

Income Facts

- Income is defined as annual gross income reported on individual tax returns, excluding all government transfers (such as Social Security and unemployment benefits or cash assistance), and before deduction of individual income taxes and employee payroll taxes. It is standard to measure income by household.
- Incomes have been climbing dramatically for the highest-income 1 percent of households, and especially for the top 0.1 percent, over the past 30 years.
- Income should not be confused with earnings or wealth. Earnings are wage income to individuals earned from work. Wealth refers to the net worth (assets minus liabilities) of a household at a certain point in time.
- The financial sector's share of the overall economy (gross domestic product) has roughly doubled in recent decades and now stands at 7.6 percent. This translates into an extra \$547 billion in compensation and profits claimed by the financial sector—a trend with questionable social payoff.
- The most obvious way policy can affect incomes is through taxes. Although it is not reflected in the data presented here, tax policies have clearly widened the income gap.
- Adding a surcharge on modified adjusted gross incomes above \$1 million (\$2 million for joint filers) would raise billions of dollars relative to current law. A millionaire surcharge establishing a top tax rate of 45.9 percent would still keep the top tax rate below its levels from 1932 to 1986.

Sources: Andrew Fieldhouse. *For Joint Select Committee, many good options*. Washington, D.C.: EPI and The Century Foundation, 2011.
 Lawrence Mishel and Josh Bivens. *Occupy Wall Streeters are right about skewed economic rewards in the United States*. Washington, D.C.: Economic Policy Institute, 2011.

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The UPSIDE-DOWN ECONOMY

Income

42:1

**Ratio of income of the
top 1% of households to
the bottom 90%, 2007**
(14:1 in 1979)

220:1

**Ratio of income of the top 0.1% of
households to the bottom 90%,
2007**

390%

**Income growth for the
top 0.1% of
households,
1979–2007**

224%

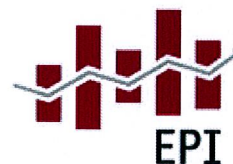
**Income
growth for the
top 1% of
households,
1979–2007**

5%

**Income growth
for the bottom
90% of
households,
1979–2007**

60%

**Share of total income gains from 1979 to 2007 that went to
the top 1% of households**



9%

**Share of total income gains from 1979 to
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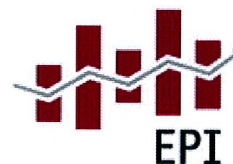
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