

Inequality in America: *Companion*

by **politizane** (and **politinoah**)

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List of Acronyms

Acronym	Definition
BLS	Bureau of Labor Statistics
CEO	Chief Executive Officer
CES	Consumer Expenditure Survey
DFA	Distribution of Financial Accounts
FED	Federal Reserve
IRA	Individual Retirement Account
IRS	Internal Revenue Service
MPC	Marginal Propensity to Consume
SNAP	Supplemental Nutrition Assistance Program
SSI	Supplemental Security Income

Preface

People often ask me what took me so long to come back to my *Inequality* video. And it's a good question. Thirteen years is a lot of time. I've had a fairly massive Google Doc of significant length, chock full of thoughts and ideas and notes for a followup or seven. At one point I was fairly certain there was series potential for *Inequality in America*.

Some commenters in my first video were pretty convinced I was conveniently “disappeared.” I said too much so they took me out. Like the guy who invented the engine that ran on salt water, I suppose. In the current political climate, I'll admit such conspiracies even give me pause.

There are three main reasons that my one *Wealth Inequality* video acted like a mic-drop for over a decade.

One of the reasons was just **practical**. Earning a living. Keeping a roof over my head. Raising my kids. The sad-but-true reality. I'd never really expected an anonymous YouTube video to be my fifteen minutes of fame in the first place, so getting back to my “normal job” was only natural.

Reason #2 was the **data**. After all, my first video pretty much derived from only five numbers — the percentage of wealth for each quintile (in three versions). All of which was contained in the original Ariely study, provided for me. Even my final chart was just a matter of volume-fitting through five points along an x-axis, something anyone with a basic math background could do if they wanted to. Percentages just needed to become a smooth curve with the right volumes underneath. My original video focused rather simply on raw percentages, distribution in a vacuum. It didn't list dollar amounts or any real details. It was just about the general shocking *shape of the data*, and in some ways that made it so much simpler.

But the bottom line is: I wasn't sure how to get the more detailed data I needed for the follow-ups. When I started to try on my own, it got hard fast. And discouraged, I'd just move on with other projects.

Which led to the third reason: finding the right **collaborators**. The right springboard. The right person(s) to bounce my many ADHD ideas off of, and have them push me to find the best path forward. I have some great friends, including some significant ones who helped act as sounding boards on my first video, but these people are all — much like me — just armchair quarterbacks in this subject. I felt like I needed *economists*, maybe *policy experts*, or something. Turns out maybe I just needed enough sleep and enough shared passion. Yes, I'd still like to some day have a beer with some economic experts, but at the end of the day, I've had to settle for passion and raw smarts over decades of deep knowledge. (And fingers crossed, it looks like that might be enough.)

But I also didn't want to simply do an *update* of the original wealth video. I knew there were **more things to explore**. More truths to tease out of the data. My original video took some flak for conflating wealth with income, and I knew there was, at minimum, a separate video on **income** inequality. And the combination of those videos would invariably lead me somewhere further. (In this case, almost precisely, straight to billionaires.)

I've always had a sense of what the questions were, and where I wanted to go. I even had an idea of what we might discover. (Though there were definitely some surprises along the way; much like my original video's principal revelation, usually things are *even worse than we think they are*.)

Data is hard.

Thankfully, I found my data guy. He's young, hungry, and kinda a swiss-army-knife of nerdy precision. Plus wicked smart and intuitive. I've enjoyed discovering our scripts and our through-line in between buggy Google Sheets plots and hoppy beer.

But we've had some wrinkles along the way. The real data is elusive, almost hidden at times. It's been a challenge figuring out how to get at it, and then how to see it in a way that makes any sense at all.

Not to mention the sheer issues of *scale*. Log scale just isn't good for visualizing dollars, and yet it's often hard to fit the real data in a format that *isn't logarithmic*. The problem is so bad, so extreme, that presenting a linear chart often just isn't practical. (Which is crazy, by the way. Insane, really. Financial distribution, be it wealth/income/whatever, really *shouldn't* be exponential.) Visualizing these extremes is a challenge for even the most Tufteian of artists.

It's also depressing how little data is used to represent trends at the *national level*. Even the Bureau of Labor Statistics ("BLS") data is only about 20,000 people sampled to accurately assess the health of 340 *million*. The mismatch is daunting. (And, yes, there are statistical techniques to account for this disparity, and these are brilliant surveyors who know what they're doing, but a lot of nuance gets lost when you expand up or compress down.)

Plus there's the editorial problem. *So many things to discuss*. Nuances to mention. Details to delve into. Rabbits to chase down their respective holes. Sadly, we've had to cut most of these from the videos. Hopefully in this document I can illuminate some of those many misadventures. Document both our thought process and the *volumes* of extra bits that had to be cut for the sake of time.

My first pass at an **income** script was 33 minutes long. It agonizingly got culled down to nine minutes, split into two parts. We added in a missing ending, and it expanded back to fourteen minutes. Then back down to nine again. It's been a crazy bunch of exposition and explanation of our thought processes, and then brutal cuts eliminating all of that in order to try to get the runtime back down toward our targeted *six minutes*, which of course we never actually achieved. (My original video I wanted to be less than three minutes long. I cut it from seven to six-something and gave up.) My goal this time around was under ten minutes. Once again, I failed to hit that target in the end. But hopefully people will still watch. I honestly do believe this stuff is pretty important.

I wanted to document a lot of those lost details of our original script here, something like an “expanded” version of what these videos might have been. In some cases I'm including large parts of the original script, before being cut down to the bare essentials for time.

This is also a way to document our many, many sources and data sets, and the logic of why we end up with the results we do. (When relevant, we tried to indicate our sources and references in the lower right corner of the screen, but I will also try to elaborate on most of those sources in the pages that follow in greater detail.)

And along the way, we'll document our ever-evolving **methodology**, for those data nerds who really care.

Sometimes I wonder why people don't see things the way I do. The data is there. The facts are right in front of us. The evidence is clear when you look for it. But for some reason, we don't want to believe things are really this unjust, this unfair. It doesn't make sense that here, in the richest country in the world, such inequality could actually exist. It just isn't logical. It isn't right.

Something needs to be done.

So. Here goes.

On Anonymity

I didn't decide to be anonymous for any very serious reason. I had recently moved back to Texas, and being as my livelihood was wrapped up in media and advertising, it just seemed prudent not to be too political. Despite the moniker I chose, I don't actually think my video is overly political — or at least not overly *partisan*. Still, it seemed like a smart move, and since it wasn't really “what I do” typically, I just made the burner account and uploaded it.

Ultimately, I came to learn that anonymity can be powerful.

When people can't attack the messenger, they are forced to address *the message*. Not that I am overly attackable — I'm not anyone really. No one of note. Just a guy with a rambling freelance career in advertising, animation, low-budget filmmaking, and the like. I've dabbled with writing, directing, and editing, and developed some chops in After Effects and the rest of the Adobe suite (among other software). The story really wasn't *me*, anyway. And that was the great thing about being anonymous — all of that just got out of the way. The message — the video and the content itself — was what really mattered.

I'm not Banksy. I'm not doing anything even vaguely illegal (at least not until they take away our freedom of speech), not even petty vandalism with spray paint. I made a YouTube video. While some might call what I do vaguely artistic (I do truly believe Tufte is a visual artist), elegant data visualization has just always been a fascination of mine.

I didn't do the anonymity thing to protect myself. Not at first anyway. If the subjects I'm dealing with are contentious or certain people want me snuffed out for it, such is the terrible power of money, I guess. I'll admit, that part scares me sometimes, especially now. (While we're at it, I should probably say I have never in my life had suicidal thoughts and would never take my own life. So if you do somehow see that headline, then I guess those crazy conspiracies are true and the world is even worse than I think it is. Which wouldn't exactly be ironic, given that that thread permeates the subject matter of my videos.)

I will admit some of being anonymous was actually fun. I enjoyed comments that claimed my video was “too slick” to be a single individual in his garage at home, attributing it instead to some secret think tank or large political organization with a team of artists and a large budget. (Nope. Just me.)

Going viral was a wild ride. My particular favorite press thirteen years ago was the article titled “Who is Politizane and When Will He Strike Next?” (I guess the answer was “in about thirteen years.”)

Anyway, there's always a chance the anonymity doesn't last. For the sake of the message and my own personal privacy, it'd be nice. But it really isn't that big a deal. Does it lend some mystery to things? Maybe. But most would be disappointed. It's not like I'm Benedict Cumberbatch or Robert Downey Jr., secretly moonlighting as a data nerd. (Sorry to disappoint.)

Disclaimer

I am not an economist. My data colleague and co-author is not an economist.

While this document has grown considerably and in many ways taken on the absurdly-necessary form of something vaguely akin to a college-level senior thesis, I am not applying for an economics degree nor attempting to be factual and exacting in every tiny detail and footnote.

When we compare fictional wealth possibilities with volume fitting we try to be mathematically rigorous, but that doesn't mean our results are the *only possible ones*, or that our numbers are always down-to-the-cent exact. When we chart a person's fictional career through raises and advancement using the rough debt values from a prior conclusion, we aren't saying *that's everyone's path*. It's a crude approximation of one *possibility*, using only the *average* numbers on hand. (Heck, we don't even add in interest payments.) It's all "rough" approximation *by design*.

When we propose hypothetical ways to spend a trillion dollars, these are *thought exercises*, not rigorous policy suggestions. It's to make you think. Make you imagine. See the possibilities. We recognize that implementation details for many of these things are in fact complex and nuanced, subject to bitter opinions and years of compromise. (We are also *not politicians*.) We are just trying to show the general math, the relative numbers involved. We trust that most of you will realize what we *are* and what we *are not* saying.

I like *visualization*. I like being able to better *understand* numbers. To see the relative sizes of things. To know with higher confidence what people are talking about when they discuss these things. And so we've endeavored to explore the numbers involved in **wealth** and **income**. When possible, we've tried to be thorough in documenting our journey, our exploration of possibilities. We've tried to be honest.

Hopefully we uncovered some truths along the way.

They may not be the *only truth*. But they might help shape the conversation.

Chapter 1: Wealth Inequality in America (Updated for 2026)

Wealth Inequality in America — Redux

(The Expanded Wealth Script)

Thirteen years ago I had a little six minute video that went viral.¹

It all started with a simple chart from a study that I just couldn't get out of my head.

Two economists (from Harvard and Duke) asked more than 5,000 Americans how they thought wealth in the U.S was distributed.² Dividing the country into five rough groups according to net worth — the top, bottom and middle three 20% quintiles — this is what they thought the distribution was (see Figure 1).

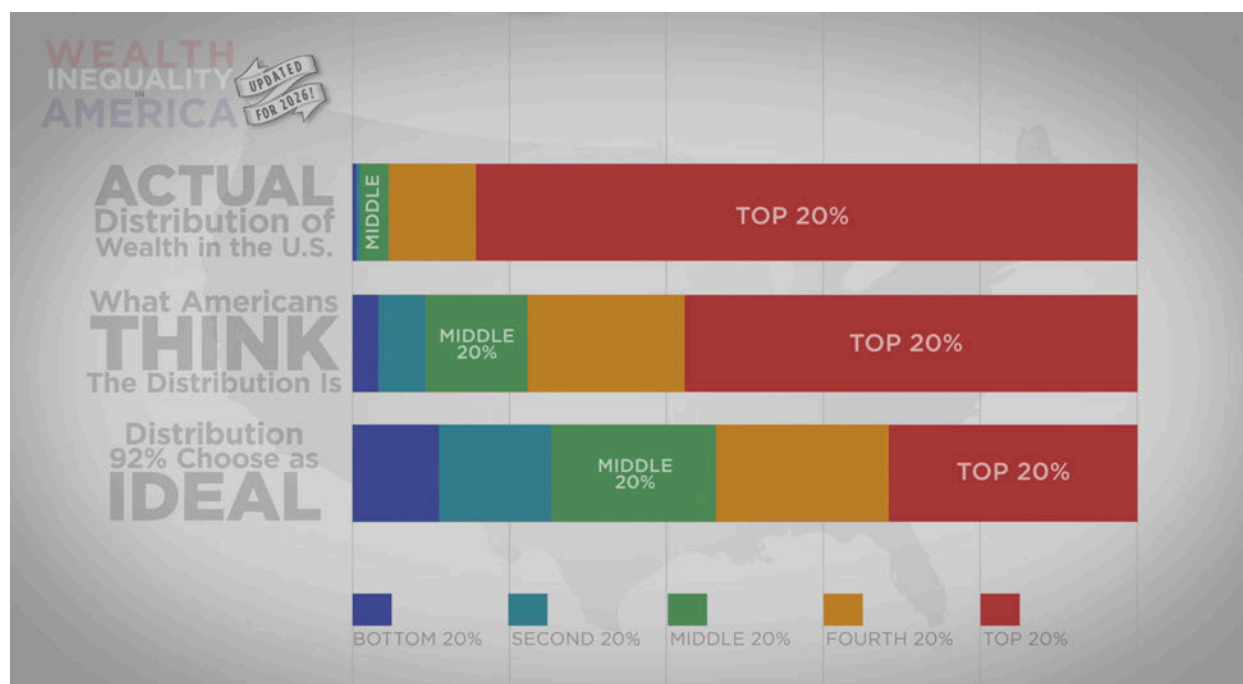


FIGURE 1. The Norton/Ariely chart. The REALITY versus what we THINK and what we consider IDEAL.

¹ Politizane, “Wealth Inequality in America”, November 20, 2012 (viral in 2013). [Wealth Inequality in America](#)

² Norton, Michael I., and Dan Ariely. “Building a Better America—One Wealth Quintile at a Time.” *Perspectives on Psychological Science* 6, no. 1 (January 1, 2011): 9–12. <https://doi.org/10.1177/1745691610393524>.

Then they asked people what they thought the ideal distribution was, and 92%, that's at least nine out of ten of them, said it should be more like *this* (see Figure 2 below). In other words “more equitable than they thought it was.”³ That response was telling, admittedly — the notion that most Americans know that the system is skewed unfairly. But what was most interesting to me was the **reality** compared to our perception. The **ideal** was as far removed from our perception of reality as the actual distribution is from what we think exists.

So ignore the ideal for a moment. Here's what they thought it was again, and here was the actual distribution.

Shockingly skewed. Not only did the bottom twenty percent and the next twenty percent — the bottom forty percent of Americans — barely have any of the wealth — I mean it's hard to even see them on the chart — but the top 1% had more of the country's wealth than nine out of ten Americans believe the entire top twenty percent *should* have. Mind-blowing.

Thirteen years later, this chart is almost the same.⁴ The bottom two quintiles still have virtually nothing — **0.5% to 1%** of the total wealth. Many in this group also have negative net worth due to increased consumer and student debt. The “struggling” middle class has also seen its share shrink. (Much of what wealth they do have is concentrated in **real estate** — their homes.)

The top quintile is even bigger than it was 13 years ago. And while the 1% at the very top appears slightly smaller, the concentration at the very top is *increasingly worse*, and the total wealth they hold has **skyrocketed in absolute dollars**.

But let's look at this another way because I still find this chart difficult to wrap my head around.

³ Participants were in fact asked to choose their preference between Sweden's distribution of wealth, the wealth of America at the time of the survey, or a system where all units of the economy had equal wealth. 92% preferred the Swedish distribution to the American distribution, 51% preferred the Swedish distribution to full equality, and 77% preferred full equality over the American distribution. The original articles I read describing the results of this study only presented these three charts, so I may have conflated this as the actual chart being chosen. Regardless, the chosen distribution was “like” this one, i.e. more equitable.

⁴ We use the Federal Reserve Distributional Financial Accounts for our initial wealth data. “The Fed - Distributional Financial Accounts Overview,” n.d. <https://www.federalreserve.gov/releases/z1/dataviz/dfa/index.html>. To get specific percentile data, for expediency sake, we used Don't Quit Your Day Job's analysis of Survey of Consumer Finance Data (available here: <https://dqydj.com/net-worth-percentiles/>) adjusted for inflation. For *Think* and *Ideal*, Q1, 2026 DFA total wealth pool was stretched to match quintile-level survey responses. Admittedly this suggests a level of precision that the original study doesn't offer and there are myriad ways that quintiles could be fit to wealth pool. *Think* and *Ideal* are illustrative, whereas *Reality* has more claim to percentile-level data.

100 Americans

Instead let's reduce our 340 million Americans to just a representative one hundred people.⁵ Make it simple. Here they are... teachers, coaches, firefighters, construction workers, engineers, doctors, lawyers, some investment bankers, a CEO, maybe a celebrity or two. Now let's line them up according to their wealth. Poorest people on the left, wealthiest on the right. Just a steady row of folks based on their net worth. We'll color-code them like we did before, based on which quintile they fall into.

Now let's reduce the total wealth of the United States, which as of early 2026 was \$174 trillion dollars, to this symbolic pile of cash.⁶ And let's distribute it among our 100 Americans.

When I did this thirteen years ago I used graph paper and volume fitting. Now I've got a data guy. I've even added actual dollar amounts to the charts, using the latest data sources available.

⁵ U.S. Census Bureau. "U.S. and World Population Clock." U.S. Department of Commerce.

<https://www.census.gov/popclock/>. (You may note this number is rounded down. We state mid-2024 numbers for population because the majority of our available data is also from 2024, and it is a reasonable rounded estimate.) While to personalize the data, we visualize wealth and/or income as a simplification of 100 Americans, we acknowledge that each of those "individuals" actually represent either a tax family, a household, or a "consumer unit," depending on the data source we used to look at them. Some may be individuals. Some may be families. This doesn't materially change our argument and we believe the viewer is savvy enough to follow along with us.

⁶ SUPRA 4 (Federal Reserve Distribution of Financial Accounts)

<https://www.federalreserve.gov/releases/z1/dataviz/dfa/distribute/chart/> At the time of producing this video in this series, this was the latest Federal Reserve data on wealth (early 2026). These calculations and animations were created at that time.

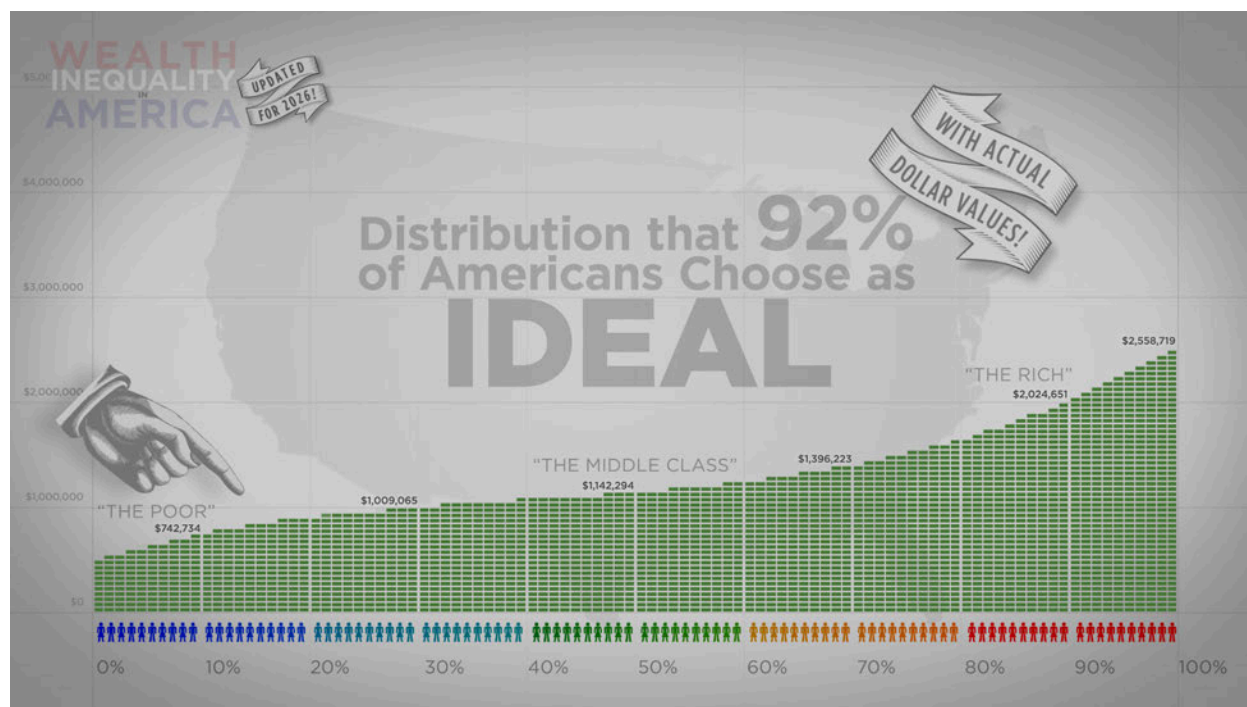


FIGURE 2. The IDEAL distribution of America's wealth.

So here's that **ideal** we asked everyone about.⁷ Something like this curve.

The wealthiest folks are about five times better off than the poorest Americans. But even the poor folks aren't actually poor, sitting on roughly half a million dollars of net worth. We have a super healthy middle class, with a smooth transition into wealth. And yes, Republicans and Democrats alike chose this curve. Nine out of ten people — 92 percent — said this was a nice ideal distribution of America's wealth.

This is what people **think** America's wealth distribution actually looks like. Not as equitable, clearly, but for me even this still looks pretty great. Yes, the poorest twenty to thirty percent are starting to suffer compared to the ideal, and the middle class is certainly struggling more than they were, while the rich and wealthy are making roughly a hundred times that of the poorest Americans, and about ten times that of the still healthy middle class.

⁷ To generate the "IDEAL" and "THINK" curves, we used interpolation to project the quintile distributions from each survey on the most recent pool of wealth, according to Federal Reserve Distribution of Financial Accounts wealth data.

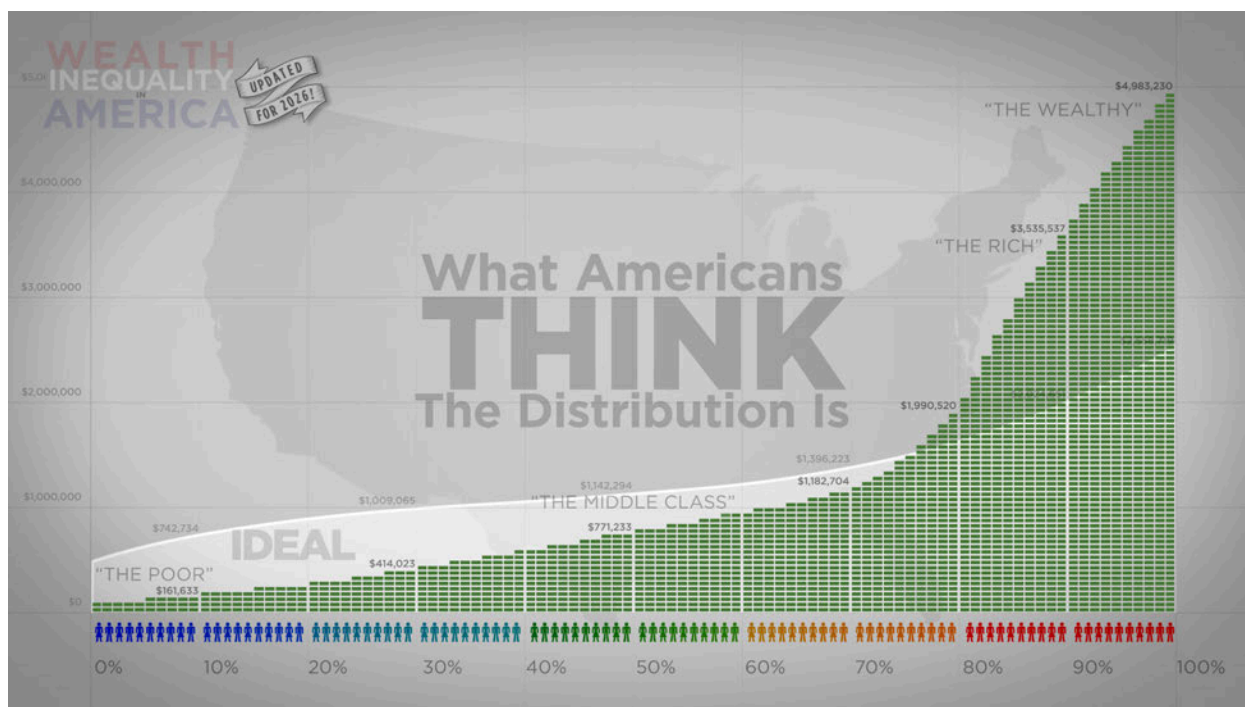


FIGURE 3. The THINK curve as stacks of dollar amounts based on the Norton/Ariely percentages.

Sadly this isn't even close to reality.

Here is the actual distribution of wealth in America.⁸ The poorest Americans don't even register. In fact the bottom 8% have zero dollars (technically *less* than zero dollars, negative wealth).⁹ The middle class is barely distinguishable from the poor, and what little wealth they have is actually tied up in mortgage debt and car payments.¹⁰

⁸ Wealth percentile data derived from source: <https://dqydj.com/net-worth-percentiles/>, and inflated to adjust to 2026 dollars.

⁹ SUPRA 4 (DQYDJ), Net Worth By Percentiles: <https://dqydj.com/net-worth-percentiles/>

¹⁰ SUPRA 4 (Federal Reserve Distribution of Financial Accounts), Per the DFA, the bottom 50% collectively own 10.35 trillion in assets.

