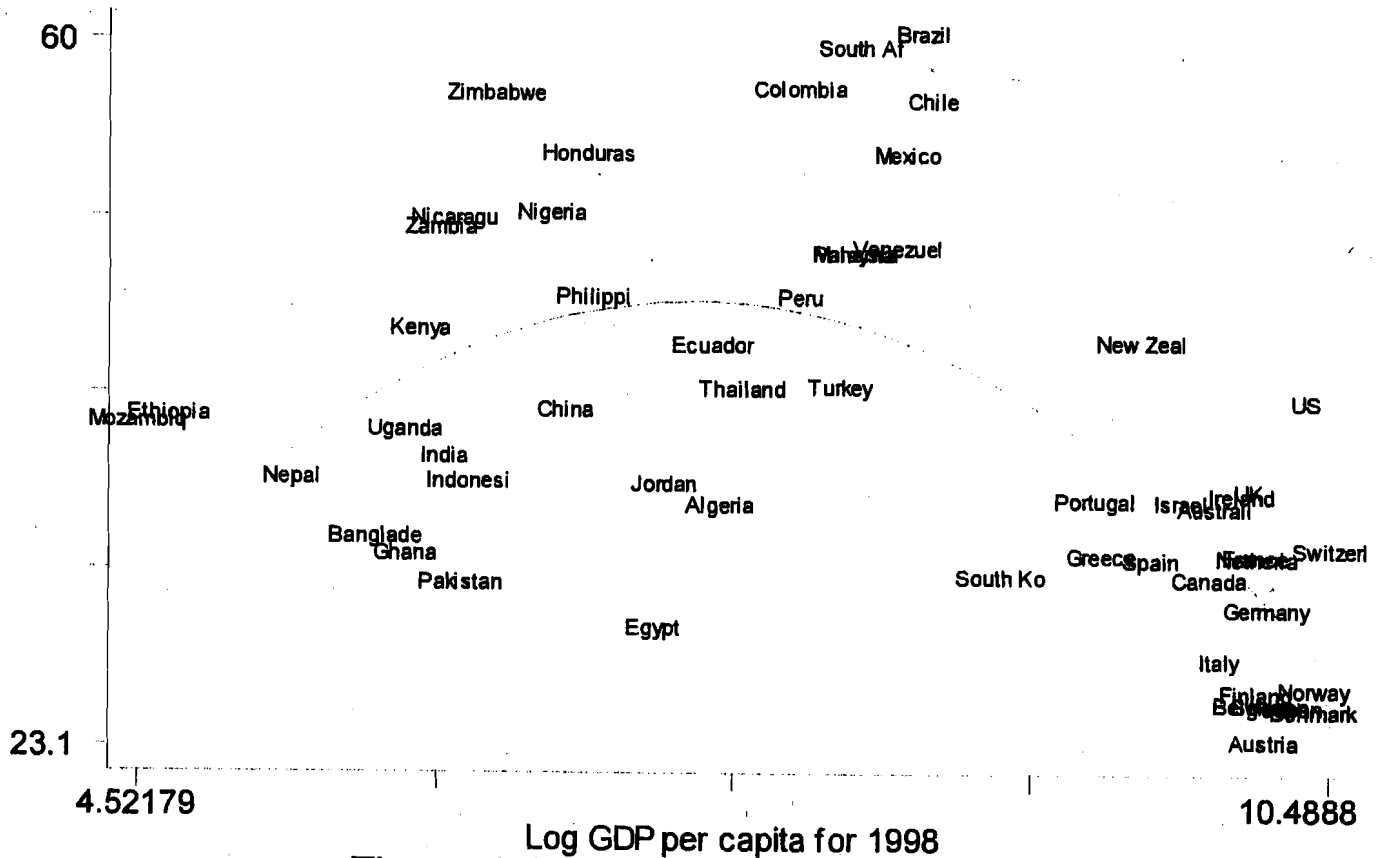


Figure 1: Inequality and Income

Household Wealth

| | <u>1983</u> | <u>2001</u> |
|-----------|-------------|-------------|
| Median | 59,300 | 73,500 |
| Mean | 231,000 | 380,100 |
| <\$10,000 | 29.7% | 30.1% |
| >1Million | 2.9% | 5.5% |
| >5Million | 0.3% | 1% |

| | <u>Income Share</u> <u>2001</u> | <u>Wealth Share</u> <u>2001</u> | <u>Wealth</u> <u>Threshold</u> |
|------------|------------------------------------|------------------------------------|-----------------------------------|
| Top 1% | 4.8 | 33.5% | \$5 Million |
| Top 5% | 27.5 | 59.2 | \$1.3 Million |
| Top 20% | 52.4 | 84.4 | \$356,000 |
| Bottom 40% | 13.4 | 0.3 | <\$50,000 |
| Gini | 0.464 | 0.826 | |

Table 5. Composition of Household Wealth by Wealth Class, 2001
(Percent of gross assets)

| <u>Asset</u> | <u>All</u> <u>Households</u> | <u>Top One</u> <u>Percent</u> | <u>Next</u> <u>19 Percent</u> | <u>Middle</u> <u>3 Quintiles</u> |
|---|---------------------------------|----------------------------------|----------------------------------|-------------------------------------|
| Principal residence | 28.2 | 8.4 | 26.8 | 59.2 |
| Liquid assets (bank deposits, money market funds, and cash surrender value of life insurance) | 8.8 | 5.7 | 9.3 | 12.1 |
| Pension accounts | 12.3 | 5.5 | 16.5 | 12.7 |
| Corporate stock, financial securities, mutual funds, and personal trusts | 21.8 | 33.6 | 21.4 | 6.2 |
| Unincorporated business equity | 27.0 | 44.3 | 24.4 | 8.5 |
| Other real estate | | | | |
| Miscellaneous assets | 1.8 | 2.6 | 1.7 | 1.2 |
| Total assets | 100.0 | 100.0 | 100.0 | 100.0 |

Table 6. The Percent of Total Assets Held by Wealth Class, 2001

| <u>Asset Type</u> | <u>Top</u> <u>1.0%</u> | <u>Next</u> <u>9.0%</u> | <u>Bottom</u> <u>90.0%</u> |
|--|---------------------------|----------------------------|-------------------------------|
| A. Investment assets | | | |
| Stocks and mutual funds | 44.1 | 40.4 | 15.5 |
| Financial securities | 58.0 | 30.6 | 11.3 |
| Trusts | 46.3 | 40.4 | 13.3 |
| Business equity | 57.3 | 32.3 | 10.4 |
| Non-home real estate | 34.9 | 43.6 | 21.5 |
| Total for group | 47.8 | 37.7 | 14.5 |
| Stocks, directly or indirectly owned ^a | 33.5 | 43.4 | 23.1 |
| B. Housing, liquid assets, pension assets, and debt | | | |
| Principal residence | 8.9 | 28.0 | 63.0 |
| Deposits ^b | 21.7 | 35.5 | 42.8 |
| Life insurance | 12.5 | 33.5 | 54.0 |
| Pension accounts ^c | 13.3 | 47.0 | 39.6 |
| Total for group | 11.9 | 34.0 | 54.1 |
| Total debt | 5.8 | 20.1 | 74.1 |