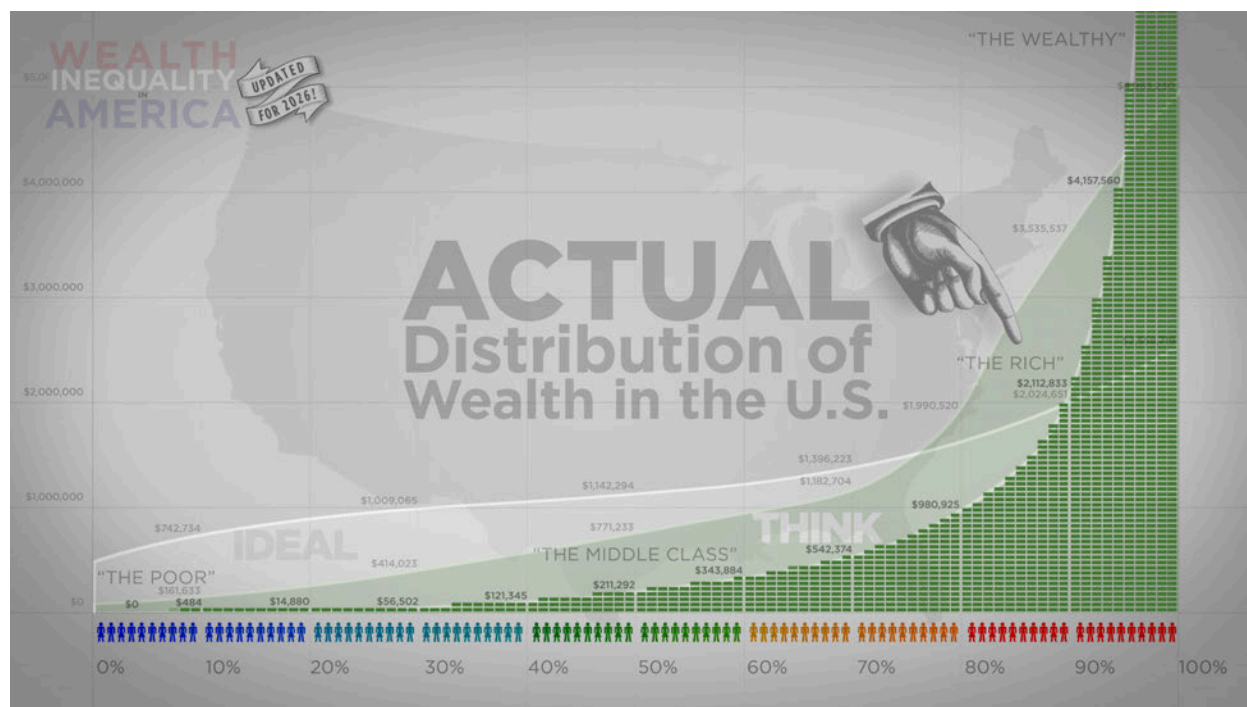


FIGURE 4. The IDEAL, THINK, and ACTUAL curves as stacks of dollar amounts. The area under each curve matches the percentages from the prior chart by quintile.

In fact, even the rich between the top five and twenty percentile are worse off. Only the top **five** percent are better off. And how much better off? So much better off that the top two to four percent are actually off the chart at this scale. Heck the 99th percentile still won't fit.

Top 1%

And the top 1% — this guy? Well, his stack of money stretches at least eight times higher than we can show. Here's his stack of cash, re-stacked all by itself. So much green in his pockets that I have to give him a whole new section of his own because he won't fit on my chart.

1% of America now has almost a third (32%) of all the nation's wealth, roughly the same amount the entire bottom 90% has. The bottom 50% — the bottom half — only have 2 to 2.5%. Which is shockingly *up* from 13 years ago. Still pathetic.¹¹

¹¹ SUPRA 4 (Federal Reserve Distribution of Financial Accounts), DFA data. In Q1, 2013 the Bottom 50% had 1.2% of wealth. Q1 of 2026, that number was 2.5%

The top 1% own more than half (50.2%) of the country's stocks, bonds, and mutual funds. The top 10% own almost 90% (87.4%) of corporate equities and mutual funds. The bottom 50% of Americans own a measly 1.1% of these investments.¹²

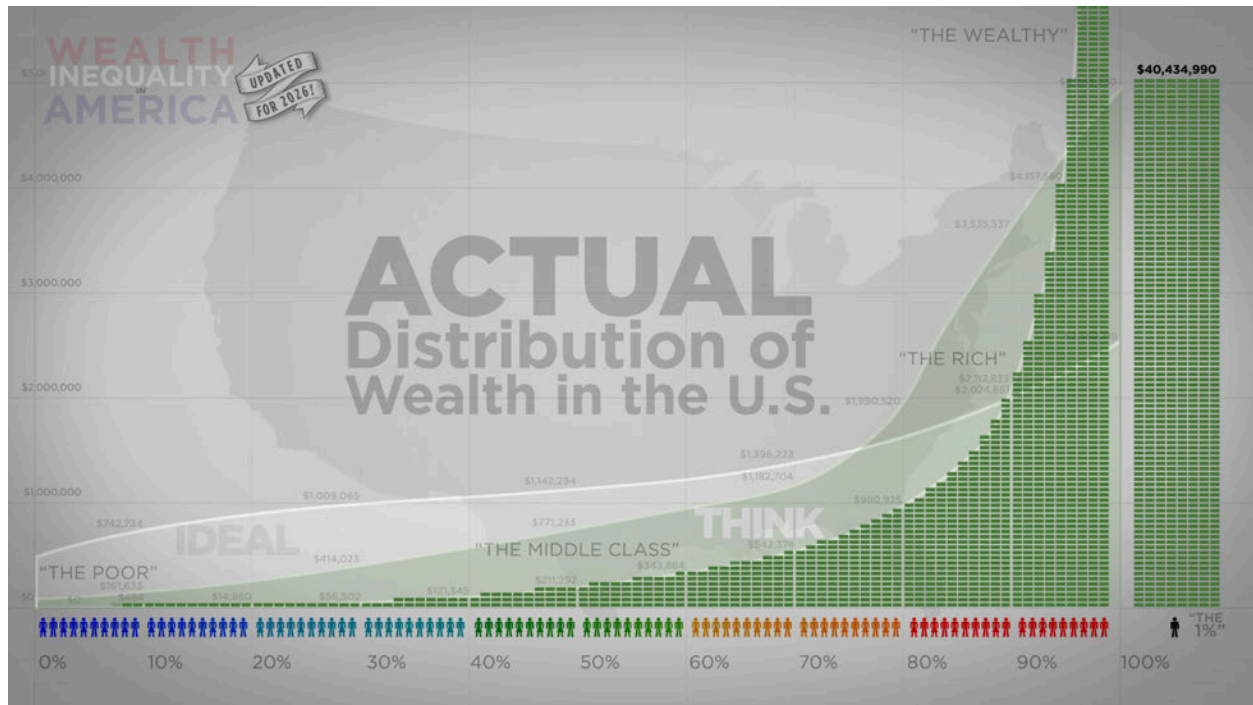


FIGURE 5. THE TOP 1% with his \$40 million restacked to the right to fit on our screen.

While there has been a massive increase in total national wealth, and the overall average share of the 1% *seems* a bit lower than 13 years ago, the fundamental structure of the “curve” hasn’t changed; in fact, the peaks for the billionaire class have become much, much higher.¹³

Oversimplification

Thirteen years ago this restacked column kinda blew people’s minds, but I’m about **to take it one step further**.

¹² SUPRA 4 (Federal Reserve Distribution of Financial Accounts)

¹³ SUPRA 4 (Federal Reserve Distribution of Financial Accounts)

You see, that 40 million is only the *average* wealth among the 1%.¹⁴ But there's a fundamental **oversimplification** in reducing the total population to only 100 people.¹⁵

If the curve isn't very steep, say like around the 42nd percentile, well, this simplification works okay. We know that each of these percentiles actually represents as many as 3,420,000 individuals, or more likely, 1,360,950 households.¹⁶ But it's okay because it's easy to see the difference between them, money-wise, isn't all that much. We're simplifying things by using the *average*, and representing this range with one individual, but there's really millions of households hidden somewhere in this single percentile. The average is somewhere in between the two ends, a little lower than halfway thanks to the downward curve.

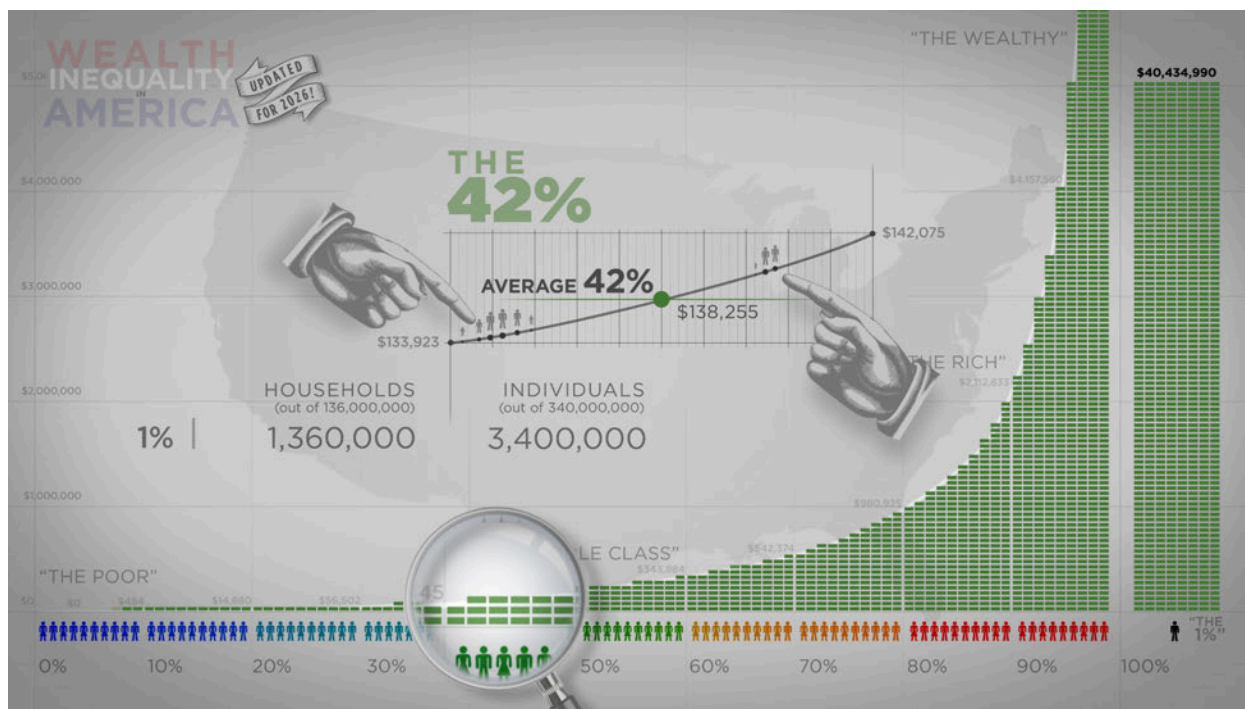


FIGURE 6. DEMONSTRATING OUR “OVERSIMPLIFICATION.” Each of the percentages of the 100 people actually represent millions of households, but we’re using the *average* of those as the value (height of the curve).

Even as the curve gets steeper, say around the 87th percent, the average is still somewhere in between two values that aren’t drastically different from one another.

But at the top of the curve, at the very top 1%, things are different. As the curve gets steeper, this *average* is much more inaccurate. We know the average 1%er has around 40 million dollars, and that the lowest

¹⁴ SUPRA 4 (DQYDJ), DQYDJ Net Worth Percentiles: <https://dqydj.com/net-worth-percentiles/>, adjusted to 2026 dollar values.

¹⁵ For communication purposes, we use the term “people” in this section. In actuality, we are referring to households.

¹⁶ Households come from Federal Reserve estimates: <https://fred.stlouisfed.org/series/WFRBLTP1310>

person has around 13 million.¹⁷ But we also know that the very top is Elon Musk, and he's got more than 800 billion dollars, so the range involved in the 1% is very very big.

If we'd simplified our population to 1000 instead of 100 people, the 0.1%er would be the highest average, representing 136 thousand households. If the curve was straight, our average 1%er would be in the middle, and our point-one-percenter would be just 1/10th from the top. But the curve is definitely *not* straight, and as it bows down, the average person gets closer to the bottom, along with most of the other people.

In fact, it's brutally exponential, such that even the (0.01%) point-oh-one-percent, and the (0.001%, i.e., the "Billionaire Class") point-oh-oh-one-percent move quite a ways downward from Mr. Musk.¹⁸ No, even further than that.

Our curve is so terribly bent that the average 1% person is actually way at the bottom of the 1% range. His 40 million is way down here with the vast majority of the 1%ers.

But there are still plenty of people with much more than the average 1%.¹⁹

So much more it's actually hard to visualize at this scale.

¹⁷ Note that the wealth estimates we use in this video would suggest a higher floor, around \$15 million dollars. The values we report are inflation-adjusted percentile aggregates from the 2023 Survey of Consumer Finances. These have some built-in imprecision, in that inflation may not correspond to wealth 1:1, market forces and global events may change wealth composition or rankings within the ultra-wealthy, and aggregates will always fail to capture nuance. However, this approach provides a reliable means to examine wealth for most of the population in modern dollars. Since the focus of this section ultimately is on accumulation in the top 1%, and more recent reporting suggests a floor around the \$13 million mark, that is what is described here (see: "What Does It Take to Be in the Top 1%", Ashford, 2025, <https://www.sofi.com/learn/content/net-worth-percentile/> and "What is the Average Net Worth of the Top 1%", Cussen, James, and Petrick, 2026.

<https://www.investopedia.com/financial-edge/1212/average-net-worth-of-the-1.aspx>)

¹⁸ We're calling this the "Billionaire Class," but the 0.001% contains both the 990 billionaires, and also includes the wealthiest of centimillionaires.

¹⁹ Forbes. "Forbes 2026 Billionaires List - the Richest People in the World Ranked," n.d.

<https://www.forbes.com/billionaires/>.

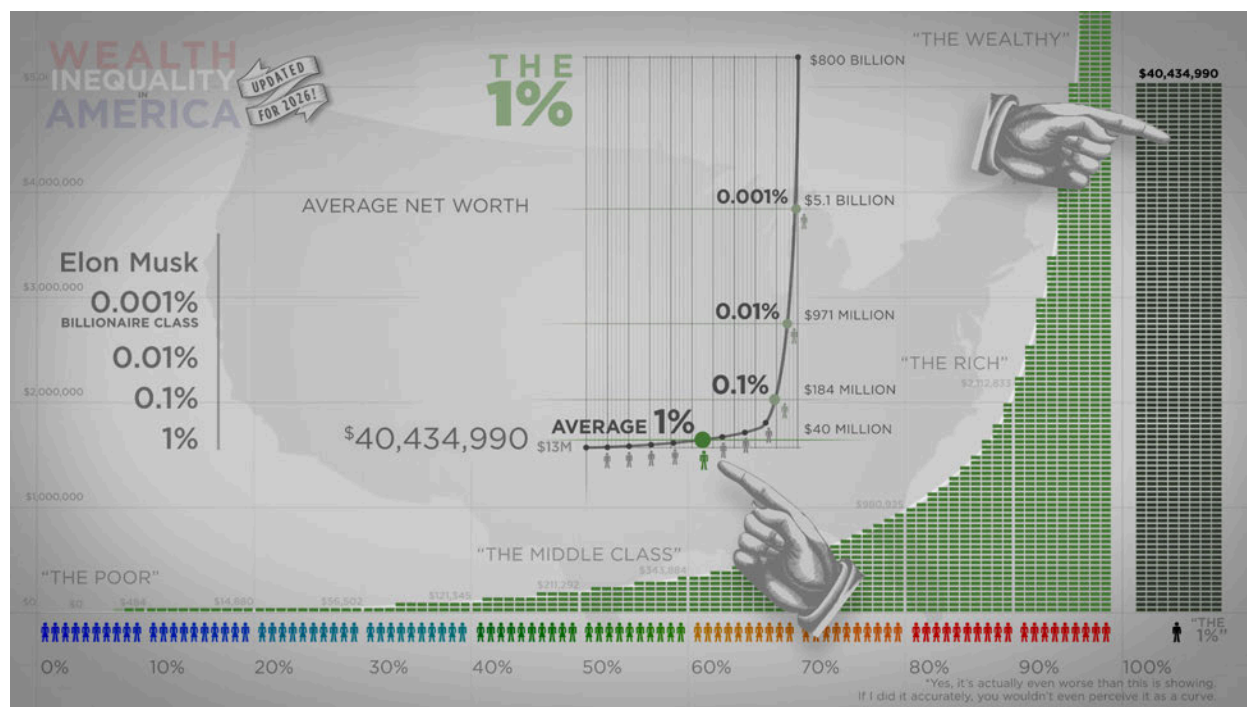


FIGURE 7. THE VAST RANGE OF THE 1%. In the case of the 1%, the \$40 million dollar *average* is actually way at the bottom of the wide 1% range, thanks to the shockingly-exponential “hockey stick” *slope* and the extreme *steepness* of the curve.

You see, if I had subdivided the wealth by a representative one-thousand people instead of a hundred, the 0.1%’s wealth is \$184 million dollars, considerably more than the average 1%er. If we were to divide each of those people by ten more, the 0.01% guy at the far right has a staggering \$971 million dollars, which is 194 of these columns of cash, more than I can stack on even one screen. And of course if we were to even consider the Billionaire Class, with an average net worth of 5.1 billion dollars each, that would be about ten screens worth of stacked cash at this scale.²⁰

²⁰ This includes the net worth of centimillionaires as well. The average net worth of exclusively billionaires, as of the Forbes 2026 Snapshot is around \$8.5 billion. See: <https://www.forbes.com/real-time-billionaires/>

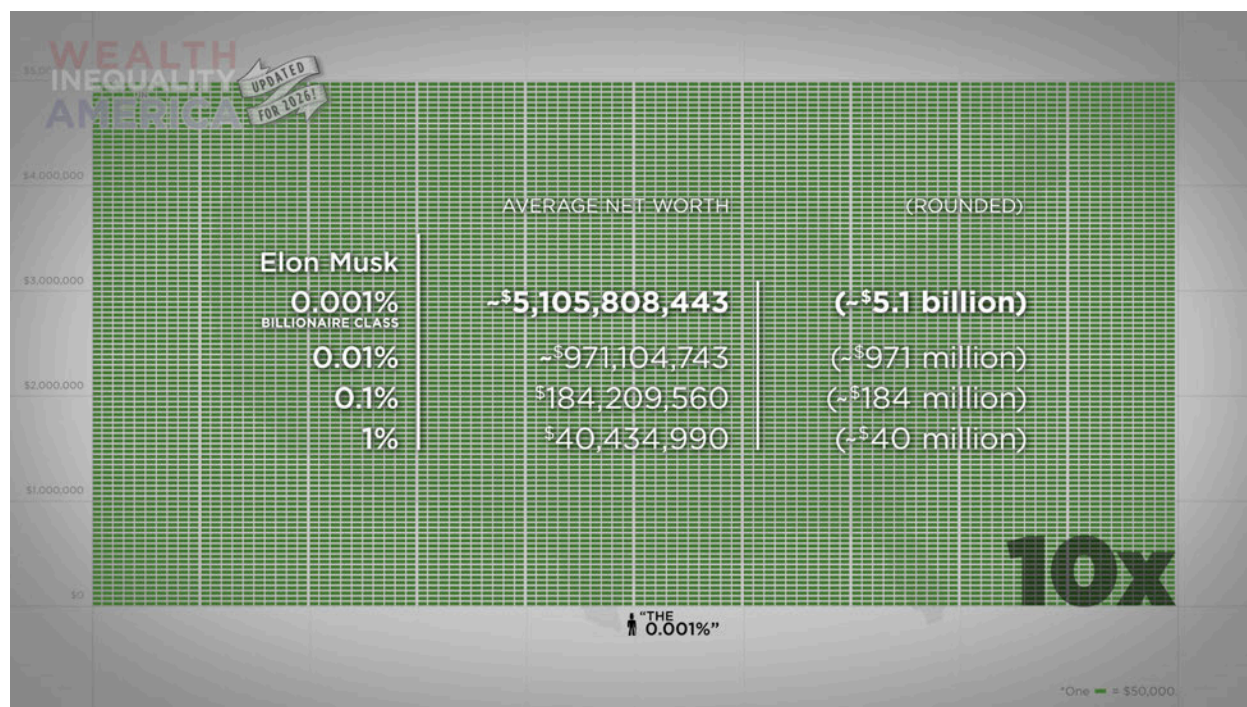


FIGURE 8. AVERAGE FOR “THE BILLIONAIRE CLASS.” (top 0.001%) with 5.1 billion dollars, has ten screens of cash stacked to the top. Shown is 100 stacks of 5 million dollars, or \$500,000,000 (half a billion). Ten times 500 million equals 5 billion dollars, or \$5,000,000,000. All at the same scale we’ve been looking at, where the lower half of America is lucky to have two or three of the small bills in total. (The average billionaire actually has ~\$8.5B, which would be ~17 screens like this. And Elon Musk has around 1,600 of these screens of cash.)

And again, that’s just the *average* among the billionaires. The top billionaire, Elon Musk, well, he has more than one-thousand, six-hundred screens worth of stacked bills. More than 800 billion dollars. And keep in mind, at the scale we’ve been discussing, every one of these little tiny bills is 50,000 dollars. A single stack to the top is 5 million bucks. A full screen is 500 million dollars (100 stacks), exactly half of a billion dollars. And he has more than a thousand of those screens.

Zoom Up To Space

So just to review, I’ve restacked the 1%’s money to the right, to fit them on our chart (with up to a hundred columns per screen, or \$500 million dollars). Because if we keep it in one stack (where a single stack represents only \$5 million dollars on each screen), it would literally be more than eight screens tall to get to 40 million.²¹ But remember, that’s only the *average* of the 1%, which is actually on the very low end of the range for the 1%.

²¹ \$40,434,990 to be precise.

The 0.1% would be almost 37 screens high. And the 0.01%, at even a faster climb, would still be a ridiculous 195 screens.

For the billionaire class, we don't have time — it would take almost a minute to climb that high. So I'm fast forwarding ahead. And for the very top of the chart we have to skip again — it would take us more than two hours to climb that high. And this is just to eight hundred billion. 160,000 screens high.

The Irony

So the irony is... The original average 1%er that we got so mad at before... he's actually closer to the bottom percentile — this guy with no wealth — than he is to the billionaires.

It's a bit hard to fathom, I know. I've spent a lot of time trying to get my own head around it. And it still makes my head — and my heart — hurt a little.

We really do need to talk about billionaires. It's painfully clear that wealth inequality in this country is absolutely terrible. And so, **yes**, wealth concentration is even worse today than it was thirteen years ago.

The Second Gilded Age

In fact, it hasn't been this bad since the Gilded Age of the 1920s, back when words like “robber barons” were used to describe the ultra rich.

In fact, we've been experiencing outrageous inequality for more than twenty years. Here's a fairly famous chart, updated with the last few years included. It's worse than ever now. And it's getting worse all the time.²²

But it doesn't have to be this way.

²² "U.S. Inequality Has Returned to Gilded Age Levels", chart at [Inequality.org](https://inequality.org), <https://inequality.org/facts/income-inequality/> Data from "Striking It Richer: The Evolution of Top Incomes in the United States," Emmanuel Saez (UC Berkeley) and Thomas Piketty, with contributions from Gabriel Zucman. <https://eml.berkeley.edu/~saez/> New values past 2018 imputed from IRS SOI tables for appropriate years (Saez also maintains updates at his website). Years 2023-24 are provisional estimates.

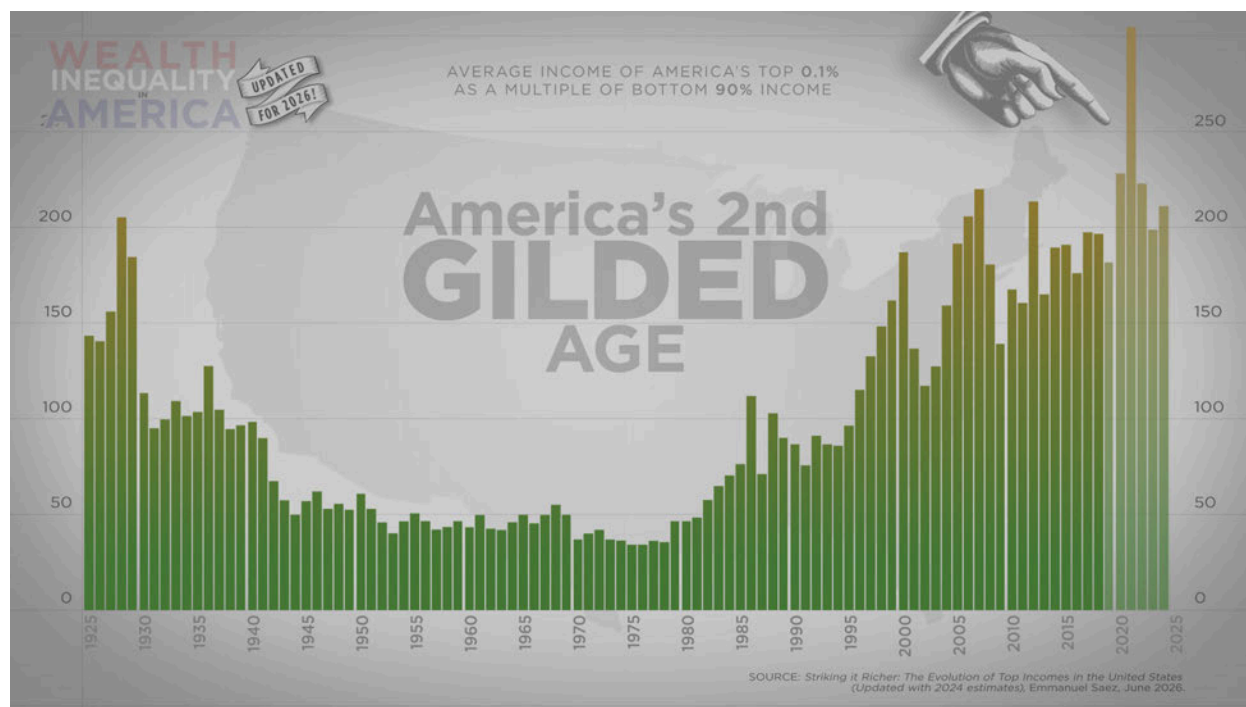


FIGURE 9. We've been living in a SECOND GILDED AGE for over two decades, as an update to this inequality chart shows. (While this chart is partially teasing our next video on *income* inequality, wealth inequality also shows a "U-shaped" curve from the 1920s to modern day.)²³

We've actually fixed this crisis before, at least for a while. Back in the 1920s, this level of inequality led to the worst recession this country has ever seen.²⁴ But we adjusted the **top marginal tax rates** to make the ultra wealthy pay their fair share. We instituted many other new policies. As a country we gained some really great things as a result. Social security, for one. Minimum wage. Protections for workers. Half measures, in some cases, but still — much-needed corrections to a gross imbalance. Policies that gave more and more people a lifeline, and a real chance at the American Dream.

Conclusion

Most people who saw my old wealth video just wanted to know how much worse it is today. And it is worse. Just not in a way that you can easily see from the basic charts or curves. Those look about the same — which is obviously still extremely bad. But the way it is worse today, thirteen years later, is at the very tippy top. The billionaires that we weren't even showing in the original video. The ones that were hidden

²³ *Striking it Richer: The Evolution of Top Incomes in the United States* (Updated with 2024 estimates), Emmanuel Saez, June 2026, <https://eml.berkeley.edu/~saez/saez-UStopincomes-2024.pdf>

²⁴ High inequality was at least one key feature of the economy preceding the Great Depression. Whether it is the only cause is of course open to debate.

in our simplification of a hundred people. The oligarchs now have so much money we not only can't fit them on our chart, we need multiple screens just to see their wealth. In some cases — thousands of screens.

So we really do need to talk about billionaires. What to do about this gross inequality.

But first, I think we should talk about **income** inequality.²⁵ Most people think wealth inequality is worse. I may try to change your mind.

One minor complaint even I had with my original video was a lack of ideas for what to do about all this. Obviously we are all appalled by such extreme inequality, especially in a land that touts the American Dream as something we'd like to believe is actually achievable. In a land of plenty, why should more than half the country struggle so much just to make ends meet? Why should the American Dream be only possible for a small few and an unlikely hurdle for most?

My original video had a very negative tone. And I get it. This is deeply depressing stuff.

But I'd like to at least take a pass at possible solutions this time around.

I'm not going to say I have a simple answer. These are hard problems, and the issues are complex. I might be okay at visualizing hard-to-understand data, but I'll be honest — I'm not necessarily sitting on all the answers about how we fix it. But we have to try.

If we are going to survive the next hundred years — or even the next several decades — as a country, we really have to make things better.

It's time to wake up. So we can somehow begin to **dream again**.

²⁵ In my original wealth video, many commenters were correct to point out that some of the facts being presented were actually more related to *income* than *wealth*. (CEO 380x average worker pay, etc.) I'm again guilty of this by presenting a Saez chart focused on income inequality since the 1920s, rather than a similar wealth chart (which would also show the same U-shaped trend, just not *quite* as profoundly). Consider this a preview of coming attractions, a tease at the next video in our series, Part 1 of our look at *income* inequality.

Chapter 2: Income Inequality in America (Part 1)

Our Methodology and Our Data

Chasing the data is a challenge. On one hand, you want it as *current* as possible. On the other, you want it as *complete* as possible. And for **income**, that is particularly hard (impossible?), especially as you get into that last 5% or so.

Income isn't nearly as straight-forward as **wealth**.

While all of the data we've used is readily available, it isn't necessarily simple to paint a complete picture of **income** and **spending**. Since this series covered changes in time, changes in income, and changes in spending habits, we elected to use the Bureau of Labor Statistics ("BLS") Survey of Consumer Expenditures.²⁶ BLS data is organized by decile, which gives you an average that easily allows for extrapolation everywhere *except at the very tippy top* (and very bottom), which is an important part of our story. The Consumer Expenditure Survey ("CES") is drawn from surveys conducted with about 20,000 American households. As part of that process, meticulous diaries are kept which track income and expenditures. A known difficulty with these is that those at the very top and bottom are unlikely to either produce accurate data or respond to requests for participation.²⁷ As such, these areas can be fuzzy even before conversations about "what constitutes income" are had.

The latest complete BLS data we had is from 2024, not exactly "current" for 2026, but apparently that's the best you can do in the slow-moving world of data publication. Part of the problem with timeliness also lies in political fighting — funding for the CES was limited last fall and time had to be made up.²⁸

To get our income curves, we took the most recent consumer expenditure survey reports, broken into deciles, and extrapolated the numbers across the curve between. The BLS reports the "floors" for each decile, and with a little statistical voodoo (monotonic cubic spline interpolations), we were able to

²⁶ Bureau of Labor Statistics. "Consumer Expenditure Surveys," 2025, https://www.bls.gov/cex/cecomparison/ce_profile.htm

²⁷ See: Sabelhaus et al., "Is the Consumer Expenditure Survey Representative By Income" (2012). <https://www.federalreserve.gov/econres/feds/is-the-consumer-expenditure-survey-representative-by-income.htm>

²⁸ Bureau of Labor Statistics. "BLS handling of missing data to produce 2025 consumer spending estimates and use in price indexes products," June 2026. <https://www.bls.gov/cpi/additional-resources/handling-missing-2025-ce-data.htm>

represent the growing income across percentiles. The same approach was used for each of several spending categories that the BLS records data on. Those points could then be integrated — income, spending, and the difference between the two, to paint an admittedly rough but generally “ballpark-accurate” picture of American household income.

Due to software incompatibilities, the CES did not report on taxes as expenses at the national level in 2024, as it had done in previous years. Because taxation is central to the points in these videos, a different source for those values was needed. The IRS Statistics of Income became invaluable, both to incorporate taxes into the analysis, and to account for high-income households which might be underrepresented in the BLS sample set.

Fortunately, the IRS *does* report income in their Statistics of Income reporting and taxes paid for the percentages above 95%.²⁹ They don’t necessarily include all of the exact same sources of income that BLS does, but at this point giving a conservative estimate seemed reasonable. The actual income is surely even higher, but that only makes our point for us. Counting and reporting on the taxes paid by 160 million Americans can take a long time. Throw in that people can delay paying for up to five years with the right techniques, and the process becomes slow. The most recent year we had available for tax returns was 2022.³⁰ An alternative approach generated tax burden for percentiles under 95% using a weighted average of 2024 tax brackets across filing status (see Appendix 4 and 6 for the complete methodology). For incomes at the 95th percentile and above, the SOI estimates for 2022 were used.

	Option A	Option B	Option C	Option D (No Taxes)	Option E
Bottom 50%	2022	2024	2024	2024	2024
50 to 90%	2022	2024	2022	2024	2022
95% and above	2022	2022	2022	2022	2022
Source	IRS income and tax data for all percentiles	BLS income data for 0-94, IRS income and tax for 95+	BLS income data for 0-50, IRS income and tax for 50+	BLS income for 0-94, IRS income data for 95+	BLS income data for 0-50, IRS income and tax data for 50+

TABLE 1. Income curve choices from our buckets of data.

²⁹ IRS SOI, or Statistics of Income, can be used to supplement where needed. See: Internal Revenue Service. “SOI Tax Stats - Purpose and function of Statistics of Income (SOI) program,” <https://www.irs.gov/statistics/soi-tax-stats-purpose-and-function-of-statistics-of-income-soi-program>

³⁰ The latest tax year used in this model was 2022. At the time of our principal model research, beginning in late 2025 and extending into early 2026, this was the latest available data.

At one point we had five different **income curves** to choose from. (INCOME A: Treasury estimation of tax for 2022 (for consistency) for sub-95% and IRS 2022 tax for 95% and above, INCOME B: 2024 Tax Brackets and IRS 2022 tax for 95% and above, INCOME C: Treasury estimation of tax for 2024 for sub-50%, IRS calculated taxes for 50-95% subtracted from BLS income, and IRS 2022 for 95% and above, INCOME D: BLS income for sub- 95% and IRS 2022 Income for 95% and above (no taxes included), BLS Income for sub- 95% and IRS 2022 Income for 95% and above. All taxes calculated from Treasury 2024 estimations.)

There were literally *dozens* of tabs and hundreds of columns in Google Sheets to pore over and plot on charts. In the end, we chose INCOME “B” and “INCOME D,” because they were the most consistent in terms of how income rose across percentiles, because we believed it to be the fairest approach, and because it utilized the most recent available data sources even though the 95% and higher data was from two years earlier than the rest. (We felt certain, if anything, that once the 2024 IRS data came out, it would only be worse (higher) than what we were presenting. And since that end of the curve is so extreme anyway, not really tangibly different from what we were using.) Income “B” also had the most congruity in terms of slopes, which gave us additional confidence in the choice.

Percentile	Income Before Taxes	Weighted Tax	Food	Housing	Healthcare	Transportation	Income After Taxes	Expenditures	Income After Tax Minus Expenditures
0	\$879	\$0	\$5,323	\$12,031	\$1,325	\$3,644	\$879	\$29,225	-\$28,346
5	\$9,612	\$0	\$5,311	\$13,295	\$2,755	\$4,341	\$9,612	\$31,660	-\$22,048
10	\$17,132	\$166	\$5,377	\$14,575	\$3,651	\$5,088	\$16,967	\$34,804	-\$17,837
15	\$23,805	\$630	\$5,685	\$15,849	\$4,145	\$5,881	\$23,175	\$38,473	-\$15,298
20	\$30,010	\$1,184	\$6,249	\$17,084	\$4,384	\$6,711	\$28,827	\$42,443	-\$13,616
25	\$36,188	\$1,877	\$6,881	\$18,193	\$4,568	\$7,549	\$34,311	\$46,340	-\$12,029
30	\$42,718	\$2,602	\$7,453	\$19,142	\$4,844	\$8,386	\$40,116	\$49,940	-\$9,824
35	\$49,681	\$3,411	\$7,919	\$20,158	\$5,085	\$9,314	\$46,270	\$53,778	-\$7,508
40	\$57,112	\$4,147	\$8,274	\$21,439	\$5,170	\$10,368	\$52,965	\$58,304	-\$5,339
45	\$65,170	\$5,304	\$8,612	\$22,816	\$5,281	\$11,261	\$59,866	\$62,880	-\$3,014
50	\$74,023	\$6,855	\$9,035	\$24,097	\$5,610	\$11,744	\$67,168	\$66,890	\$278
55	\$83,760	\$7,991	\$9,582	\$25,368	\$6,071	\$12,052	\$75,769	\$70,913	\$4,856
60	\$94,483	\$9,848	\$10,262	\$26,728	\$6,529	\$12,559	\$84,636	\$75,723	\$8,913
65	\$106,439	\$10,548	\$11,024	\$28,056	\$6,916	\$13,714	\$95,891	\$81,716	\$14,175
70	\$120,074	\$12,618	\$11,819	\$29,271	\$7,219	\$15,775	\$107,456	\$89,151	\$18,305
75	\$136,502	\$16,090	\$12,665	\$30,678	\$7,574	\$18,167	\$120,412	\$98,158	\$22,254
80	\$156,969	\$20,716	\$13,593	\$32,657	\$8,146	\$20,149	\$136,253	\$108,837	\$27,416
85	\$182,587	\$26,507	\$14,621	\$35,511	\$9,072	\$21,146	\$156,080	\$121,317	\$34,763
90	\$218,870	\$33,649	\$15,763	\$39,526	\$10,479	\$22,635	\$185,221	\$135,732	\$49,489

95	\$278,116	\$45,298	\$19,860	\$49,800	\$13,203	\$28,518	\$232,818	\$171,012	\$61,806
96	\$321,345	\$55,102	\$21,394	\$53,645	\$14,222	\$30,720	\$266,243	\$184,217	\$82,026
97	\$389,632	\$71,812	\$23,547	\$59,044	\$15,654	\$33,812	\$317,820	\$202,757	\$115,063
98	\$531,202	\$113,595	\$26,954	\$67,589	\$17,919	\$38,705	\$417,607	\$232,098	\$185,509
99	\$1,178,829	\$306,245	\$33,960	\$85,156	\$22,576	\$48,766	\$872,584	\$292,426	\$580,158
99.9	\$6,347,286	\$1,744,742	\$73,165	\$183,463	\$48,639	\$105,062	\$4,602,544	\$630,012	\$3,972,532
99.99	\$32,622,547	\$8,429,201	\$157,630	\$395,260	\$104,790	\$226,350	\$24,193,346	\$1,357,320	\$22,836,026
99.999	\$226,059,471	\$53,014,304	\$339,604	\$851,562	\$225,763	\$487,656	\$173,045,167	\$2,924,257	\$170,120,910

TABLE 2. INCOME AND EXPENDITURE DATA from the Bureau of Labor Statistics (BLS) in 2024, using 2024 calculated Federal Income Tax Brackets below the 95th percentile. At the 95th percentile and above, income and federal tax are estimated from 2022 IRS SOI data (see Appendix 4 and 6), while expenditures are extrapolated from the BLS 90th-percentile anchors using the Pareto model described in Appendix 5.³¹

Although I was not a huge fan of mixing two data sets, we felt the convergence of those two sets were fundamentally valid for showing general curves and trends, even if the exact numbers were slightly muddled at the very top of the chart, or in this case, possibly artificially *low* for the very top 5%. In fact, if we were skewing the truth at all, we were skewing it in the conservative direction, making it seem less extreme, if anything. We made similarly conservative estimations for spending above the 95th percentile by extrapolating from the data points available for the top quintile. While many expenses (like food) actually plateau for wealthy households (due to the Marginal Propensity to Consume (MPC) dropping sharply toward zero), we still used values that mean the top incomes appear to spend more of their money than they probably really do. (Making their retained wealth most likely even higher in reality and thus the inequality even worse than our charts show. Still, we didn't want to skew any estimated data in a direction that might invite rebuke.)

For those curious, we applied a *Pareto distribution* to calculate spending at the very top. The same limitations that prevent super precise income reporting at the very top also prevent real clarity about spending in this category. The technique we used is remarkably accurate in deriving **income, assets, and**

³¹ As discussed above and in Appendix 4 and 6, there are myriad factors affecting both reliable sources of tax burden data at the income level, including household composition, earned income, and the availability of certain tax credits. Our Income After Tax model examines tax burden agnostic of tax credits. However, given that the average EITC credit for 2024 was around \$2,916, that many low-income households failed to access the credit (see: <https://www.cnbc.com/2026/02/27/earned-income-tax-credit-eligibility-2025.html>), and that the income limits for EITC access tend to fall below a point where the credit could bring a household above zero (<https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/earned-income-and-earned-income-tax-credit-eitc-tables>), (not to mention the fact that the maximum AGI to qualify for tax year 2024 was \$66,819 filed as married filing jointly, a value around the 46th percentile), the magnitude of sub-50th percentile income deficits relative to spending might differ, but the direction likely doesn't. Given this model doesn't factor in other spending categories that could not be modelled fully in our data (i.e., state and local taxes, college, childcare), we remain confident in our thesis — the bottom 50% of the country spends more than it earns.

net worth for the top earners, but it is more debatable for consumption versus accumulation. We chose this anyway because any error would be in the conservative direction.³² (Imagining lavish parties and outrageous discretionary splurges perhaps. Does it really matter if they actually didn't spend as much, and retained more of their wealth?) Frankly, the need for extreme accuracy in our calculations for spending at the top of the curve was not the point of our exercise. The largeness of the stacks of money at the high end outweighs any argument about accuracy of amount spent. To take the point further, the conversation and analysis happening at the top 5% of our chart is largely separable from the conversation about the bottom 95%. The extreme disparity is the point of our message. These could almost be two separate data sets. (And they are.) In terms of what we are analyzing in each, there is a vast chasm separating any comparisons between them. How much the 1% retains after spending isn't actually germane to the real story occurring at the halfway point of the rest of the population, where we have actual data. So we settled on a conservative estimation technique that, if anything, *overspent* the money at the top. The truth is, they likely retain even more than our crude estimates indicate thanks to MPC.

And so... after all this data collection and minor extrapolation, we started plotting our results, subtracting relevant spending, and quickly discovered the bombshell truth that most people somehow don't seem to know.

Roughly half of America appears to be “underwater.”

³² After a cursory scan of the literature surrounding spending across categories, we elected to use Pareto values of 3 for the various categories. This accounts for a seemingly semi-hard cap on the amount of consumption possible while simultaneously allowing for recent findings related to consumption among the highest earners. See Gaillard et al., *Consumption, Wealth, and Income Inequality: A Tale of Tails*, https://www.tse-fr.eu/sites/default/files/TSE/documents/doc/wp/2023/wp_tse_1493.pdf

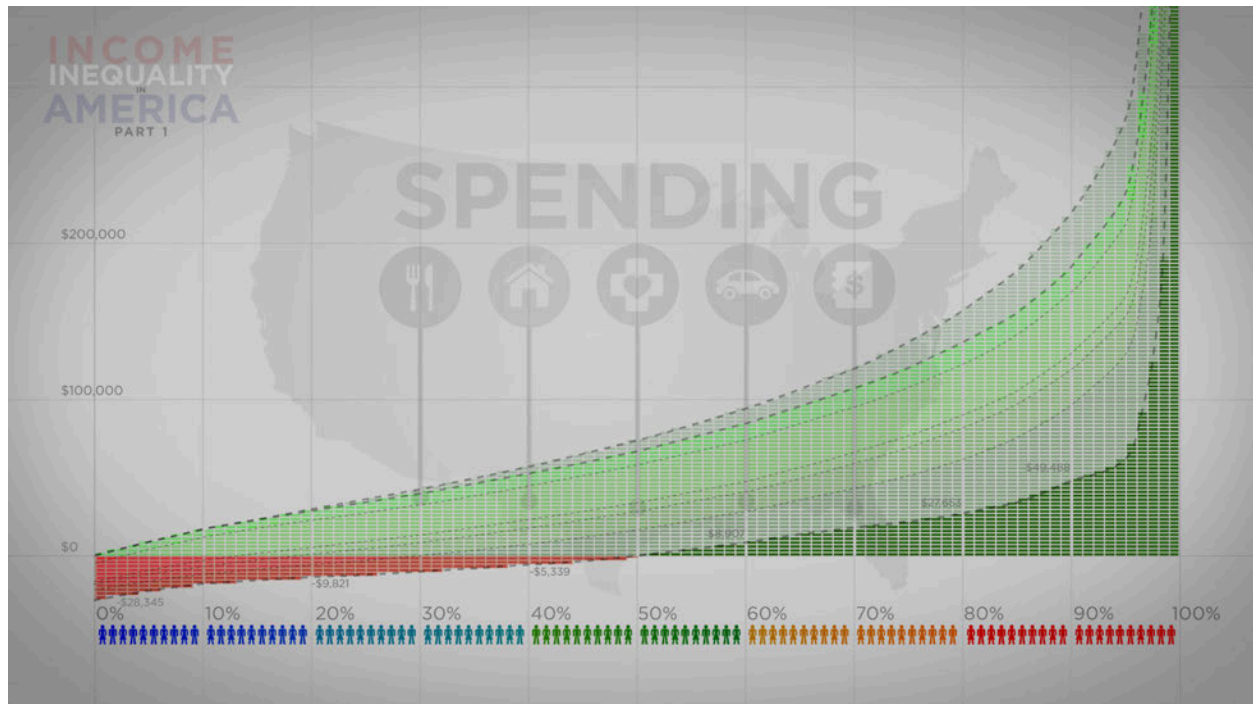


FIGURE 10. INCOME MINUS SPENDING. Each of the columns of Table 2 create a dotted line in the curves shown here. We end with the bottom-most line. Income minus all expenses for the year. Below zero for the bottom half of America (in red).

People are potentially going to argue the *accuracy* of our 50% mark for the “break even” point. They’re also going to argue about the term “underwater.” So we need to be very clear about what we mean when we say this.

Defining “Underwater”

When looking at these curves of income minus spending, we actually can't say that every unit within the 40 to 50% decile spends more than they make, any more than we can say that every unit in the 50 to 60% decile spends less than they earn. Regardless, we've produced curves that show, for the bottom half of America, that spending—in *aggregate*—is greater than income. How would you interpret that?

For us the interpretation is fairly obvious—if the bottom half of the country as a group is spending more than it earns, it follows that many households in the bottom half are likely to be spending more than they earn, caught “underwater” in terms of income versus spending.

What we *can* say: with regard to **income**, as a group, roughly the bottom half of America *spends more than it earns*.

Even with the possibility of some residual **wealth** (a car or truck, some real estate, maybe; see a much bigger discussion a bit later), many of these people can't do anything *liquid* with that modest wealth, so it doesn't really change their situation.

From a practical standpoint, this means even some of the people in the 40-50% range may be living paycheck-to-paycheck, never quite breaking even, left at month's-end with nothing in the tank, never saving more than a transitory sliver in any given month of work. Depending on how far to the left on our curve they are, they may well be accruing significant **debt** as well, borrowing just to get by.³³

Because the income range of the 40-50% sits around 60-74k, an amount which most people believe (rightly so) *seems* like a "decent" salary, they may not even precisely know they are failing to balance their budget each month. Sure, their bank accounts are static, never growing, yet they may be scratching their heads as to why. Even those beyond the break-even mark who have accrued debt may feel a similar sting, the longevity of their debt keeping them from truly getting ahead with any form of nest-egg or savings.

Wiggle Room

Keep in mind when we're looking at charts like ours, we're dealing with a lot of **averages**. Averages tend to obscure some uniquely individual truths. As we saw when dealing with the top 1% in our wealth video, averages can sometimes be skewed by extremes at either end.

I hear some of you asking, but what about SNAP and social benefits? Where do those programs factor into income for the bottom groups? Towards the bottom of the chart, different forms of public assistance and life-circumstances might mask income and spending. For example, Supplemental Nutrition Assistance Program ("SNAP") and Supplemental Security Income ("SSI") funding is contingent on myriad different circumstances that make tracking it in aggregate across a decile unuseful (i.e., the state a person lives, family size, number of earners).³⁴ Housing assistance programs and vouchers may not be counted as income, and would subsequently detract both from available resources and spending.

³³ Board of Governors of the Federal Reserve System, *Survey of Consumer Finances*, "Changes in U.S. Family Finances." Also: Consumer Financial Protection Bureau, *The Consumer Credit Card Market*, CFPB Report on Consumer Liabilities and Persistent Balances. Also: Federal Reserve Bank of New York, *Quarterly Report on Household Debt and Credit*, Center for Microeconomic Data.; Admittedly, not every household that spends more than it earns is in debt. For some, the difference is made up by dipping into savings, use of credit cards, borrowing from friends and families, or reliance on charities and non-profits.

³⁴ Data quality limitations also impact this. Bizarrely, in the 2024 CES, the highest income deciles report earning \$11 dollars in SNAP annually (although this number is reported with warnings).

Families living in vehicles, shelters, or who are otherwise homeless likewise weaken the accuracy of housing spending data towards the bottom. Further complicating the bottom end of the line is the role of charities and non-profits, which may provide temporary stop-gap support without minimizing need or building stability.

If anything, when we had the option, we tried to lean conservative in any estimation. Especially when dealing with the wealthier end of the chart, with those people above the 95%, we leaned toward the conservative for any of our choices. If anything, the reality is probably even worse than our findings.

But there is obviously some room for error based on the data sources themselves. So maybe 50% is a tiny bit higher than reality. Maybe. Depending on the exact dataset and interpolation, we consistently got a “break-even line” somewhere near 50%. But like any data like this, there is obviously *some* wiggle room and approximation at play.

We used the **federal income tax brackets for 2024** in order to have a simple, standardized baseline to work with. Of course, we all know people don’t actually pay that much.³⁵ But below the 50% mark, people don’t have either the opportunity to cheat in a way the wealthy do, or have a large enough tax burden for cheating to move the needle in any meaningful way.³⁶

Still, people across the board do cheat a bit on their taxes, so if we had subtracted what people *actually* pay instead of their *estimated liability*, maybe they keep enough money to move that break even point slightly to the left of the 50% mark.

So let’s say we move it to 45% instead of 50%, just for argument’s sake. Well, I would counter that there is just as much justification for moving it to the right as there is for this particular argument. After all, there are additional expenses — things in the spending category — that BLS does *not* track in a meaningful way. **Childcare**, for one thing, is uniquely susceptible to non-users being aggregated and

³⁵ See our discussion of methodology above and in Appendix 4. There are several assumptions baked into using the tax bracket data as a whole, including deduction size, availability of specific credits, and household composition and filing status.

³⁶ The defining research on this topic comes from a 2021 National Bureau of Economic Research (NBER) working paper by researchers from the IRS, UC Berkeley, Carnegie Mellon, and the London School of Economics (Guyton, Langetieg, Reck, Risch, and Zucman). See: Guyton et al., “Tax Evasion at the Top of the Income Distribution: Theory and Evidence,” 2021. <https://nber.org/papers/w28542>. The NBER study found that the estimated share of all unpaid taxes by the bottom 50% was less than 5%, compared to 30% for the middle and upper middle and between 28-36% for the top 1%. This is not necessarily driven by honesty, but simply by how income is earned, tracked, and reported. Wages and salaries are withheld directly from paychecks, so compliance is nearly 100%. The evasion at the top is driven by more sophisticated strategies and accounting.

subsequently masking true costs.³⁷ Yes, this doesn't apply to *all* Americans, only to those with kids at that particular moment in their lives, but still. We're talking as much as \$15k per year per kid.³⁸ For families with children, their curve is almost certainly worse.

BLS also doesn't track any savings for **college**. So if anyone puts aside even a measly \$100/month for their kids' college savings accounts (529 college plans), that would also nudge things to the right. If you are self-employed or a part of the "gig economy," any business expenses are also not tracked by BLS.

On top of all that, if we're going to highly encourage that everyone's taxes *should* be paid — especially for our higher income individuals who far more notoriously fail to pay them (mostly thanks to huge accounting firms and the ability to hire them)³⁹, we should encourage an honest population regarding taxation to begin with. Hence our stance on using the **tax liability** for the basis for income after taxes. (Well, that and the fact that strict data on tax avoidance is not very available, and potentially of questionable accuracy anyway.)

The Dubious Nature of Wealth Below the 50% Mark

The other factor that makes the 50% (and the use of the term "underwater") at all debatable is the fact that this includes only **income**, and discounts **wealth** from the equation. While the people in the lowest quintile have very very little wealth at all (heck, the bottom 8% have zero), the decile around 40-50% actually do have some wealth that is notable. But keep in mind — the income chart has 100 people arranged by income, the wealth chart by wealth. Being at the 50% mark on one does not mean you are necessarily at 50% on the other.

³⁷ The demographics information reported in consumer expenditure groupings could either look at all childcare spending at the decile level—which includes households that don't need childcare (akin to adding a vegetarian's meat spending to the average), or by household composition (i.e., are there children or not). Household composition wouldn't allow us to examine within-decile averages (it's all or none), nor does it sufficiently distinguish households that use childcare (the relevant options are "Total married couple with children, Married couple w/ children, modest child under 6, married couple w/ children, oldest child 6 to 17, married couple w/ children, oldest child 18 or over, One parent, at least one child under 18"). None of those categories provide sufficient data to exclude households which don't use childcare.

³⁸ Poyatzis and Livingston (2024).

<https://beta.dol.gov/news-events/blog/new-data-childcare-costs-remain-almost-prohibitive-expense>

³⁹ Yagan (2019). "Tax Avoidance At the Top", Stanford Institute for Economic Policy Research.

<https://siepr.stanford.edu/publications/policy-brief/tax-avoidance-top>; Frank (2024). "Tax Evasion By Millionaires and Billionaires Tops \$150 Billion a Year, Says IRS Chief." CNBC.

<https://www.cnbc.com/2024/02/22/tax-evasion-by-wealthiest-americans-tops-150-billion-a-year-irs.html>

For *some* of these people near the income midpoint, the beginnings of accumulated wealth may be masking their perception of their own well-being. They likely don't even realize they are "underwater," in terms of **income** versus **spending**.

The truth is: whatever wealth most of them have acquired may be tied up in mortgage debt as well.⁴⁰ They might own part of a home, but they're still making payments on it, and any cars they own are not appreciating in value like their homes might be.

We come to the difficult part of interpreting our data and finding that it sometimes looks the same for *very different demographics*. On one hand, the 40-50% may represent some of the **young families** finally rising up in their careers, with young kids in elementary school, perhaps, and their careers just beginning to take off. They've got a few cars, perhaps, necessary for their work commute, and may have finally started reliably making regular mortgage payments, after struggling to qualify for that new home loan and their initial down payment. They're wondering when they're finally going to feel like they're actually "getting ahead," when they'll have extra room to start a college savings account, maybe, or have a buffer in case of any catastrophic health issues. Heck, any kind of savings at all. Each of their dual incomes is making enough to *seem* like they should be doing alright, and yet their bank account proves they're still mostly living paycheck to paycheck, working to figure out their monthly budget every year, and how they can possibly afford that summer vacation or holiday travel plans.

On the other hand, the 40-50% range is also made up of **retirees**, no longer bringing home the salaries they commanded at the peak of their careers. Some have settled into a lower spending budget and some into a smaller home in their slower years*, scaling back to rely on their Social Security checks and their 401(k)s and IRAs. (*Data actually suggests that older Americans are aging in place more often than downsizing.⁴¹ Regardless...) These folks may actually have most of the wealth of this group, in the form of their homes.⁴² My guess is the younger families at this income level have very little wealth (pushing them to the left on the wealth chart), and what little they do have is not actionable, far from *liquid* should they need it. Again, the population who constitute the 40th to 50th percentile for wealth may not completely overlap with the population who constitute the 40th to 50th percentile for income.

⁴⁰ SUPRA 4 (Federal Reserve Distribution of Financial Accounts), Mortgage Liabilities By Income <https://www.federalreserve.gov/releases/z1/dataviz/dfa/index.html>

⁴¹ Aging, Joint Center for Housing Studies. <https://www.jchs.harvard.edu/research-areas/aging>. This is actually contrary to the beliefs held in the 90s and early 2000s that Boomers would downsize. This is one more reason why inventory/affordability is so bad for younger families.

⁴² Per the BLS CES, about 36% of households under 35 are homeowners, whereas 78% of households over 65 are homeowners. These two groups have the lowest average income (age ranges of 35 and below, 35 to 44, 45 to 54, 55 to 64, and 65 and above), SUPRA 26, Bureau of Labor Statistics, Consumer Expenditure Surveys (2024)

For these reasons, it is hard to say exactly how much wealth factors for the people in the bottom half of the income curve.

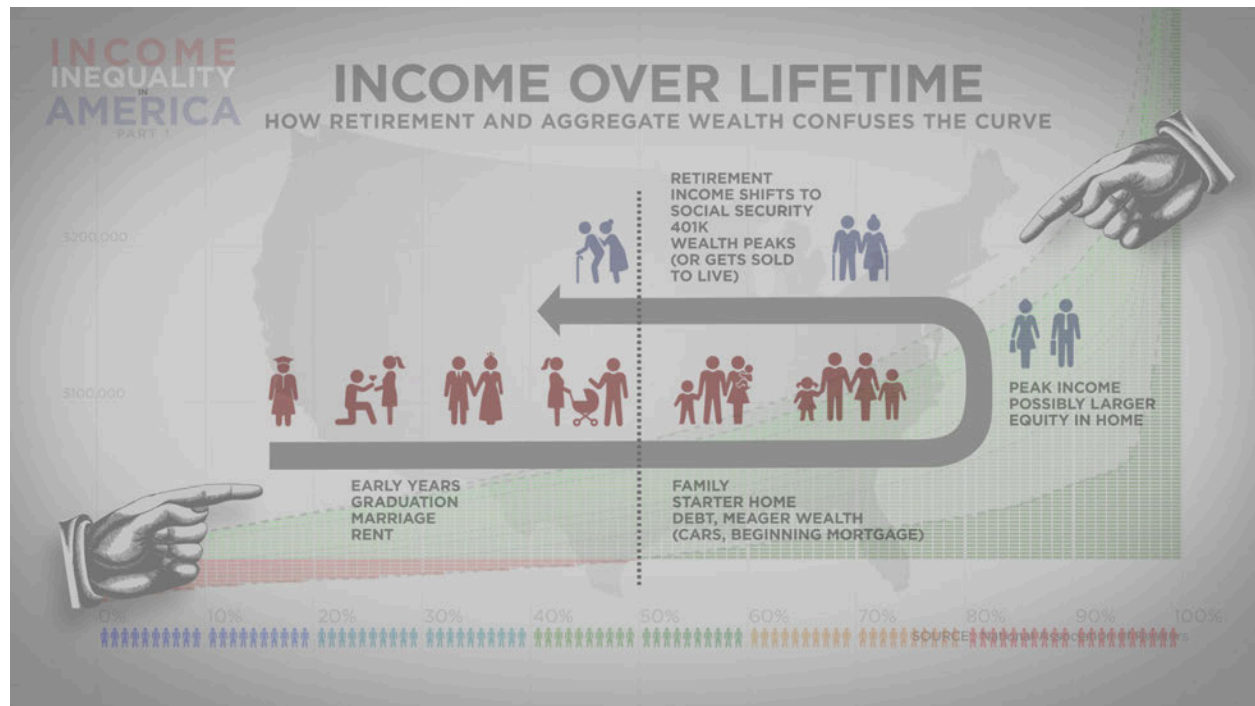


FIGURE 11. INCOME OVER LIFETIME. *Wealth* is very different for different people with the same *income*. Consider the dotted line: people in retirement with large equity in their home have very different earned *wealth* than starting families with a car or two and maybe the very beginnings of a mortgage. Yet they have the same *income*.

According to the Federal Reserve Distribution of Financial Accounts, **real estate** constitutes about half of the bottom 50%'s wealth (46.9%).⁴³ The US Census reports that the average rate of homeownership for households under 35 is 35.2% whereas for households over 65, it's nearly double that at 78.6%.⁴⁴ According to BLS survey data, the two groups with lowest income are "Under 25" and "65 and above." In essence, this means that the estimated wealth for the bottom 50% is being driven up by a population with lower income but higher assets.

The Federal Reserve Distribution of Financial Accounts also measures **wealth** owned by different percentile groups, with the Bottom 50% included as one group. Seniors, the most likely group to own their houses, also are disproportionately in the bottom 50% of incomes, meaning those million dollar

⁴³ Federal Reserve System website: Assets by income percentile in 2025, <https://www.federalreserve.gov/releases/z1/dataviz/dfa/compare/chart/#quarter:145;series:Assets;demographic:income:population:all:units:levels>

⁴⁴ U.S. Census Bureau, "Quarterly Residential Vacancies and Homeownership, Second Quarter 2026," Table 6, 2026. <https://www.census.gov/housing/hvs/files/currenthvspress.pdf>

houses are masking the wealth of Millennials, Gen Z, and others, who are in the same income category, but for different reasons and life circumstances.

Remember, just because you're at 50% on the **income** chart doesn't mean you're at 50% on the **wealth** chart. With wealth, you likely move more slowly to the right over time with age, beginning later. With income, you move faster, then potentially loop back. (Maybe with some sudden falls backward here and there along the way.) There's nothing to say a typical 100 people on the income curve matches up to a typical 100 people on the wealth spread. So expecting the 50% **income** person to align with the 50% **wealth** amount is a bit of a stretch.

Such is the ambiguity of the data. It's hard to know exactly.

Summarizing the Situation: Dog-paddling

As to the folks who want to debate whether our number is perfectly accurate — whether it is 47.5% or 50% or 52% isn't really the argument, is it? Even if it was something like 38% (it isn't), isn't that still too high? My guess is the results are still terrible, and we still need to do something about it. Right?

What's the number of households you would be comfortable with struggling to afford food, raise children, or plan for the future? Are they underwater, or just dog paddling desperately, looking with increasing panic for the nearest shore?

Regardless, the data itself presents a fairly dire picture. **With regard to income, roughly half of America spends more than it earns each year.**⁴⁵ As to how much they realize they are actually “underwater” in this way, that is indeed debatable. And as to how much their accumulated wealth either masks or offsets that sense of being “underwater,” that too remains up for debate.

Blaming the Victim

Some people will also try to shift the blame to the spending habits of the bottom half. Even though BLS does track some “frivolous” expenses (entertainment, alcohol, tobacco), the numbers involved in these expenses are actually rather miniscule on average. (For example, the Consumer Expenditure Surveys report that the 3rd, 4th, and 5th deciles, on average, spend \$316, \$368, and \$468 respectively on alcohol

⁴⁵ In aggregate.

annually, \$1,949, \$2,363, and \$2,646 on entertainment annually, and \$392, \$326, and \$465 on tobacco respectively. That's around 1% of their income spent for alcohol and tobacco each, and 4-6% for entertainment, which actually includes an enormous list of varied activities and expenses.⁴⁶ Considering the massive number of things listed under the broad "entertainment" category (it includes *pets*, for crying out loud), even 5% doesn't seem all that extreme. People deserve a little joy in their life, don't they? For every dollar spent, one cent each on alcohol and tobacco and a nickel for all other "fun" just doesn't seem that selfish or irresponsible to me. It's not exactly avocado toast, anyway.)

Begrudge the laborer his weekend beer if you want, but I for one don't believe it should require a six-figure salary just to afford basic necessities. And I don't believe only half of America is entitled to have a Netflix account or go to an occasional ballgame or concert. Has only half of America earned the right to see a movie or ride a bicycle? While we certainly should encourage smart spending habits (do we even teach balancing a budget in high school anymore?), I don't find these numbers beyond the pale. No, it's the exploding costs of the basics that have ballooned the budgets of the average American.

The cost of living in this country has grown out of control, and well beyond where it was only a short number of decades ago. The cost of housing and college have clearly exploded, healthcare is equally terrible, and even basic groceries have risen at a faster rate than wages.⁴⁷ This is not your parent's economy, and certainly not your grandparents'. People simply can't keep up with inflation and the cost of greed. (And yes, I'm going to repeat this line in the actual script, below.)

As the following pages will further illuminate, we are living in a time when the struggle to succeed is harder than ever for most Americans. The deck is severely stacked against us.

⁴⁶ Categories include: Recreation expenses on out of town trips; social, recreation, and health club memberships; participant sports; movie, theater, amusement parks; plays, theater, concerts; movies, parks, museums; sporting events; tv and audio visual equipment and services; pets (including vet services); toys, games, arts and crafts; playground equipment; other entertainment; recreational vehicles; boat rental; sports, recreation, and exercise equipment; photographic equipment; film; fireworks; souvenirs; visual goods (i.e., posters and art); pinball and electronic video games; live entertainment for catered affairs.

⁴⁷ Wage data, Social Security Index <https://www.ssa.gov/oact/cola/AWI.html>; Housing data, FRED Median House price, College data: Education Data Initiative <https://educationdata.org/average-cost-of-college>; Healthcare Data, Medicare and Medicaid CMS <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/historical>, Food Data from the Bureau of Labor Statistics Food CPI (see <https://www.ers.usda.gov/data-products/food-price-outlook/summary-findings>)

A Note on “Other Expenses” (specifically Retirement Savings)

Yes, BLS “other expenses” does include spending for retirement savings. While this might not technically be considered “consumption” any more than payroll taxes or social security (automatically extracted from your paycheck), we would argue that if you don’t save for retirement throughout your lifetime, you are likely to be woefully underprepared for actual retirement when it comes. Even with the current amount of “spending” in this category, multiple government agencies, economic research centers, and non-partisan institutes consistently show that a massive portion of the U.S. population is severely underprepared for retirement.⁴⁸

We are constantly reminded that Social Security alone is probably inadequate for a comfortable retirement, and encouraged to contribute to this through one’s lifetime. Plus, this spending category is further offset by a number of other categories that BLS does *not* track (state and local taxes, principal amounts on mortgage payments, saving for college, etc.).

We have no way to see which families or what percentage of families are actually making these contributions. We can only see their spending in aggregate, or on average. We can assume (hope) that those families who realize they are below water are not making significant contributions to retirement. The Federal Reserve’s Survey of Consumer Finances from 2022 in fact finds that roughly *half of all American households have no retirement account savings* (such as a 401(k) or IRA), which dovetails pretty smoothly with our own aggregate calculations.⁴⁹

At the end of the day, it would be weird to exclude retirement contributions simply because it is an act of savings, rather than consumption. (An act of transferring *income* to *wealth*, in fact. For later.) After all, it is being “spent;” it isn’t in the tank at the end of the year, available for use on groceries. Intended for use later, in retirement, it also isn’t easily *liquid* now (there are typically penalties for accessing this savings prior to retirement). Whether for necessity or as an act of responsibility, or perhaps as a detail by families that are somewhat buried in the oversimplification of averaging, we have to include it for the

⁴⁸ “401(k)/IRA Holdings in 2022: An Update from the SCF,” published by the Center for Retirement Research at Boston College (December 2023). [401\(k\)/IRA Holdings in 2022: An Update from the SCF](#); “Working Americans Struggling to Prepare for Retirement, New NIRS Report Finds.” National Institute on Retirement Security (NIRS)<https://www.nirsonline.org/articles/retirementinamerica2026/>; U.S. Government Accountability Office (GAO), “Retirement Account Disparities Have Increased by Income and Persisted by Race Over Time,” July 2023. [Older Workers: Retirement Account Disparities Have Increased by Income and Persisted by Race Over Time | U.S. GAO](#); Boston College Center for Retirement Research, “The National Retirement Risk Index: Version 2.0” (Issue in Brief 23-10), May 2023. [The National Retirement Risk Index: Version 2.0](#)

⁴⁹ SUPRA 48, (Center for Retirement Research at Boston College), [401\(k\)/IRA Holdings in 2022: An Update from the SCF](#)

same reason BLS includes it—it is money spent. It would be academically dishonest to not include it in their spending.

A Final Statement on Economists

We are not economists. In spite of the ever-increasing complexity of this document tracing our explorations, this is not a senior thesis for an economics degree, or some other such application. *This is not our day job.* Honestly, If we *were* economists, we might never let ourselves make some of the general claims in this document or our videos. The numbers involved are potentially subject to all kinds of scrutiny and hand wrangling. Even just the subtle difference between individuals, households, and consumer units is probably enough to make legitimate economists duck their heads. But we're a bit naive, perhaps, and we think it might be important to let people see what we're seeing.

As laypeople with an interest in these things (and numbers; *oooh* numbers), we did the best we could. We simply took the best measure of *income* we had available, subtracted the most logical available calculation for *taxes*, and then subtracted the best data that the government supplies for *spending/expenses*. And we found that the resulting line crosses the zero mark close to the 50% spot.

The exactness of this 50% number is not what's important. Numerous factors might move that number a few percentage points in either direction. Whether this number is 50% or 47% or 53% or even something further away is not the concern. Even 40% is bad news, isn't it? Again, what number is acceptable, really?

At the end of the day, the important takeaway is only this: *close to half of America* is struggling financially, potentially spending more than they earn, and even those who do manage to get above that appalling *break-even point* may still be plagued by accumulated debt for many more years to come. While their income may finally surpass their spending, this lingering debt could still haunt them for years.

The other key takeaway is what becomes visible at the far right of the chart — the extreme income inequality benefiting the very few. A system that unfairly makes their money grow while others' shrinks. The staggering numbers at the top make the red half at the bottom all the more disheartening.

Income Inequality in America — Part 1

(The Expanded Income Script)

Introduction

You might remember my wealth inequality video from thirteen years ago. I recently updated that video, and yes, it's even worse today.

But some of what was mentioned in my original video were inequalities that were more related to **income** than **wealth**. So I felt like **income inequality** really deserves a video of its own.

So let's reduce our 340 million to a representative 100 people again... Here they are. A doctor, a lawyer, a teacher, a nurse. A fireman, maybe a podcaster. They all file taxes each year, some alone, some combined with partners. Now let's line them up, in order of earnings, poorest on the left, richest on the right. And let's color-code them like we did before, into five distinct quintiles according to income.

Here's the reported income curve for 2024, the latest year supplied by the Bureau of Labor Statistics ("BLS"). This is one year of **income**, not accumulated wealth. This mostly means your annual salary, your paycheck for the year, but it also includes government assistance for the people on the left on the chart, SSI for the disabled, Social Security for the retired folks.⁵⁰ We're at a different scale than my other video, zoomed in because the numbers aren't quite so big.

⁵⁰ SUPRA 26, (Bureau of Labor Statistics, Consumer Expenditure Surveys (2024)) The Consumer Expenditure Surveys track several different income sources: wages and salaries, self-employment income, business and farm income, Social Security, private, and government retirement income, interest, dividends, rental income, and property income, unemployment and worker's compensation, public assistance including SNAP and SSI, and other miscellaneous forms of income.

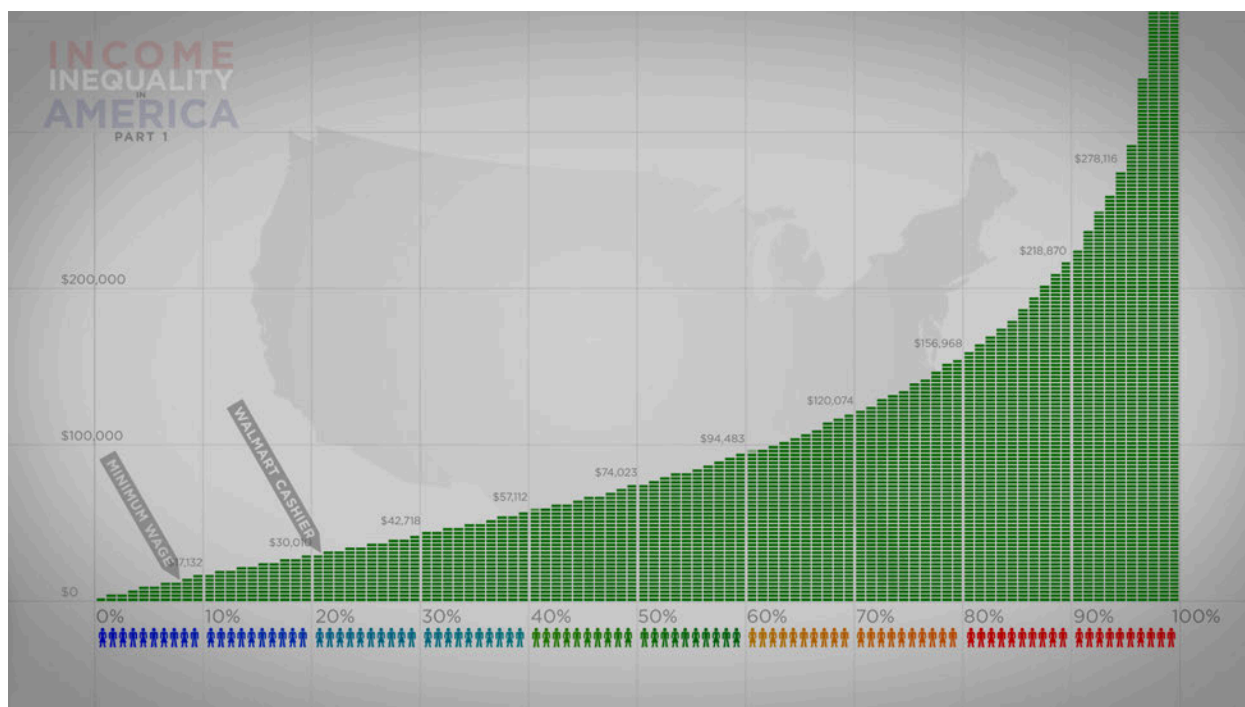


FIGURE 12. INCOME (wages, plus government assistance, SSI, Social Security) for the latest year supplied by BLS.

It looks a bit like the wealth curve, but maybe not quite as extreme.

As far as the scale in the y-axis goes, I've let the top earners vanish off the top of the chart, much like I did in my wealth video. That's because I think it's important that we accurately see the story of the *majority* of America, which includes both our middle class and the poorest.

Everything I'm talking about here is an **average** representation of America. So the average income is around \$74,000 for middle America before taxes. The high end — just north of a million dollars a year. The low end? Well, I think you can figure that one out. Though the very far ends of the curve both get a little vague for reasons I'll get into.

I want to briefly point out the 63rd percentile, before taxes. This is 100,000, a six-figure salary. I think most Americans can at least visualize this amount of money. What it represents, as an accomplishment in one's career. I think anyone who reaches this point in their career takes note of it. Feels like they're doing good. (Whether individually or as a marriage filing jointly, this threshold is one of those notable moments.) So maybe just keep the size of that 100k stack in your head as we go forward.⁵¹

⁵¹ It was originally my intention to include another visualization of **one billion dollars**, because I don't believe most people can readily visualize this amount (not to mention the average 5.1 billion of the 0.001%, or especially Elon Musk's 800 billion). In that original plan, the 100k stack becomes a metric that people can kind of hold onto, as they then see ten thousand of those stacks lined up to get to one billion. Unfortunately I never really got happy with the

Gini Curves

Sure enough, our curve looks a bit like the wealth curve, but maybe not quite as extreme. But it does look *familiar*, doesn't it?

You probably recognize this downward curve from my wealth inequality video. Economics-heads probably recognize this as a Lorenz curve, which gives us the **Gini coefficient**, a standard measure of inequality.



FIGURE 13. The familiar downward Lorenz curve gives us the Gini coefficient, a standard measure of inequality. How bowed the curve is indicates a higher value (and worsening inequality), from 0 (none) to 1 (worst).

The Gini coefficient is something many economists use to judge how bad inequality is.⁵² The closer the curve gets to the bottom right corner, the deeper the inequality is. Gini values vary from 0 to 1. The higher the number, the more inequality, the worse it is. The flatter the curve at the left, the steeper the curve at the right. The US has an average Gini value, but every state in the US has a slightly different Gini coefficient, and these are calculated every year by the US Census Bureau.

visualization; it takes so long to actually stack that much, so we omitted it from these videos. Perhaps somewhere down the line we'll try to include it as a separate bonus feature, or tackle this visualization in a future video?

⁵² World Bank, "In Defense of the Gini Coefficient," 2020.

<https://blogs.worldbank.org/en/developmenttalk/defense-gini-coefficient>

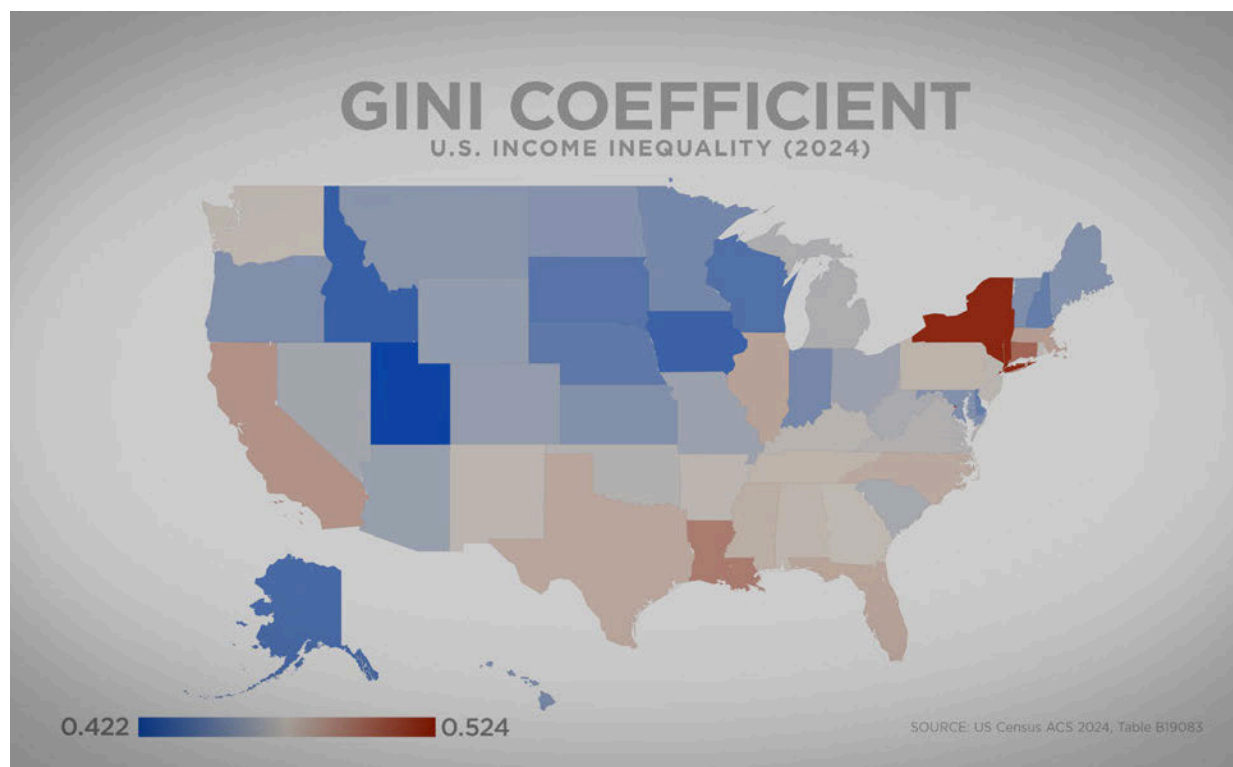


FIGURE 14. The GINI COEFFICIENT by State.⁵³

This is the latest average in the US — around 0.48 to 0.49 for household incomes in 2024 according to the US Census, but the score is even higher (at 0.59) according to the World Inequality Database.⁵⁴ Even the lower value is considered — surprise — quote “high disparity” end-quote.⁵⁵

As you can see, that math curve kind of matches our real-world reported income from BLS.

(Note the wealth Gini for the US is an even higher 0.83, according to WID.)

⁵³ US Census ACS 2024, Table B19083

⁵⁴ See: World Inequality Database. “Income Gini Coefficient: United States, 1820–2024.” 2026.

https://wid.world/share/#o/countrytimeseries/gptinc_pop100_z/US/2015/eu/k/p/yearly/g/false/o.434795/o.625/curve/false; The difference between the World Inequality Database calculation for Gini coefficient and US Census Bureau is likely attributable to how the two groups consider high-income households. The US Census relies on the Current Population Survey, which has documented under-reporting issues for high-income households. The World Inequality Database combines tax records and other macroeconomic indicators to better project incomes at the very top.

⁵⁵ Source for Gini Coefficients:

<https://statehealthcompare.shadac.org/map/82/income-inequality-gini-coefficient#download-data-button>. The “high-disparity” classification was originally published and defined in two institutional reports by the Nations Human Settlements Programme (UN-Habitat): *State of the World's Cities 2008/2009: Harmonious Cities* and *State of the World's Cities 2010/2011: Bridging the Urban Divide*

Taxes

But wait, shouldn't this be *after taxes*? After all, we don't take all of that home. So here's what the 2024 federal income tax brackets suggest we would pay that year.

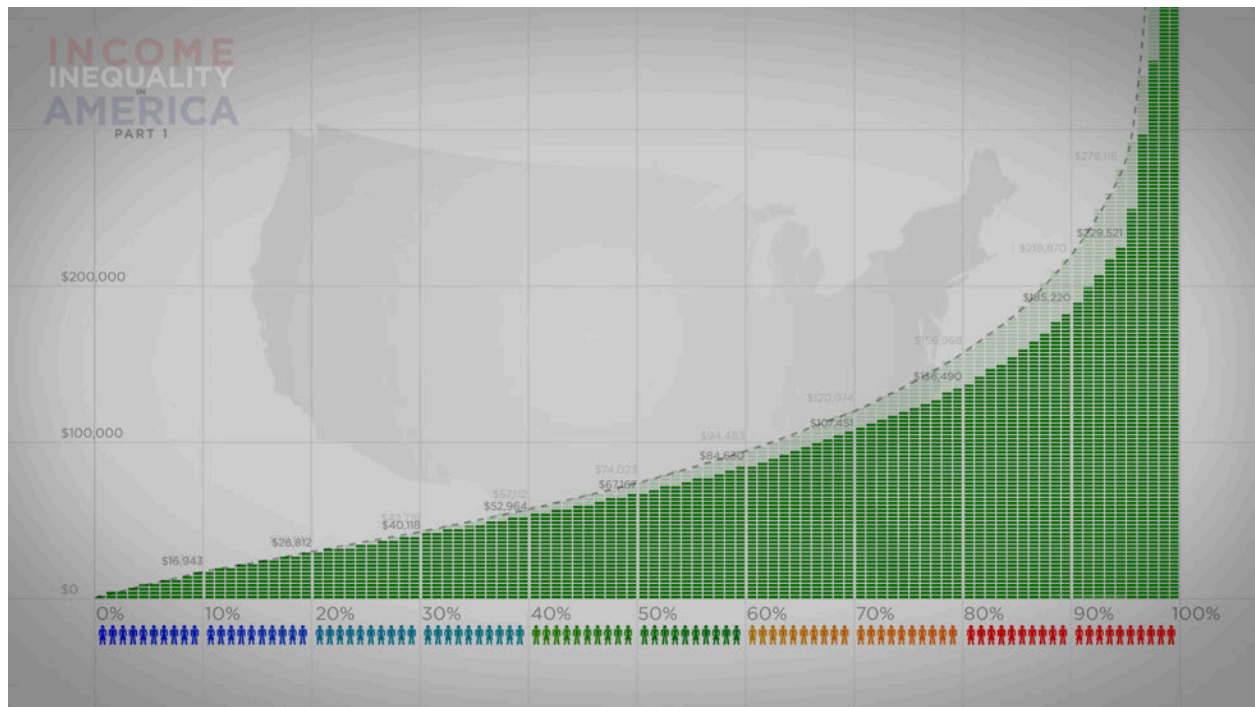


FIGURE 15. INCOME Minus Tax Liability for the latest year supplied by BLS.

So that's **income**.

Spending

You know, to me, you can't really consider income without also considering the impact of **spending**. We live off this income each year.

So let's look at some of our critical expenses...

Here's **food**. That means very different things as we travel left or right along the curve, from an outright struggle to even feed a family on the far left of this chart, to wine and caviar at the far right. So the

amount spent widens at the top — we go from roughly 5K a year at the bottom to approximately 25K near the top.

Here's **housing**. To the far left of this curve, this might get blurry when we deal with unhoused families. And as we move to the right, smaller rentals transition into family homes, and eventually multi-million dollar mansions.

There's also **healthcare**. Of course, this was in 2024, so keep in mind, this slice could actually be two to three times bigger for many people in 2026.⁵⁶

Transportation. Another expense, whether it's buses or subways, or leasing or owning a car.⁵⁷

And of course, there are many **more expenses**. These are just the additional ones actually distinguishable by BLS. This doesn't include some additional expenses, like the principal on a mortgage, or state and local taxes. This doesn't include saving for college. This is mostly just the basics.⁵⁸ The core expenses pretty much necessary for anyone to live in our society.

You can probably see what I see.

⁵⁶ For some people buying coverage on the ACA Marketplace — especially older adults and middle-income households who lost enhanced tax credits — 2026 premium payments could be twice as high, and in some states even three times higher. Average monthly ACA premium payments rose **58%** from 2025 to 2026, and KFF estimated that subsidized enrollees keeping the same plan would see premium payments rise **114%** on average — more than double.

<https://www.kff.org/affordable-care-act/what-we-know-so-far-about-2026-aca-marketplace-enrollment-premiums-and-deductibles/> KFF also found that a 60-year-old at 401% of poverty would see benchmark silver premiums at least double in 46 states + DC, and at least triple in 19 states.

<https://www.kff.org/affordable-care-act/how-will-the-loss-of-enhanced-premium-tax-credits-affect-older-adults/>

⁵⁷ US Department of Transportation. BTS reports that, across income quintiles, vehicle purchases and vehicle operation expenses account for roughly 90% of transportation expenditures. For the lowest-income group in 2023, transportation spending was \$4,917, equal to 32% of before-tax income.

<https://content.govdelivery.com/accounts/USDOT/bulletins/3c5foo8>

⁵⁸ The full list of categories the CES tracks includes food; housing; healthcare; transportation; education; healthcare, education, apparel, entertainment, cash contributions, personal insurance/pensions, tobacco, alcohol, and other items. These categories inform the Consumer Price Index, which is used for everything from gauging inflation to setting income-eligibility levels for programs like SNAP, helps determine cost-of-living adjustments, and contribute to defining Social Security payments. See: <https://www.bls.gov/cpi/overview.htm>

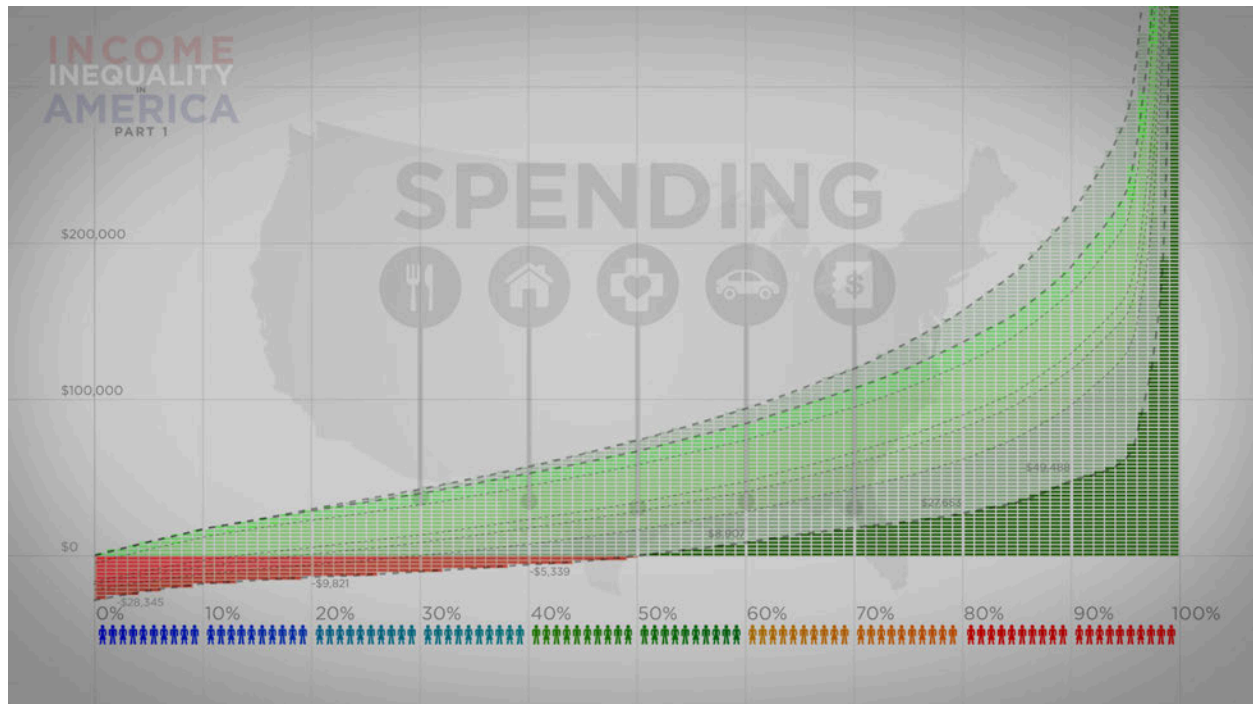


FIGURE 16. INCOME MINUS SPENDING. Highlighting the red “underwater” of 50% of America.

It's one thing to say that people at the bottom have virtually no wealth, but here they actually have *negative income*. They're in debt. In fact, roughly the bottom 50% of Americans appear to be below zero after expenses each year. Let that sink in for a second. *Half of America may be below water*. I don't know what you might have expected, but I did not anticipate that. The bottom quintile, maybe, the bottom 25% at most, but the bottom half?

Before Tax Income Vs Expenditure Group-Averages

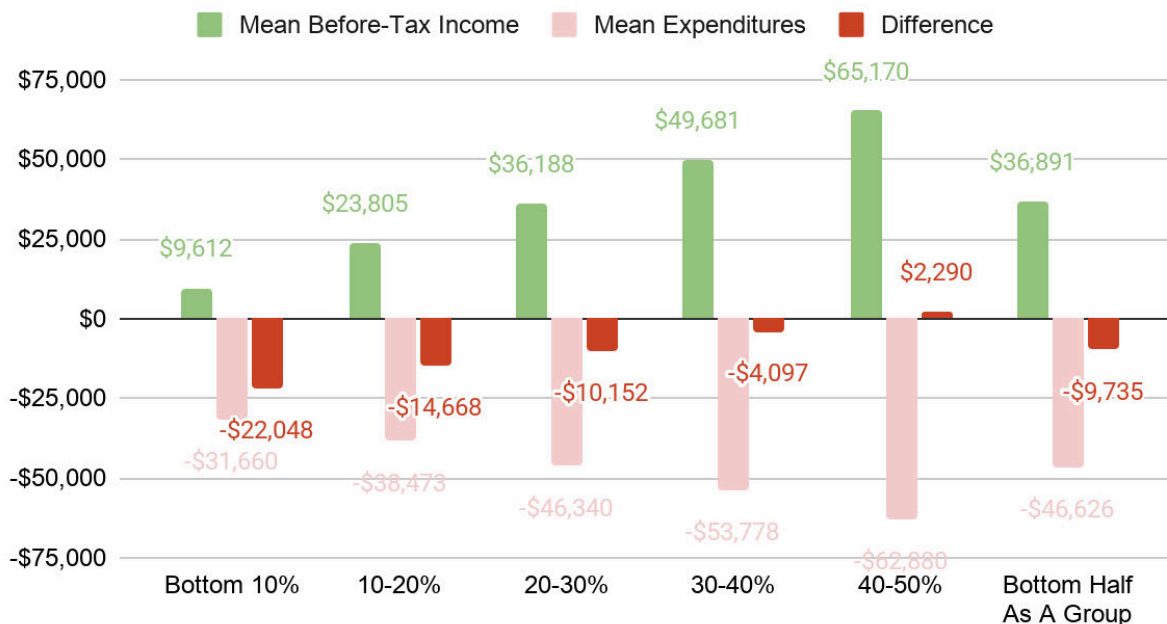


FIGURE 17. WITHIN-GROUP MEAN DIFFERENCES BETWEEN INCOME AND EXPENDITURES.

I mean, these guys at 50% are theoretically still in the middle class, and they're barely breaking even? Has it always been this way? I don't think so.

And look, I'll acknowledge that we're just talking about **income** here. As we saw in my last video, the 40-50% group does have *some* wealth accumulated... anywhere from around \$121k to \$211k, according to the labels there. But this is a bit deceptive. We would argue that this wealth is in fact not distributed evenly (and largely tied to housing debt).⁵⁹

Honestly, the bottom 50% of America barely has any wealth. Maybe toward the middle of the chart, a car or two, a small home. The irony is that some *retirees* in this group are actually inflating the wealth this group appears to have. And none of this wealth is what can be considered easily *liquid*.

For the younger families, their minimal wealth is tied directly to their **debt**. A mortgage they can barely afford, a car loan they've managed to mostly pay off. So while some slight **wealth** may mask their true financial situation, their **spending** remains painfully greater than their **income**.

⁵⁹ For a fuller account, see our discussion on [The Dubious Nature of Wealth in the Bottom 50%](#), referenced earlier.

A lot of people in this group may not even be aware they're technically underwater. They have a decent salary, and yet they can't seem to get ahead. They're stuck, still living paycheck to paycheck, in spite of being on the right track, at playing the game and moving up the proverbial ladder.

It's like the study in my original wealth video. They THINK they're doing better than they are.

But at the end of the day, after expenses, there just isn't anything left. They've done everything right, but they know in their bones that things still aren't okay. They feel it in the check-out line at the grocery store. They feel it when bills are due. They feel it at their kids' birthdays. The REALITY is simply worse than they THINK it should be.

Affordability

This is basic **affordability**, and the data is pretty clear. Not all **spending** has gotten worse, but a lot of it has, significantly.

Although **food** and **transportation** have been relatively flat over 50 years, the last few years have seen a spike in the cost of groceries. This is especially hard on the bottom half of America, who can't afford to stretch a limited budget on food.⁶⁰ Americans moderate their travel, or keep an old car longer than they used to, to adjust for rising costs.

⁶⁰ Associated Press, "Americans rewire their grocery shopping routines while digesting the biggest price jump in 50 years," 2026.

<https://apnews.com/article/grocery-shopping-prices-food-affordability-8468c1d6532ca762bbcf17e3c7707d1>;
Original Source: U.S. Bureau of Labor Statistics, "Consumer Price Index: 2025 in review," *The Economics Daily*, January 21, 2026. U.S. Department of Agriculture, Economic Research Service, "Food Price Outlook: Summary Findings," July 24, 2026. See our **Additional Notes on Food Spending** below for a more subtle analysis.



FIGURE 18. FOOD PRICES. Recent grocery shock after the COVID-19 pandemic. Overall food prices at the retail level have not come down since the pandemic; they have continued to climb, though the pace of that climb has slowed. The absolute dollar cost of feeding a family at home remains roughly 30% higher than it was before 2020, structurally locking in that higher baseline expense for consumers.

But **healthcare** and **housing** are both huge problems.

Healthcare has skyrocketed, with prescription drugs over five times what they were in 1985.⁶¹ Other countries spend far less for far better health outcomes.⁶²

⁶¹ Centers for Medicare and Medicaid Services, "National Health Expenditure Accounts, 2024 Historical Release," 2026.

<https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/historical>. Values adjusted to 2024 dollars using Bureau of Economic Analysis PCE price index. See U.S. Bureau of Economic Analysis, "Personal Consumption Expenditures: Chain-type Price Index," 2026.

<https://fred.stlouisfed.org/series/pcepi>

⁶² Peterson-KFF Health System Tracker, "How does U.S. life expectancy compare to other countries?"

<https://www.healthsystemtracker.org/chart-collection/u-s-life-expectancy-compare-countries/>

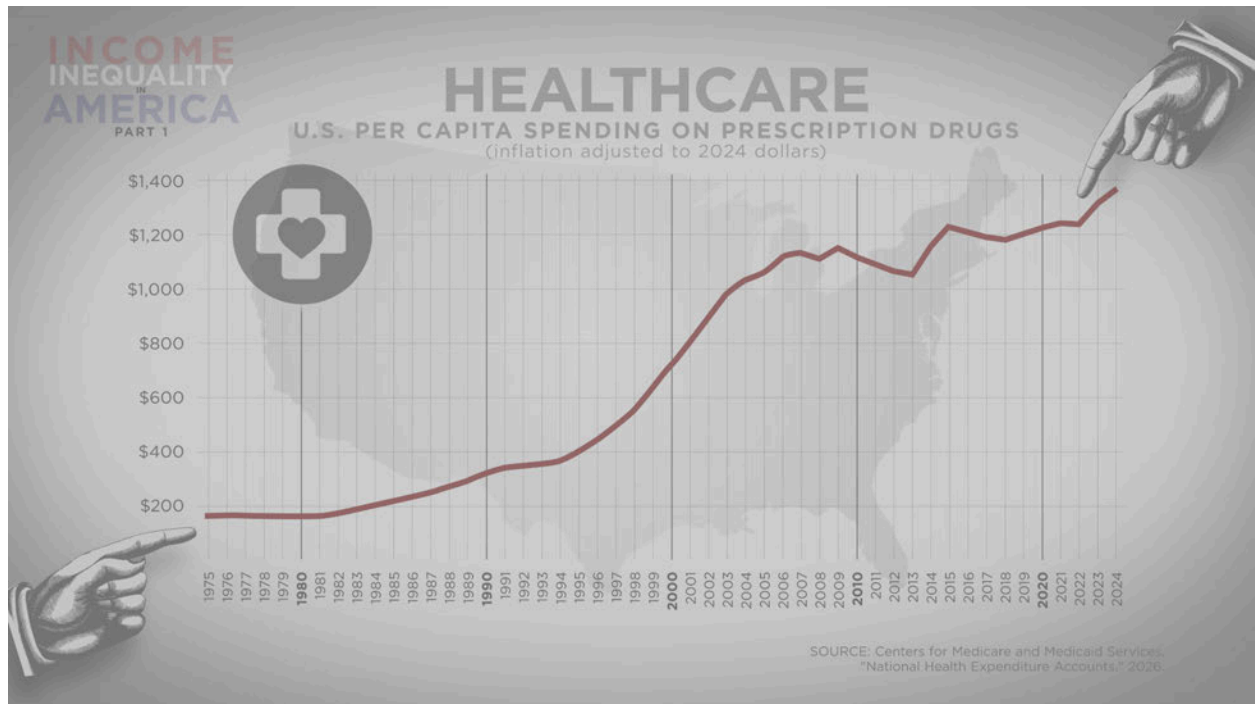


FIGURE 19. PRESCRIPTION DRUG SPENDING PER CAPITA OVER TIME. Over five times what they were in 1985. Just one piece of the outrageous cost of the American healthcare system.

And, of course, **housing** has gotten much, much worse over time, with rent skyrocketing, and the price of a new home almost doubling.⁶³ Perhaps more telling, the average age of first-time buyers has jumped significantly, from 29 to 40, with repeat buyers rising accordingly.⁶⁴ No wonder young people feel like the American Dream is unobtainable, when even the idea of owning a home is so difficult to achieve.

⁶³ U.S. Census Bureau and U.S. Department of Housing and Urban Development, "Median Sales Price of Houses Sold for the United States [MSPNHSUS]," retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/MSPNHSUS>.

⁶⁴ National Association of Realtors, NAR's Profile of Home Buyers and Sellers, November 2025.

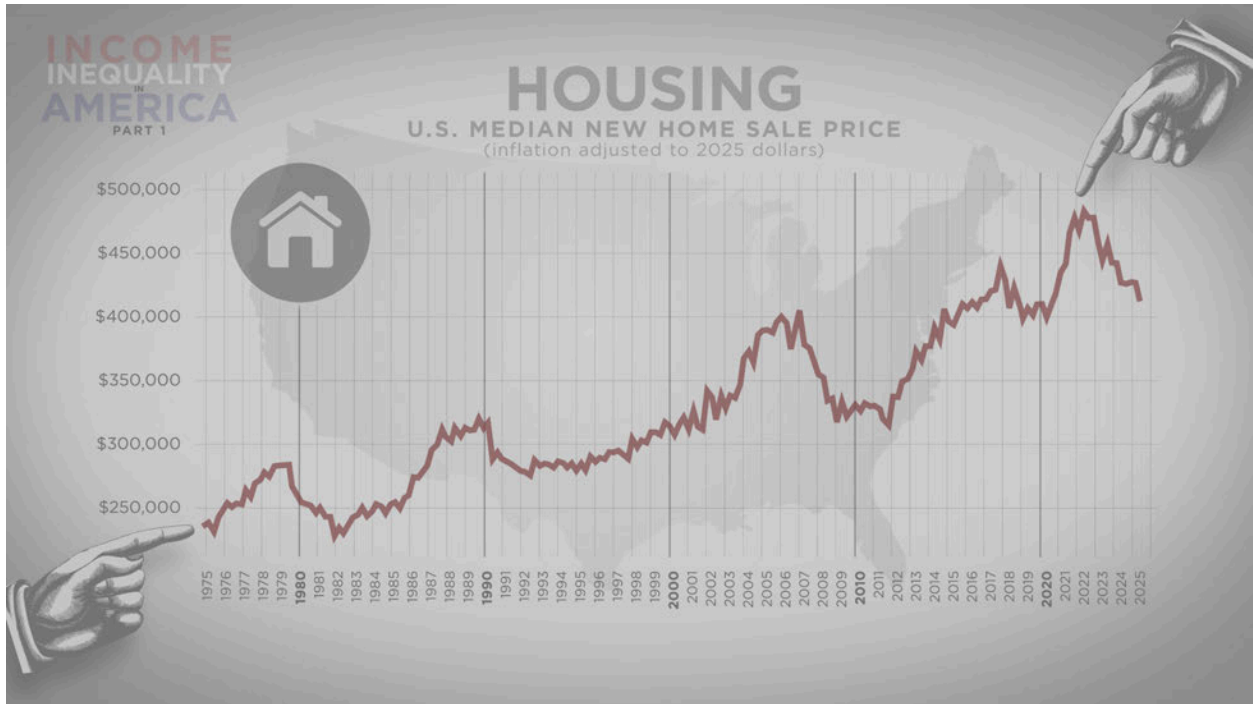


FIGURE 20. HOUSING. U.S. Median New Home Sale Price. Almost double since the 1980s. (The figure shows inflation adjusted to 2025 dollars, with prices starting in 1975 below \$250,000 (and lingering around \$225,000 in 1982) and rising to just under \$500,000 in the early 2020s.)

The cost of living in this country has spiraled out of control, well beyond where it was even a generation ago. This is not your parents' economy, and certainly not your grandparents'.⁶⁵ The cost of **housing** and **college** have exploded, **healthcare** is equally terrible; even the basics have risen faster than most wages.⁶⁶ People simply can't keep up with inflation and the cost of greed.

⁶⁵ Social Security Administration's National Average Wage Indexing (AWI) Series, <https://www.ssa.gov/oact/cola/awiseries.html>;

⁶⁶ Housing: Average home price data comes from Federal Reserve: Federal Reserve Bank of St. Louis, "Average Sales Price of Houses Sold for the United States," 2026. <https://fred.stlouisfed.org/series/ASPUS>; College: 1960–1990 Historical Trends, National Center for Education Statistics; https://nces.ed.gov/programs/digest/d24/tables/dt24_330.10.asp. Historical Cost Summaries: [Education Data Initiative – Average Cost of College Over Time](#); Healthcare: 1960–1990: [Centers for Medicare & Medicaid Services \(CMS\) – Historical National Health Expenditure Data \(NHEA\)](#). 2025: <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/nhe-fact-sheet>; Car Data: Kelly Blue Book.

Category	Early 1960's (Grandparents)	1990 (Parents)	2024–2026 (Current)
Average Annual Wage	\$4,007 (\$45,199)	\$21,027 (\$53,829)	\$69,846.57
Average Home Price	\$19,300 (\$203,028)	\$149,500 (\$357,115)	\$514,200
New Car Price	\$2,600 (\$29,328)	\$16,000 (\$40,960)	\$47,000
Public College Tuition (1 Yr)	\$170 (\$1,918)	\$1,900 (\$4,864)	\$10,340
Healthcare (Per Capita Total)	\$146 (\$1,647)	\$2,854 (\$7,306)	\$15,474
Gasoline (Per Gallon)	\$0.31 (\$3.50)	\$1.16 (\$2.97)	\$3.43

TABLE 3. Nominal Wages and Costs (1960s vs. 1990s vs. Current) Numbers in parenthesis are in 2026 dollars.⁶⁷

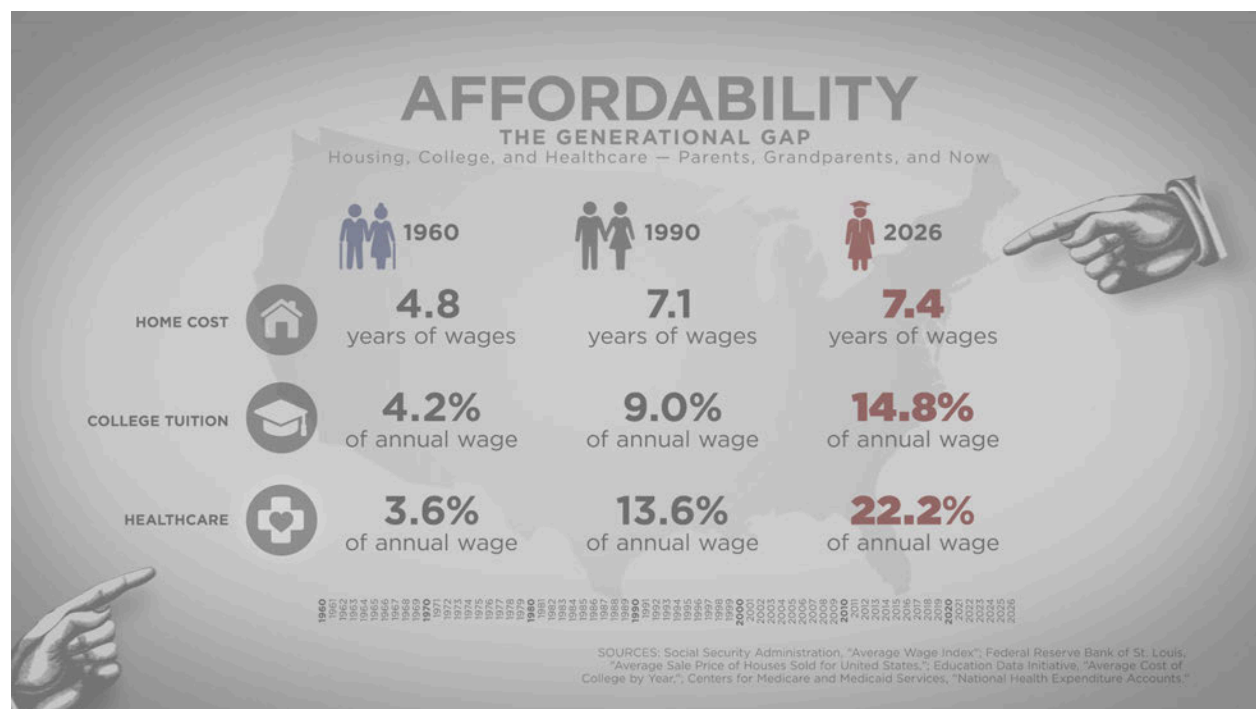


FIGURE 21. AFFORDABILITY using the Nominal Wages and Costs (1960 vs. 1990 vs. Current) data. This is not your parents' economy, and certainly not your grandparents'.

Additional Notes on Food Spending

While recovery from the pandemic has brought the cost of eggs and other groceries into the spotlight lately, it may be surprising and even counter-intuitive to learn that **food** costs have actually lagged behind inflation for the better part of the past sixty years.

⁶⁷ Average home price data comes from Federal Reserve: Federal Reserve Bank of St. Louis, "Average Sales Price of Houses Sold for the United States," 2026. <https://fred.stlouisfed.org/series/ASPUS>

But don't let that fool you. While costs like **housing**, **college**, and **healthcare** are terribly easy to see the massive runaway increases, well above general inflation, the price of **food** is still a relevant issue for at least half of America. And the pandemic *did* change things.

While the “average wages curve” appears to have grown safely above the overall food curve since 1960, the *average* wage growth is not necessarily what we should be looking at. The extreme gains in recent years of the top 10% has artificially inflated “average” wages, so much that these comparisons are incongruous. If we instead look at just the *wage growth for the bottom 50% of America*, the recent increased cost of food is no longer insignificant. And considering **food** is one of the fundamental categories (along with **housing** and in some cases, **transportation**), this isn't something people can simply scale back on.

The lower the decile, the higher the percentage of takehome pay spent on each of these fundamental categories. So for the bottom 10%, who are already underwater in terms of their income not covering even the basics, even a small rise in food costs is devastating. And as we can see from the following charts, the bottom 50% of America is still heavily impacted by these rising costs.

Sadly, this rise in groceries does not seem to be a temporary thing. Although the pandemic triggered most of these cost increases, these inflated prices have stuck around, becoming the new baseline. This only pushes the bottom half of America further and further into debt, as long as wages stagnate and these price increases persist.

Gray Areas

I mentioned a potential gray area at the very left and very right of the chart.

At the bottom, we're dealing with homelessness, potential starvation. It's hard to get accurate data on exactly how people are surviving. So, we're extrapolating a little to zero.⁶⁸

At the extreme top of the curve, a different kind of missing data obscures how things really are.

Let's do what we did with wealth and restack our 1%er so we can fit him on our chart.

The ultra-wealthy don't just earn their income through salary. Some portion is actually in the form of stock, which, if not sold, is magically treated more like **wealth** than **income**. And we don't tax wealth.

⁶⁸ See [Wiggle Room](#) in our Methodology section.

After all, they can hire the best tax people on the planet to hide their earnings. Earlier, we subtracted out the tax liability for the top quintile, but that doesn't mean what the top actually paid. (The IRS says that the top 1% fail to report about 21% of their income).⁶⁹ It's so bad, if I had made this video in 2011, Jeff Bezos would be under the child tax credit limit — he concealed enough income to claim the child tax credit that year, which he did.)

The US Treasury has estimated that the wealthiest 1% are responsible for around \$163 billion in unpaid taxes every year.⁷⁰

The Oversimplification Again

There's something else that's obscuring how high this last column of the chart actually goes. I'm simplifying things by reducing our chart to only a hundred people, the top of the chart to one individual. But remember, I'm only looking at an **average**. That 1% person potentially represents 3 million people.

Consider the steepness of the curve at this end of the chart. If we were sub-dividing that person to say ten people or a hundred, I think you'd find a huge difference in the income of the 99th percent person and the 0.01-percenters. And to really discuss inequality, we need to divide by ten at least once more. We're talking the difference in a standard millionaire and a Jeff Bezos-level billionaire.

The 0.1% / The 0.01% / The 0.001%

So here's the average 1%er, after his reported taxes and spending, sitting pretty comfortably with half a million for the year. Of course, the 0.1% has about six times as much. And the 0.01%er? Well, I can barely fit his income for this year on our screen. More than 20 million after spending. And that doesn't include the under-reported income or the hidden amounts disguised as wealth. So all of these top incomes are even higher in reality.⁷¹

⁶⁹ "Tax Evasion at the Top of the Income Distribution: Theory and Evidence," <https://www.nber.org/papers/w28542>

⁷⁰ "The Case for a Robust Attack on the Tax Gap," September 7, 2021, Natasha Sarin, Deputy Assistant Secretary for Economic Policy, <https://home.treasury.gov/news/featured-stories/the-case-for-a-robust-attack-on-the-tax-gap>

⁷¹ This is even further influenced by our likely overestimation of spending at the top of the chart. See this decision in our **Methodology**, earlier in this document. At the end of the day, the wealthy have even more than we are showing, in both before tax, after tax, and after spending categories. These are, if anything, conservative estimates.

And of course, we can't even begin to show the 0.001 percent, the billionaire class. We'd need an entirely new scale to even have that conversation.

Possible Solutions?

So what can we do about it?

I don't know how you feel, but why are we worried about tax breaks for these guys? Shouldn't we be more worried about tax avoidance?

How do we take care of the red under water? What would it take to buoy these people up? SNAP and housing assistance are crucial, but they're honestly barely moving the lines on my chart. Social security is also vital across the board.

If employees, instead of CEOs, were actually paid the gains in productivity, we'd have no trouble making ends meet. Which means finally lifting minimum wage, working toward a **living wage**, and celebrating companies that have a well-compensated workforce rather than obscene levels of exploitive profits going into the pockets of the very few.

Obviously, we need policies that target the source of the problem. **Affordability** and **pay equity**. Real **housing** solutions and true **healthcare** reform.

And how would we pay for that? Well, we know there's billions of dollars the ultra-wealthy are avoiding paying. Not to mention the income disguised as wealth that we don't even tax.

On top of that, our **highest federal marginal tax rate** of 37% is shockingly low, especially considering Reagan lowered it from 70% to 50% back in the early 1980s and then all the way to 28% in 1986. There's no reason we can't have higher rates for incomes above a million dollars, or even higher rates above two or five million, or ten million, say. Rates that would only impact those who can easily afford to pay it.

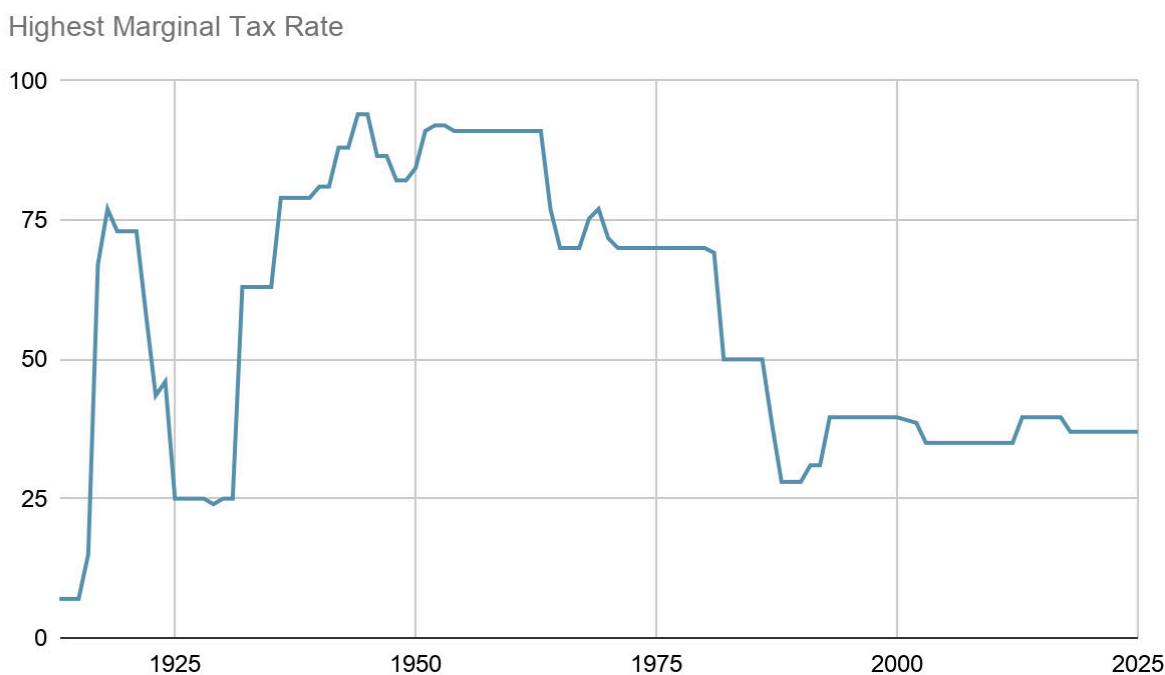


FIGURE 22. HIGHEST MARGINAL TAX RATES over time. We currently have some of the lowest rates in US history.⁷²

That might go a long way toward funding GMI (Guaranteed Minimum Income) or UBI (Universal Basic Income) programs.

Maybe some of these talks about a **wealth tax** actually make sense. We might not even have to tap the entire 1% to solve the problem. But to really get into that, I think we need to have a much longer talk about billionaires.

K-Shaped Economy

Since the pandemic, American inequality has reached a new low. And for the rich, a new high.

We are now living in a brutal K-shaped economy.

The top 10%, and especially the top 1%, are doing fine. In fact, they're doing more than fine. The wealthiest households are thriving. They *are* the economy. Propelled by explosive stock market gains,

⁷² Source: Tax Policy Center, "Historical Highest Marginal Income Tax Rates", <https://taxpolicycenter.org/statistics/historical-highest-marginal-income-tax-rates>

high yields on investments, and a massive multi-year housing boom, this group is spending heavily. Their luxury spending is largely what is keeping headline economic growth looking so positive.

When you hear politicians brag about the stock market or how great the economy is doing, this is whose economy they're referring to. At best, one out of ten of us. The other nine out of ten, not so much. I guess when you're in the top 10%, it's hard to see what's happening to the other 90%.

But the rest of us are being squeezed. Years of persistent, compounding inflation, high interest rates, and skyrocketing housing costs have erased any wage gains. To cover the rising cost of basic essentials, many have been forced to rely heavily on credit cards and debt.

The top 10% of U.S. earners now account for 49% of all consumer spending.⁷³ Further, market analysts estimate that the top 10% — and increasingly the top 1% — spend nearly as much on discretionary items as the bottom 70% combined.⁷⁴ That's frills. The bottom 90% and especially the bottom 80% are far more focused on basic necessities.

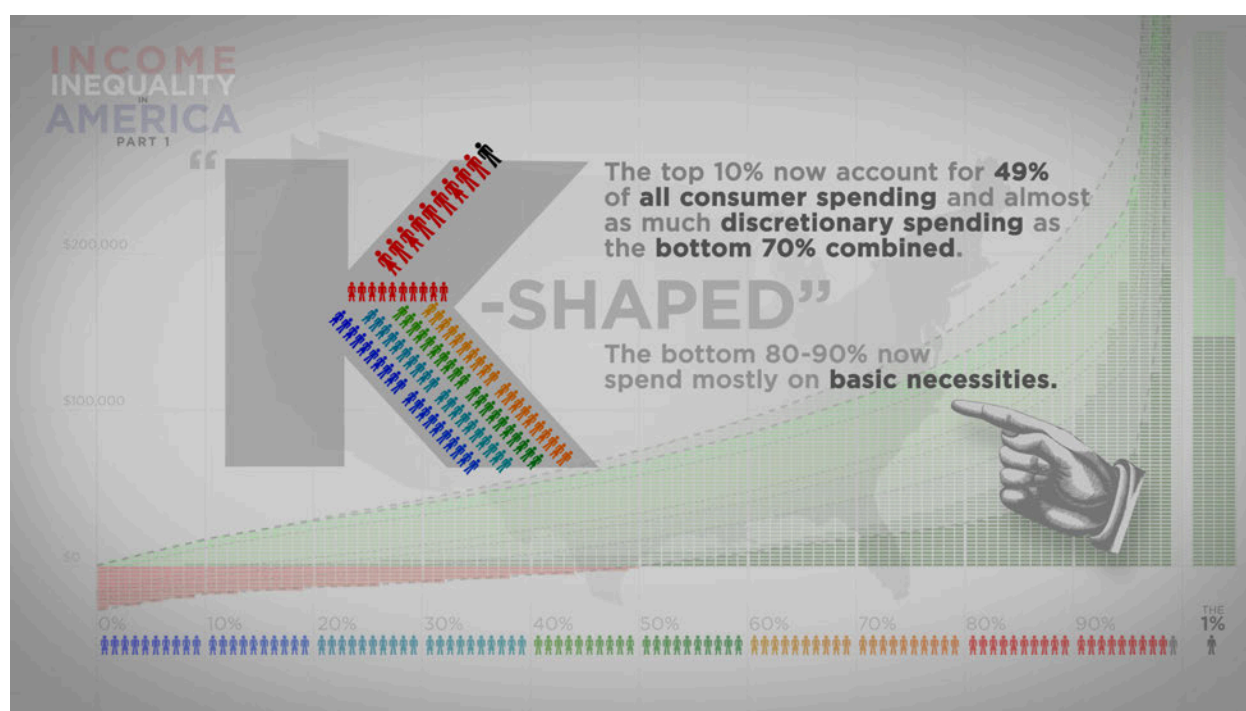


FIGURE 23. THE K-SHAPED ECONOMY. The top 10% are doing better than ever. Everyone else is doing worse.

⁷³ “Estimates of Personal Savings, Personal Outlays and Excess Savings by Demographic Group,” Moody’s Analytics, <https://www.economy.com/getfile?q=8D6DoEAF-E677-4FDA-988D-6oCoE9D34A8B>

⁷⁴ Yahoo! Finance, “K-shaped spending: The top 10% drop nearly as much on nonessentials as the bottom 70% combined,” 2026.

<https://finance.yahoo.com/economy/article/k-shaped-spending-the-top-10-drop-nearly-as-much-on-nonessential-s-as-the-bottom-70-combined-132332976.html>

The overall economy might look okay on paper, but those numbers are masking a deeply divided reality. One tiny fraction of the country is riding a massive, multi-year wealth boom, while the other part — most of us — are going into debt, just to pay the grocery bill.

Conclusion

It's easy to see that inequality in the U.S. is bad.

Wealth inequality has a terrible curve, but at least it can't go below zero. Income inequality, over just a few years, is just as terrible. And in many ways worse. **The bottom half of America currently spends more than it earns.** And that's a very real problem for all of us, no matter which half you're in.

The American Dream used to mean that anyone could achieve success and prosperity through hard work, but rising inequality means opportunity and upward mobility, along with home ownership and financial security, are increasingly more and more difficult to achieve.

The American Dream isn't supposed to be a competition where only one out of thousands wins at the tippy top. In a land of plenty, why can't the American Dream exist for all Americans? How can we wake up from this unequal American nightmare?

Chapter 3: Income Inequality in America (Part 2)

Income Inequality in America — Part 2

I have a few more things to say on **Income Inequality** before we move on.

In my last video, I showed how after spending, *half the US* is actually underwater financially, a fact that was relatively shocking to me, but is pretty much taken for granted by economists and casually accepted by most policy makers.⁷⁵

But we didn't really dive into the **impact** this has on everyone's lives and career over time. So I wanted to look at this in more detail.

After all, this chart is **just** one year's worth of income.

As a thought experiment, let's just take the numbers we ended with after expenses and assume that average over time.⁷⁶ For people on the left, their debt doesn't include interest (which could be at any number of interest rates). We'll assume nothing changes in consumption or income, that financing options remain consistent and savings don't factor, no one loses their job or has a medical emergency.

Look what happens in just three years for different people on the curve.

The poorest Americans are going into debt quickly. Compounding debt that will take decades or a bankruptcy to pay off.⁷⁷ The second quintile isn't any better. Sure, they have a minimum wage job or may

⁷⁵ This must be the case, right? We can't be the only ones looking at this stuff. I know persistent household shortfalls and financial fragility are widely studied by economists, right? While this particular visualization/model is our own synthesis, surely this isn't new information? (I will acknowledge there is a small handful of outspoken politicians out there who have been screaming about this stuff for years. But the vast majority seem to take most of these facts in stride.)

⁷⁶ Obviously the exact amount of debt accrued or earnings saved may also change over time for a given percentile in a given year. For this thought experiment, assuming the current snapshot in debt/spending gives us a crude visualization of what *might* occur over time, and consequently how long one might therefore remain in debt. (Note we are also not factoring in interest payments, which can be significant and could add even more time to this equation.)

⁷⁷ I use "compounding" here simply meaning *over many years*, not in the traditional sense of debt compounding over multiple loans. Technically I should probably say "cumulative modeled shortfall" to be precise, but who the heck actually talks like that?

be earning *some* money, but they're just accumulating debt. And that's if they don't already have existing debt from college. And I'm not even showing interest payments, which could be as high as 22% or more.⁷⁸

It's no wonder so many Americans who think they should be doing well are still struggling, wondering why they can't get ahead.

Imagine what happens at five years time. At ten?



FIGURE 24. INCOME OVER TIME. Ten years of theoretical accumulated debt (or gains) for the start of each quintile.

Mobility

But hey, I hear you say... don't people advance in their careers? Get raises? Do better? Don't they actually move to the right on this curve?

⁷⁸ In February 2024, the Fed reported the average rate on credit card accounts assessed interest was 22.63% (a record high since they began tracking the specific metric). By late 2024, the average interest rate on credit cards assessing interest hit a new record high of 23.4%. Federal Reserve Board of Governors. (2024). Consumer Credit - G.19: Commercial Bank Interest Rates on Credit Card Plans, Accounts Assessed Interest. Washington, D.C.: Federal Reserve System. https://www.federalreserve.gov/releases/g19/hist/cc_hist_tc_levels.html.

Sure! In theory, people should start somewhere to the left on this curve (with a minimum wage job, maybe) and progress to the right over time. But how much time do you think that takes, and how far they progress is dependent on a lot more than hard work and luck.

We call that **mobility**, and the sad truth is there's a *lot* of inequality at play with regard to any single income group's chances of breaking out of their quintile and moving on to the next one. We could do a whole other video on this subject alone, but suffice it to say... race, gender, age, who your parents are, location, education, the current job market, which quintile you start in... all of these can play a significant role in your chances of moving to the right.⁷⁹

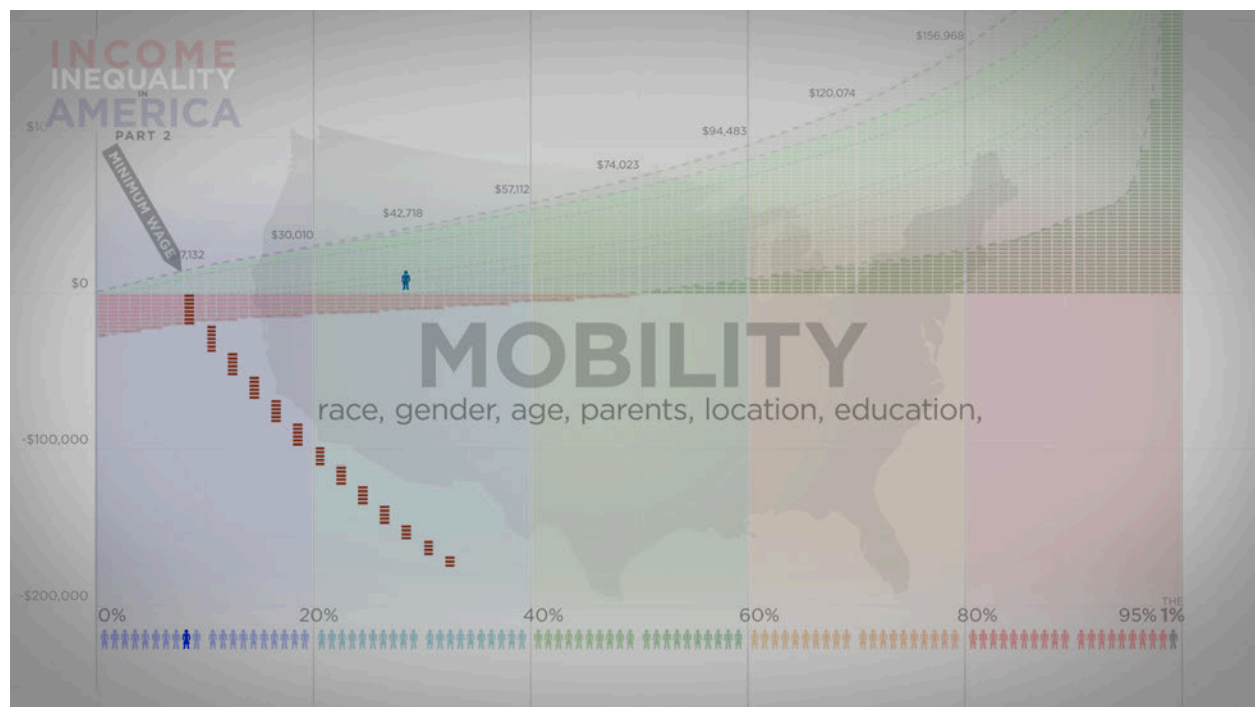


FIGURE 25. MOBILITY. The chance of moving to the right over time, with raises and better jobs, is highly influenced by any number of factors related to inequality.

About half of those in the bottom quintile move up within ten years, with young adults showing the highest chance of this.⁸⁰ But that's still ten years of debt accrued, even for those. Even if another decade

⁷⁹ Chetty, Raj, et al. "Race and Economic Opportunity in the United States: An Intergenerational Perspective." *The Quarterly Journal of Economics*, Opportunity Insights. <https://opportunityinsights.org/paper/race/>

⁸⁰ Bradbury, "Family Characteristics and Macroeconomic Factors in U.S. Intragenerational Family Income Mobility, 1978-2014," 2019.

<https://www.minneapolisfed.org/research/system-working-papers/family-characteristics-and-macroeconomic-factors-in-us-intragenerational-family-income-mobility>; Chetty et al., "Changing Opportunity: Sociological Mechanisms Underlying Growing Class Gaps and Shrinking Race Gaps in Economic Mobility," 2025. https://opportunityinsights.org/wp-content/uploads/2024/07/ChangingOpportunity_Paper.pdf

gets them into the middle quintile, how long before they're truly "above water?" How long to pay off all that accumulated debt?

Not to mention some of the more terrible statistics about the "stickiness" of the bottom quintiles, and how hard it is for many to *ever* get out. For example, about one out of three children born into the bottom quintile remain there as adults. Our supposed "land of opportunity" is often barely that for those born into extreme poverty.⁸¹

And remember, of those who do manage to move to the right, many also fall. Move to the left. For any number of reasons. A soft job market. Getting laid off. Getting cancer. Heck, getting sick at the wrong time in this country can be fatal. And I don't just mean bankruptcy.

College

Of course, an average American college graduate has it better than most. Their starting salary is high enough that many graduates can get out of debt and start earning in only a few years.⁸² Well, that is, *if* they had a full ride, or were lucky enough that someone *else* paid for their college. If they have student loans, it could be closer to *17 years* before they pay off all that debt, and that's if they happen to make a pretty decent 3.5% raise every year. (This initial estimate doesn't even bother adding interest, which can be significant. Adding a hypothetical 6% interest adds around *ten more years* to pay off the loan. This brackets reasonably well with the cited 21.1-year result quoted in a 2013 study — the no-interest case is

⁸¹ SUPRA 80, (Chetty). Also: Chetty, Hendren, Kline, and Saez, "Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States," Table II, 2014.

https://jenni.uchicago.edu/econ341/readings/Chetty_Hendren_Kline_etal_2014_QJE_v129_n4.pdf Bradbury, "Levels and Trends in the Income Mobility of U.S. Families, 1977–2012," 2016.

<https://www.bostonfed.org/publications/research-department-working-paper/2016/levels-and-trends-in-the-income-mobility-of-us-families-1977-2012.aspx>. Also: U.S. Census Bureau, "Mobility, Opportunity, and Volatility Statistics (MOVS)," 2024.

<https://www.census.gov/programs-surveys/ces/data/public-use-data/mobility-opportunity-volatility-statistics.html>

⁸² Average college starting salary: <https://www.newyorkfed.org/research/college-labor-market#--:explore:wages>

shorter, while the flat-6% case overshoots it.⁸³ Again, ours is a crude approximate illustration based on rough debt/earnings numbers. It is meant to be illustrative, not a rigorous model.)

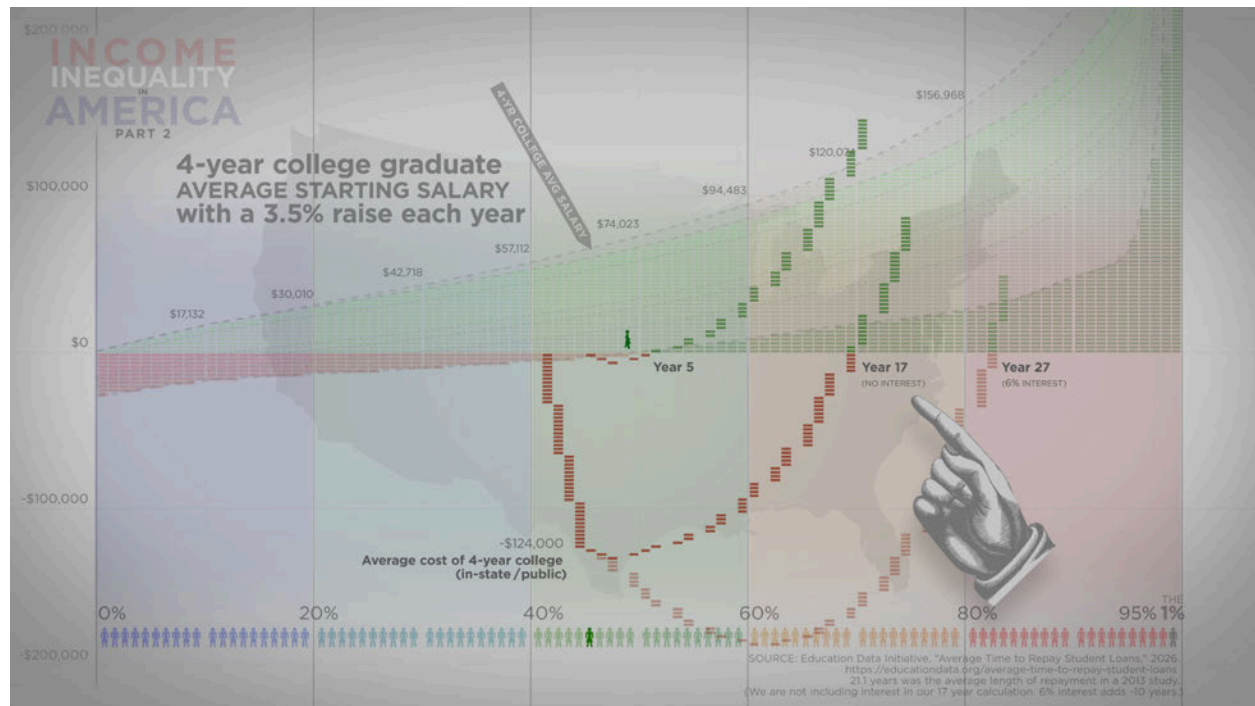


FIGURE 26. COLLEGE. The average among college graduates starts their salary high enough to escape debt in only a few years, if they don't have student loans that can easily add twelve years or more to their time "underwater."

The cost of college has increased significantly in the past 40 years.⁸⁴ More than double for four-year colleges. College kids used to be able to pay for a significant amount of their school with a summer or part-time job. Not anymore. Which is why many young Americans today carry that debt with them for a large part of their careers.

⁸³ See: Education Data Initiative, "Average Time to Repay Student Loans," 2026. The average student borrower takes 20 years to pay off their student loan debt," and further states that "21.1 years was the average length of repayment in a 2013 study of 61,000 respondents." Because our crude illustrative model does not include interest, it is not surprising that it would come in a number of years short of that actual real-world number. Further, our use of a flat 6% interest rate adds ten years to the loan repayment time, overshooting the stated average and hitting 27 years, but keep in mind this is under the assumption that the conditions we have now remain exactly so for years to come. The 21.1 figure is a more exacting measure of the actual time taken in *recent past decades*, so conditions may have been more favorable then, college costs were lower, and/or interest rates may have been lower, plus other real-life factors may have affected these results. Again, our numbers are illustrative based on a single snapshot in time being applied over upcoming decades.

⁸⁴ Cost of college by year: <https://educationdata.org/average-cost-of-college-by-year>. Also: Federal Reserve Bank of St. Louis and National Center for Education Statistics.

Needless to say, no one with a typical job is really making enough money to counter the rising cost of spending. Some careers are better than others at getting above water, *if* you can justify the ever-increasing cost of a college education and the exploding student debt needed to get there.

Consider the average teacher in this country. If they aren't significantly more frugal with their spending than the average American, they may never escape being underwater in their entire career without a spouse with a second income.⁸⁵ And that doesn't even consider their college debt, a requirement for most teaching positions.

[AUTHOR'S NOTE: This was one of the saddest images to me, and I hated to cut it from our final video. A typical (average) unmarried teacher literally *never gets out of debt*, in their entire 30-year career. In their last few years before retirement, they *almost* get there, but still remain below breaking even. They do begin generating a surplus about halfway through their career at year fifteen, which finally starts to reduce their debt. But they never quite make it above zero in our simulated exercise. And note this doesn't even factor in the cost of college (which their job requires) or interest on those student loans.⁸⁶]

⁸⁵ Average teacher salary:

<https://www.nea.org/resource-library/educator-pay-and-student-spending-how-does-your-state-rank>. Again, illustrative *average*, not a rigorous model. Obviously varies based on location, tenure, and a myriad of other circumstances.

⁸⁶ NEA reports the \$48,112 starting salary, \$74,495 average salary, and \$87,331 average top-salary benchmark. <https://www.nea.org/resource-library/educator-pay-and-student-spending-how-does-your-state-rank/starting-teacher> Using Year 15 for the average-salary anchor is reasonably consistent with NCES data showing that public-school teachers have approximately 15 years of teaching experience on average. We used 30 years as the representative retirement horizon; a national NCES study found that retiring teachers had averaged 29 years of experience, and 30 years of service was a common full-pension threshold. State retirement rules vary considerably, so this is a representative assumption rather than a universal retirement rule. The salary is interpolated rather than applying one constant annual raise. That produces larger percentage increases early in the career and smaller increases as the teacher approaches the top of the salary schedule. The top assumption is actually a fairly favorable teacher scenario. The \$87,331 terminal salary is NEA's average *top salary*, rather than the average salary actually received by every retiring teacher. Our model also excludes: the cost of obtaining the required college degree, interest on accumulated deficits, mandatory teacher pension contributions, teacher-funded classroom expenses, and of course any inflation or movement in the overall income and expenditure distribution (we freeze our model for simplicity). Saying teachers are underpaid appears to be an *understatement*.

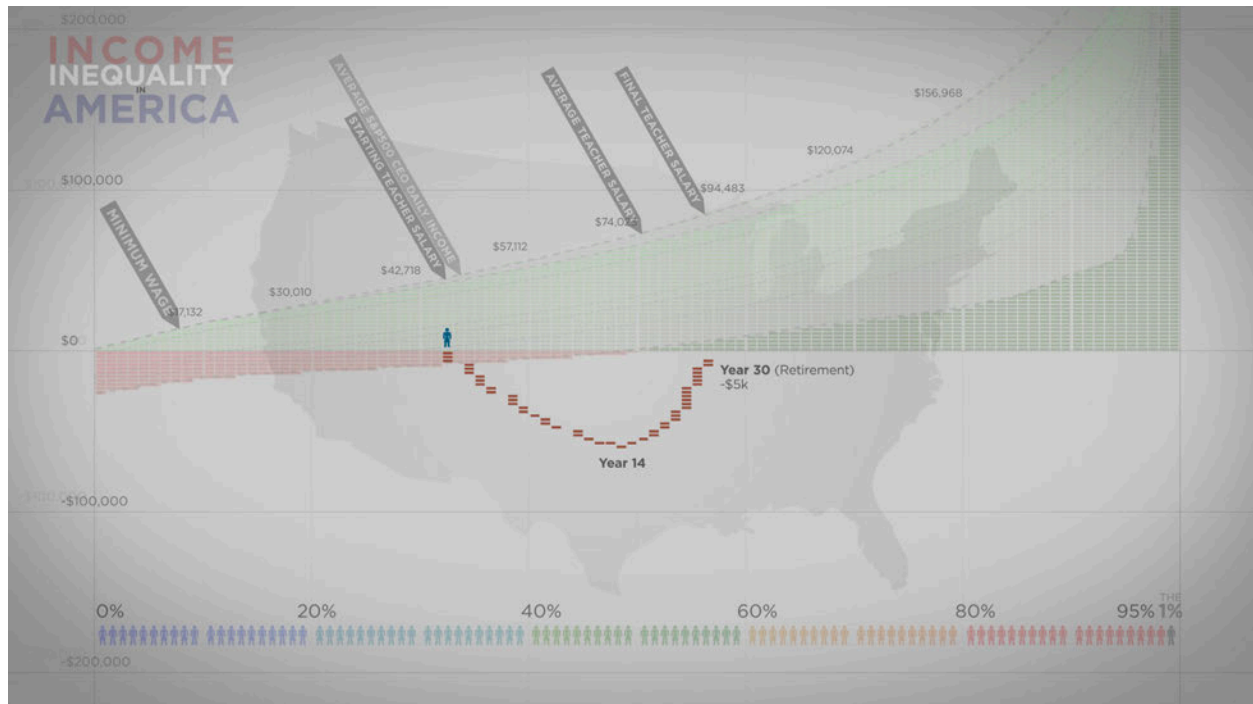


FIGURE 27. The saddest image. The DEBT OF A TYPICAL (AVERAGE) TEACHER through their entire career, never getting above water without a spouse, a second job, or outside support. (Obviously this is dependent on numerous factors, i.e. location, tenure, etc. But considering our general numbers are also derived from averages, the “average” teacher does not ever quite get above zero, according to our theoretical math.)

Their debt must be exhausting. How do they make it? Do they borrow from family? From friends? GoFundMe? While previous generations could pay off their college debt with a summer job, what do modern teachers do? Get married or go bankrupt? Oh, and while we’re looking at the annual starting salary for a teacher over their long career... Note the faint arrow in there — what an S&P 500 CEO makes in **one day**. Just think about *that* for a second. Disgusting.

We don’t have time to explore all of the typical career paths, but here’s a lightning glimpse at some of them.* Feel free to pause the video just to get an idea of how long most careers cling to debt. And remember — I’m not even showing interest in these estimates. And all that debt has interest. So add a few more years to all of my estimates.

[*We didn’t have time to include all of these, but it would be an interesting exercise to see how many years a given career exists to the left of the “break-even” point, and how long it takes to get significantly far to the right of that point, where you can actually pay off all your debt and even start to accumulate wealth. I wonder if young people would make different choices, if each of these career expectations were published somewhere, so people “choosing a career” could see them in advance?]

The Catch-22 of Minimum Wage

So that's the path for those fortunate enough to go to college. Many of those young people can skip the climb from the bottom-most quintile, thanks to their parents.

For those who truly start out on the far left of the chart, things are often very different. They mostly start at a minimum wage job and work up from there. A minimum wage, I'll point out, that hasn't been increased in *17 years*. When you adjust for inflation, the current federal minimum wage of \$7.25 an hour is now worth less than at any point since 1950 — the lowest point in *76 years*! Heck, back in 1968, it was worth twice what it is today.⁸⁷



FIGURE 28. MINIMUM WAGE, Federal. Currently at its lowest value in *seventy-six years*.

In fact, if we look at how long it would take to buy an average home in the '60s, with a minimum wage of \$1.25 (\$10-12 today), it would only take 7 and a half years.⁸⁸ Today it would take 34 years. Similarly, the cost

⁸⁷ <https://www.dol.gov/agencies/whd/minimum-wage/history/chart>; Also:

<https://www.epi.org/blog/the-value-of-the-federal-minimum-wage-is-at-its-lowest-point-in-66-years/> (But note the date of the article (2022) and the reference to 1956 has gotten even worse with continued inflation. Four years later, it is now 76 years to the bump in 1950, not 1956.)

⁸⁸ In 1968 (the peak of value for minimum wage), the minimum wage of \$1.60 per hour would be around \$14.80 today. In 1963, the average home price was \$19,300 (or \$203,028 inflation adjusted). Average home price data: Federal Reserve Bank of St. Louis, "Average Sales Price of Houses Sold for the United States," 2026.

<https://fred.stlouisfed.org/series/ASPUS>

of one year in college in 1963 could be paid off in 5 weeks at a minimum wage job.⁸⁹ Heck, you could pay off the whole year with a *part-time* summer job. Today, it would take *35 weeks* for that one year of college. That's 8 months!⁹⁰

Defining Poverty

The math to escape poverty today also doesn't make sense.

Take a starting family of four, rising up from minimum wage.⁹¹

Thank goodness for childcare assistance, because their starting jobs aren't enough for the four of them. Thank goodness for SNAP, because without it their toddler and baby might not eat. Thank goodness for housing assistance, because without it they'd probably be living in their old car. Every time they have to fix something to keep it running, someone skips a meal.

Luckily, they work hard and get a modest raise. But now they no longer qualify for SNAP. That raise of twenty-five cents an hour costs them about \$200/month. They'd need a raise of more than a dollar just to get back to where they were.

⁸⁹ According to National Center for Education Statistics, average tuition in 1963 was \$243. With a minimum wage of \$1.25, it would take 4.86 weeks to cover tuition (see: <https://educationdata.org/average-cost-of-college-by-year>)

⁹⁰ Of course both of these hypothetical scenarios assume you are dedicating *all* of your annual wage or *all* of your summer paycheck respectively to said activities, which is obviously impractical in reality. (And another good reason to have a higher-than-minimum-wage job.) Still, the comparison is noteworthy; what was once at least *possible* is no longer even conceivable.

⁹¹ Benefit cliffs vary drastically depending on state, region, family size, etc. This illustrative example is intended as a hypothetical rough sketch "typical" in the public benefits landscape. It is not intended as the only scenario people face, nor an exacting example.

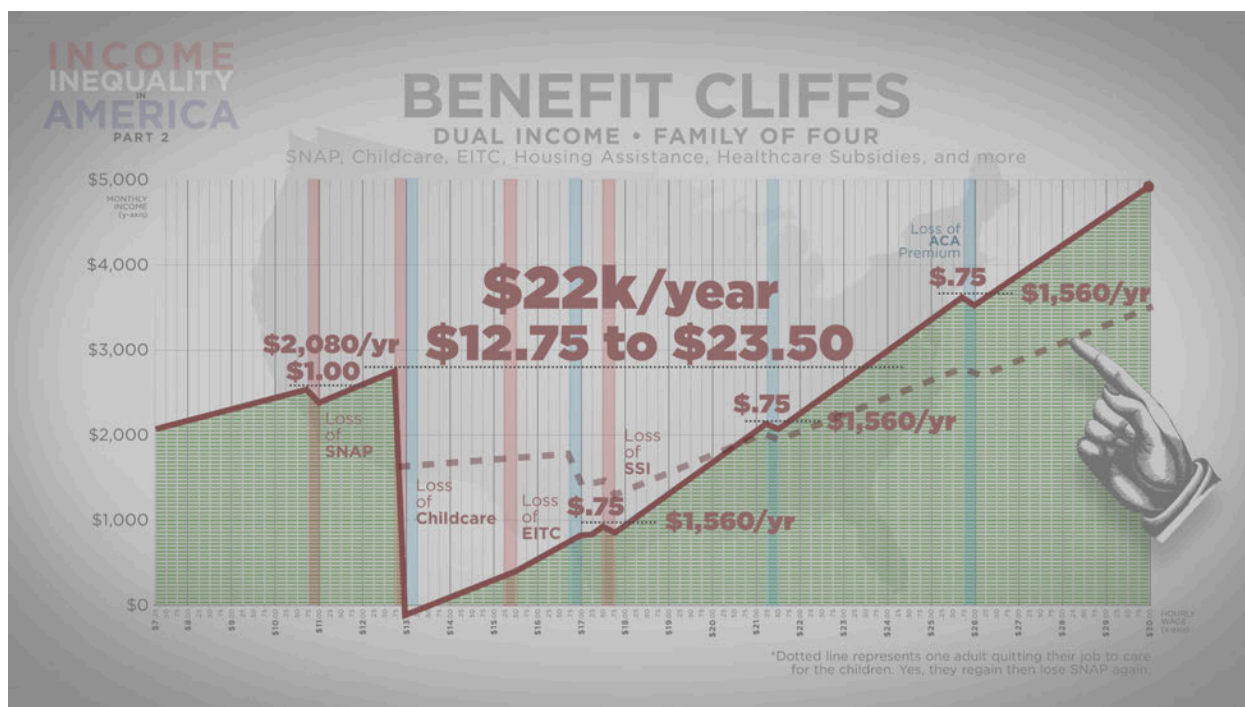


FIGURE 29. BENEFIT CLIFFS. The landscape of government assistance is filled with chasms where a raise actively hurts by disqualifying a working family from receiving assistance. They actually lose money (or the benefit entirely, like childcare) by getting a raise. (NOTE: Benefit cliffs vary drastically depending on state, region, family size, etc. This illustrative example is intended as a hypothetical rough sketch “typical” in the public benefits landscape.)

Even worse, another raise means they no longer qualify for childcare assistance. That costs more than each of them makes! One of them probably has to quit their job to take care of the kids, dropping their income in half, which ironically once again qualifies them for childcare!

In order to get beyond the cliff and actually take home more money, they’d need practically double their pay. Do you know anyone handing out raises like that?

Even with only one young child, these cliffs are terrible. SNAP, housing assistance, childcare. Each one requires a significant raise just to break back even after the loss. And it’s still a long long way before any break even points or escape from debt.

Even these smaller cliffs are still significant, representing over \$5,000 per year. Even if there were no kids and the wife had that second job and second income, two out of three of these cliffs still apply. Even with only one young child, even without kids, it’s an unbearable Catch-22.⁹²

⁹² Introduction to Benefits Cliffs and Public Assistance Programs,
<https://www.ncsl.org/human-services/introduction-to-benefits-cliffs-and-public-assistance-programs>

The “Act Your Wage” Myth

And before I get the argument “Don’t have kids till you can afford them,” consider this: The timeline for achieving what was once considered basic financial readiness—clearing educational debt, securing a stable career, and acquiring an asset like a home—has stretched deep into the 30s and 40s for most people. For millions, the concept of “saving up” for a child is a mathematical impossibility. If a household is already relying on consumer credit simply to bridge the gap between basic living expenses and their income, there’s no surplus to save. The illusion that they could just “budget better” to afford a family ignores the reality that their current baseline survival is already subsidized by debt.

And biology does not care about the Consumer Price Index or housing market inflation. If society demands that individuals reach the top two or three income quintiles before reproducing, it’s demanding that millions forfeit the opportunity entirely. It’s not simply about “waiting a few years,” it’s a systemic barrier to having a family.

Further, childcare is not inherently a luxury; it has become one because of a broken market structure where providers are underpaid yet parents are overcharged. We are losing both the American Dream *and* the American family in the process.

The Valley of Death

A financial blogger (named Michael Green) recently went viral for pointing out that our **Poverty Line** was defined back in 1963 with a formula that doesn’t really square with things today. In his Substack article, he argued (and took a lot of flak) that if we used a similar methodology, the Poverty Line would actually be somewhere between \$80k and \$140,000 dollars today.

But what he was really pointing out was this area between the existing **Poverty Line** and our **Break-Even Line**, which he called “the Valley of Death.”⁹³ Call it what you will — the Alley of Darkness, Nightmare Alley (I personally kinda like this one), the Pit of Despair... Regardless, it’s a terrible place to be.

People in this range are further troubled by the impact of “benefit cliffs.” Their effect is brutal. Not only are the working poor spending more than they make, but the system is rigged against them, moving them backward for every step that should be moving them forward. We can debate the actual dollar amount where this “break even” line actually is (and it varies fairly drastically depending on where you

⁹³Michael Green, “My Life is a Lie: How a Broken Benchmark Quietly Broke America,” 2025.
<https://www.yesigiveafig.com/p/part-1-my-life-is-a-lie>

live), but the chasm between the benefit cliffs and any daylight on the other side is very real. Further complicating this hazardous landscape are general affordability troubles, leading to an ongoing, lingering use of consumer debt.

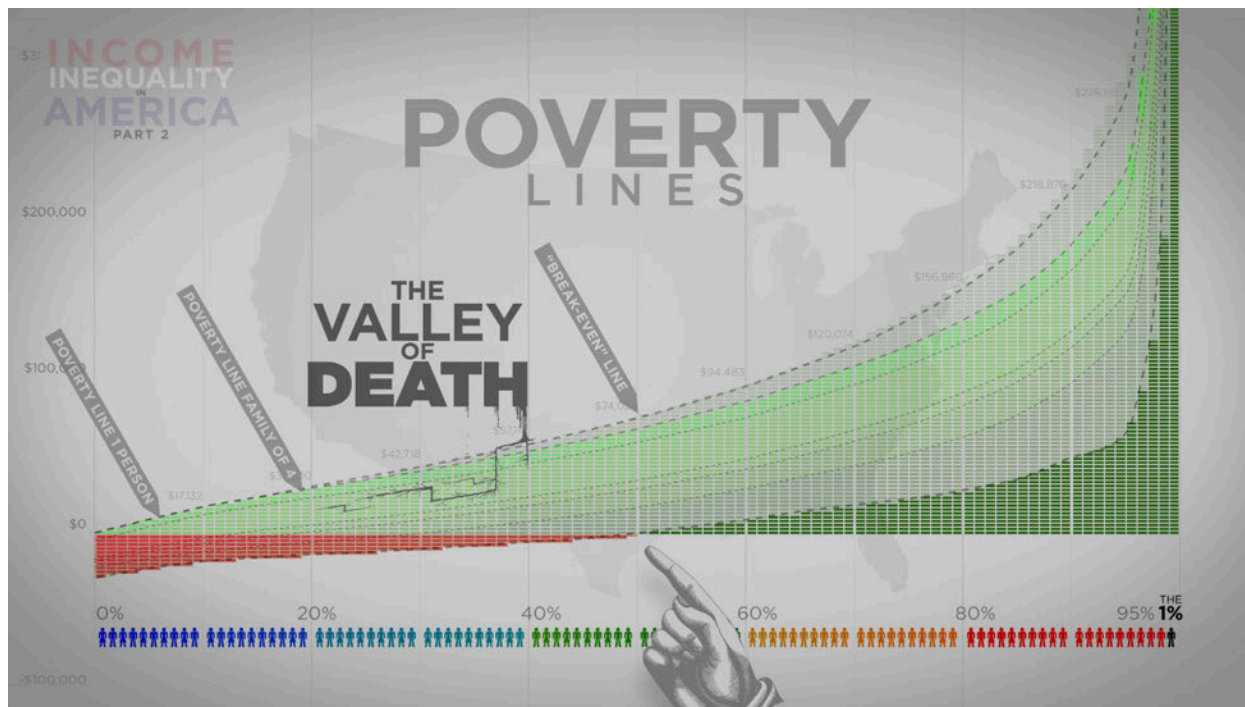


FIGURE 30. THE “VALLEY OF DEATH,” the area between the Poverty Line and our 50% “Break-even” line. This area is subject to Benefit Cliffs and the stigma of welfare.

(And note that many of these folks actually have *multiple* low-paying jobs. But the harder they work, the more they are seemingly penalized for their success.)

One other thing that’s interesting to me about Green’s “Valley of Death” discussion is the emotional / psychological component — how people feel resentment in this struggle. The working poor, who’ve had their benefits taken away from them, often resent those who choose not to step off that cliff, for fear of having those benefits taken away.⁹⁴ This psychology rises even into the middle class. This resentment of the poor and their needs in a world with cell phones and \$100 TVs and supposed “plenty” is frankly unfair.

Over the last few decades, the cost of consumer goods like TVs and electronics has plummeted due to globalized manufacturing. Meanwhile, the cost of absolute necessities—housing, healthcare, childcare, and higher education—has skyrocketed. A smartphone is no longer a luxury; it’s basic infrastructure. It’s

⁹⁴ For further reading: “National Survey of Public Knowledge of Welfare Reform and the Federal Budget,” <https://www.kff.org/medicaid/national-survey-of-public-knowledge-of-welfare/>

required to apply for jobs, manage erratic shift schedules, access banking, receive grade-school communications, and navigate government portals. To criticize someone in poverty for owning a smartphone is like criticizing them for wearing shoes; it demonstrates a profound disconnect from what is required to participate in modern society.

If a single parent earns an extra \$1,000 at work but loses \$5,000 in childcare subsidies, it isn't "lazy vs. hardworking," it's just rational self-preservation. And a \$100 TV purchased once every five years is a statistical rounding error in the face of a \$2,000/month rent bill.

The most tragic outcome is the infighting this causes. The working poor direct their anger downward at those receiving benefits, rather than upward at a system that relies on their cheap labor.

Everyone would like to rise up, would like to support their families, but they're operating in a system that makes that almost impossible. Instead, many are punished for far too long, working terribly hard for far too many years, accruing more and more debt before any chance of a savings or a nest egg or any real hope for a happy life and a comfortable retirement.

This doesn't mean we shouldn't have welfare programs. That would of course be devastating. It just means the qualifications that exist at the end of these benefits desperately need to be reformed. **People need an offramp, not a cliff.** We need a tapered solution that helps ease people into their own prosperity. Welfare benefits today are notoriously underfunded. So maybe we're lucky to have what we have. But no one wants to be there, and we haven't provided the right way out.

Extreme Poverty

I'm also not saying the Poverty Line needs to be raised to 100k. Clearly there is a stark difference between people above or below the established poverty line. Below it, families barely have enough to eat. They miss meals. They aren't sure where they're living. These are the terrible stories of people selling plasma for a meal. This is extreme poverty, and it definitely **does** happen in America.⁹⁵

⁹⁵ The US Census defines "official poverty" as everyone below the applicable federal poverty threshold. Within that population, "deep poverty" refers specifically to those below 50% of the threshold. We recognize that there is a meaningful difference between *deep* poverty and the rest of the population below the official poverty line. But everyone below the full poverty threshold is living in official poverty, and many throughout that entire range experience *extreme* material hardship—including hunger, unstable housing, delayed medical care, and difficulty meeting basic needs. Although the severity and circumstances vary, we consider conditions throughout the official poverty population to be *extreme* in the ordinary—not technical—sense of that word. Our use of the word "extreme" is rhetorical, not categorical.

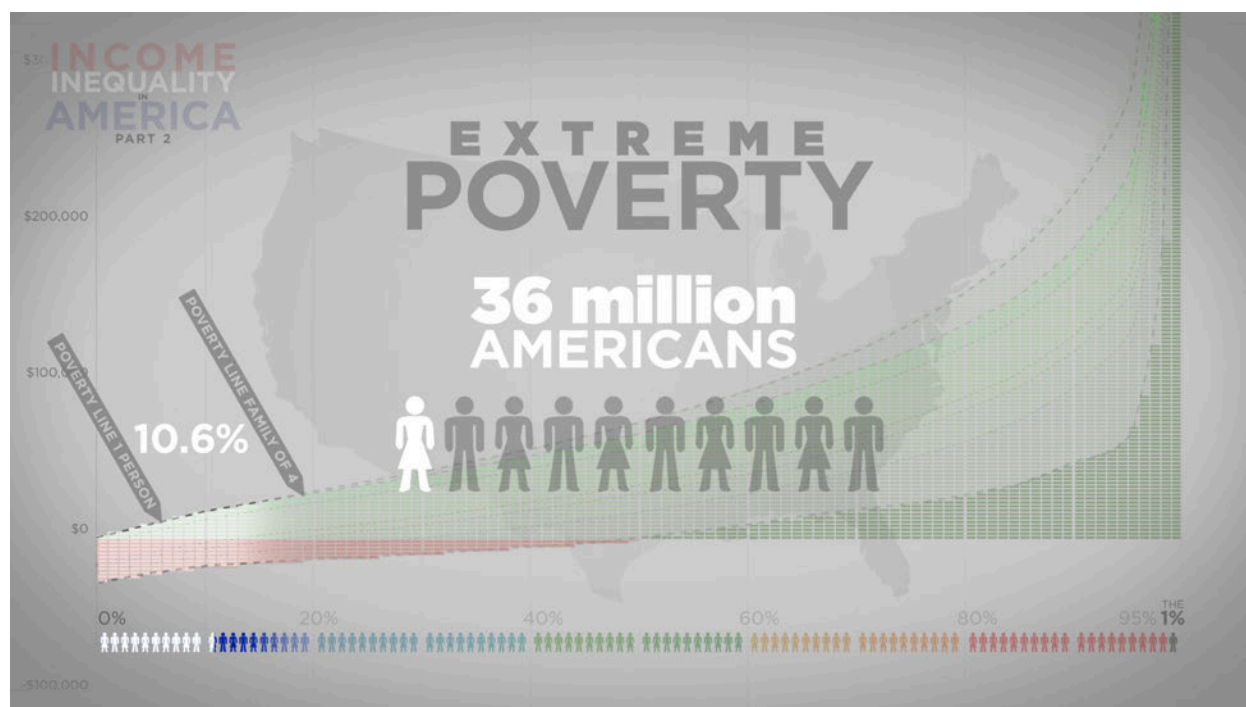


FIGURE 31. THE EXTREME TRUTH OF POVERTY (both “official poverty” and “deep poverty”). One in 10 people are living below the Poverty Line.

In 2024, the official national poverty rate was 10.6%, meaning almost 36 million Americans lived below the poverty line.⁹⁶ *One out of ten.* This is significant. According to the Department of Housing and Urban Development’s “Point-in-Time Count,” more than 770,000 Americans — that’s *three-quarters of a million people* — experienced homelessness on a single night that year. This was an 18% increase from the year before and the highest number recorded since national reporting began in 2007. Included in that count are 150,000 children, a 33% increase.⁹⁷

The USDA reported that 13.7% of U.S. households—about 18.3 million households, nearly 48 million people—were food insecure in 2024. This means they had difficulty providing enough food for everyone. 22.1 million students (about 40% of all students) required free or subsidized school lunches in 2025, which was 73% of all public school lunches served in that year.⁹⁸ More severely, 7.2 million households (5.4% of U.S. households) skipped meals because they could not afford groceries.⁹⁹

⁹⁶ U.S. Census Bureau, “Poverty in the United States: 2024,” 2025.

<https://www.census.gov/library/publications/2025/demo/p60-287.html>

⁹⁷ U.S. Department of Housing and Urban Development, “The 2024 Annual Homelessness Assessment Report (AHAR) to Congress,” 2024. <https://www.huduser.gov/portal/sites/default/files/pdf/2024-AHAR-Part-1.pdf>

⁹⁸ USDA National School Lunch Program: <https://www.fns.usda.gov/pd/child-nutrition-tables>

⁹⁹ “Household Food Security in the United States in 2024,” Department of Agriculture (USDA) Economic Research Service (ERS), 2025. <https://www.ers.usda.gov/publications/113622>; A more exact statistic: 7.2 million households

Vehicular homelessness, people living in their cars, is widely considered the fastest-growing crisis of the unhoused population, acting as a shelter of last resort for employed individuals who hold steady jobs but cannot afford skyrocketing rent.

Break-Even Line

No, we still need a defining line, like the Poverty Line — that is until we can finally ensure that every American is clothed, housed, and fed.

But, I'd argue that we also need another line. This “underwater, break even” line on my chart that currently stands close to 50%, half our country. Our blogger isn't the first person to call out the Valley of Death. There have been several attempts to give this line a name. **The ALICE Threshold. The Self-Sufficiency Standard (Center for Women's Welfare). The EPI Family Budget Calculator. The MIT Living Wage Calculator.**¹⁰⁰ Each of these tries to provide a tangible guide for public policy. (*Of course the “break-even” line for each of these measures varies by state, county, family size, etc. Our 50% mark is a rougher calculation based on a national average.)

But mostly it needs to be recognized by policy makers and the general public. It needs to be talked about. It needs to be made real. I know we're just looking at an average, and the actual break-even line likely varies pretty radically between 70k and 120k depending on the size of your family and where you actually live. But our relief benefits need to take it into account. These cliffs are very real. And for the working poor, trying to rise out of the desperation of the bottom, to claw their way up to the middle class and beyond, the current system is absolutely failing them.

How do we make all of these lines shift significantly to the left on our chart? Fairer (higher) wages that actually match worker productivity? Lower costs for basic necessities?

What about some kind of **guaranteed minimum income** to keep struggling families out of poverty and starvation? (Or maybe a reverse tax system where a livable wage can actually happen for everyone?)

experienced *very low food security* at some time during 2024, meaning food intake was reduced and normal eating patterns were disrupted. Among households in that category, 97% reported that an adult cut meal size or skipped meals, and 87% reported that this occurred in three or more months.

¹⁰⁰ https://en.wikipedia.org/wiki/Asset_Limited_Income_Constrained_Employed Also: The ALICE Threshold, <https://www.unitedforalice.org>, The Self-Sufficiency Standard, <https://selfsufficiencystandard.org>, The EPI Family Budget Calculator, <https://www.epi.org/resources/budget/>, The MIT Living Wage Calculator, <https://livingwage.mit.edu>

We need **universal childcare**. And **universal healthcare**. We need to taper off benefits like SNAP and Housing Assistance, so they don't penalize workers who do well and get raises. People shouldn't be forced to consider *not* taking a raise because it means they lose money they desperately need.

Current welfare systems aren't doing enough. They are already woefully underfunded for even basic needs. And it's only getting worse.

We need reliable jobs that won't be outsourced overseas or given to AI. And even without them, we need a method to survive. We need a plan.

We need to get this half of America permanently above water.

Debt

All of this (red underwater) of course leads to the current epidemic of American consumer **debt**.

Total household debt in the United States reached an all-time high of \$18.8 trillion in 2025. (The increase mainly driven by mortgage, credit card and student loan balances.)¹⁰¹

This **debt** is really the punchline for our income / spending story. And the joke's on us.

Don't get me started on the amount of this debt Americans keep on high-interest credit cards. Predatory rates, often above twenty percent, which in my opinion should be illegal.

Obviously it depends on your interest rate, but most people pay the cost of their home at least twice over the 30 years of their mortgage.¹⁰² That's right, you buy the house twice. (And to think the current administration was proposing 50 year mortgages as a solution to our housing crisis.¹⁰³ Ridiculous.)

¹⁰¹ Federal Reserve Bank of New York, Center for Microeconomic Data, "Quarterly Report on Household Debt and Credit: 2025 Q4," 2026.

https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/hhdc_2025q4.pdf

¹⁰² See: <https://www.bankrate.com/mortgages/amortization-calculator/#understanding-your-results>, "On a \$400,000 loan at 6%, you'll pay more than \$463,000 in interest over 30 years."

¹⁰³ "White House's 50-year mortgage proposal has one notable benefit but a number of drawbacks," *Associated Press* (AP), November 2025.

<https://apnews.com/article/home-prices-50-year-mortgage-trump-56a931881ca6f6efeccf2de0333a83bd>, Plus: <https://x.com/pulte/status/1987228558226280813?s=20>

For student loans, you often pay an extra school year in interest before you've paid it off. *If you can pay it off at all.*

Student Loans

And this just got worse with the One Beautiful Bill's Repayment Assistance Plan (RAP).

While current borrowers retain existing protections, those taking out new loans after July 1, 2027, will find their discretionary forbearance limited to just 9 months every two years. Additionally, with the 2023–2024 "On-Ramp" protections having officially ended, millions of struggling borrowers now face the immediate threat of delinquency and default. Furthermore, RAP pushes the IDR forgiveness timeline out to 30 years and fails to permanently extend the tax-free status of forgiven debt. For those finally earning forgiveness, the amount forgiven is now treated as taxable income. In effect, borrowers aren't being relieved of debt — they're trading a predictable monthly payment for a massive lump-sum tax bill they can't afford to pay.¹⁰⁴

For students graduating in '26-'27, interest rates have finalized near their highest levels in decades. Undergraduate fixed rates are hitting 6.52%, and Parent PLUS loans have breached 9% to settle at 9.07%.¹⁰⁵

With the cost of college out of control, debt forgiveness essentially inaccessible, student debt in a death spiral, and private universities at risk of closing all over the country, America's higher education system is in total freefall.

¹⁰⁴ Tate Law, "What is the Repayment Assistance Plan," July 10, 2026 (deferment/forbearance limits). PHEAA (Pennsylvania Higher Education Assistance Agency), "One Big Beautiful Bill Act: Paying Back Your Loans" (30-year timeline and taxation details). Note: Individual tax treatment depends on program and circumstance; Public Student Loan Forgiveness, Teacher Loan Forgiveness, death, and total/permanent disability *can* produce exceptions.

¹⁰⁵ U.S. Department of Education, Electronic Announcement regarding 2026-2027 interest rates, June 4. <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2026-06-04/interest-rates-federal-direct-loans-first-disbursed-between-july-1-2026-and-june-30-2027>. Also: 10-year Treasury auction, May 12, 2026. Time-stamp: as of August 2026.

Credit Card Debt

Roughly 111 million Americans — that's about 40% of adults — are now trapped in "persistent debt," meaning they carry balances month-to-month.¹⁰⁶ Reports from early 2026 indicate that credit card banks have doubled their profit margins over the last two decades by keeping rates high even when the prime rate stabilizes. This has extracted over \$2.1 trillion in interest from American families since 2010.¹⁰⁷



FIGURE 32. DEBT. 4 out of 10 Americans now hold “persistent debt,” meaning balances are carried over month after month.

During the pandemic, millions of Americans took advantage of record-low interest rates for auto loans, personal loans, and credit cards with 0% APR introductory periods. However, as the Federal Reserve aggressively raised rates to combat inflation, the cost of servicing both new and existing revolving debt surged. By late 2024, the average interest rate on credit cards assessing interest hit a record high of 23.4%; this payment shock has driven credit card and auto loan delinquency rates to their highest levels in more than a decade.¹⁰⁸ With average interest rates exceeding 22%, missing a single payment can lead

¹⁰⁶ The Century Foundation and Protect Borrowers, "Interest Nation: The State of America's Credit Card Debt Crisis," 2026. <https://tcf.org/content/report/interest-nation-the-state-of-americas-credit-card-debt-crisis/>

¹⁰⁷ Ibid 106 (The Century Foundation and Protect Borrowers). The organization later cited these exact figures again in their July 2026 follow-up brief, "Behind in Every State: A Deeper Look at America's Credit Card Debt Crisis." <https://protectborrowers.org/behind-in-every-state-a-deeper-look-at-americas-credit-card-debt-crisis/>

¹⁰⁸ The 23% Interest Rate: Federal Reserve Board of Governors. (2024). Consumer Credit - G.19: Commercial Bank Interest Rates on Credit Card Plans, Accounts Assessed Interest. Washington, D.C.

to a “catastrophic snowball” where interest charges alone exceed the borrower's monthly disposable income.

Exacerbating this debt problem is the proliferation of “Buy Now, Pay Later” credit products, which have transitioned from a tool for “splurging” on sneakers to a survival mechanism for basic needs. Lower-income households are increasingly using credit cards and these BNPL installment loans for non-discretionary items—groceries, utilities, and healthcare.

As of March 2026, 29% of Buy Now Pay Later users are using these loans to buy groceries, up from 14% in 2024. Among Gen Z, that number hits 38%.¹⁰⁹ In the last two years, the number of BNPL users who reported late payments for loans increased 38% (from 34% in 2024 to 47% in 2026).

This is both a crisis of cash flow and long-term debt.

Two Traps

So these are the two distinct “traps” of the Second Gilded Age. Whether a person takes the path of **college** or **no college**, the modern economy has been engineered to extract a “toll” at every exit.

By the time either person reaches “above water” earnings (roughly \$75–\$100k depending on the region), they aren't actually wealthy.

The **Graduate** may finally make enough to pay their interest, but they will likely have zero retirement savings because their “wealth-building years” (ages 22–35) will be spent servicing their loan.

Once the **Laborer** is finally earning a living wage, their credit score is likely destroyed from the “survival debt” of their 20s, and they’ve lived in debt so long it’s practically impossible to buy a home or start a business.

This is the terrible reality for young Americans today.

https://www.federalreserve.gov/releases/g19/hist/cc_hist_tc_levels.html; Federal Reserve Bank of New York, Center for Microeconomic Data, “Quarterly Report on Household Debt and Credit: 2024 Q1,” 2024.

<https://www.newyorkfed.org/newsevents/news/research/2024/20240514>; Board of Governors of the Federal Reserve System, “A Note on Recent Dynamics of Consumer Delinquency Rates,” 2025.

<https://www.federalreserve.gov/econres/notes/feds-notes/a-note-on-recent-dynamics-of-consumer-delinquency-rates-20251124.html>

¹⁰⁹ LendingTree, “BNPL Tracker: Nearly Half of BNPL Users Have Paid Late in the Past Year, Up for a Second Straight Year,” 2026. <https://www.lendingtree.com/personal/buy-now-pay-later-loan-statistics/>

A society that traps its most productive young people and its most essential workers in a permanent debt-cycle is a society with no exit strategy. And it has made any hope for the American Dream nothing but a terrible lie.

Conclusion

So how do we break this cycle? How do we solve this dilemma?

Well, to get there, we're finally going to need to talk about **billionaires**.

The staggering wealth at the top isn't an accident; it was directly funded by the crushing debt at the bottom, created when wages froze and the basic costs of survival skyrocketed.

We can't separate the billions hoarded at the top from the debt crushing the bottom. Billionaire wealth and working-class debt are two sides of the same coin: as paychecks stalled and the costs of housing, healthcare, and education soared, the bottom half of America was forced to borrow to survive, transferring their future income directly to the top.

The historic **wealth** of the top was built on the historic **debt** of the bottom; when wages fail to cover the cost of basic survival, families must borrow the difference, endlessly paying interest upward to a class that already has more than enough.

While the billionaires' portfolios grow, untouched and untouchable, the lower half of America remains trapped in an ever-increasing cycle of endless debt that will be impossible for most of them to escape.

But we have to fix this broken system. We have to restore economic balance.

If not, how can we ever **dream again**?

Chapter 4: Billionaires

Foreword

Our fourth video is a lot to take in.

And obviously a lot to leave out. Getting it into our ten-minute-or-so runtime wasn't easy. Keeping it focused and linear was also a challenge. There's so many ways you can go. But after teeing up our discussion of billionaires, we knew this was where our prior three videos were heading.

I chose to use other people's words in addition to my own. First, the words of the billionaires themselves. Both in their early praise of California and Silicon Valley, and later some of the rare ones who actually say "tax us more." I also used economists, political advisors, lawyers and government officials, even some founding fathers, with warnings about exactly what we're going through.

I know we've made a disclaimer about the firehose of information these videos contain, but the fourth video is extreme in this regard, especially with regard to quotes. We include far too many to read in one gulp, presented at a pace even a speed reader might struggle to comprehend. We fully expect the viewer to take advantage of the perks of the digital age, to hit pause, or to go back and rewatch, considering each quote or factual footnote in more detail.

There are tons of quotes that didn't make the cut. Especially with regard to billionaires and their threat on our democracy. For completeness, we will include some of those here.

Partisanship

I honestly don't think the issues I'm discussing, even including this talk on billionaires, is a partisan one. I think you can easily find outrage for the inequalities caused by the oligarchs on either side of the aisle. The political divide may seek different remedies for the situation. They may even cast different blame for what got us here. But both sides clearly feel the financial squeeze, the fallout from the abuse of power, and the often devastating impact on everyday lives.

Whenever possible, I try to avoid the more extreme views.

“Every billionaire is a policy failure.”

—Dan Riffe, 2019

For this reason, I removed a Dan Riffe quote from the video (see above).¹¹⁰ Not because Dan isn't a respected attorney and political advisor. But because he has worked directly for one of the most progressive politicians, Alexandria Ocasio-Cortez (“AOC”). As a rule, my videos have been viewed and largely agreed with by both sides of the political spectrum. My original video famously quoted “nine out of ten Republicans and Democrats alike,” and honestly I'd prefer to keep it that way.

But partisan politics is the stark reality of today, and this quote is emblematic of the views of many, left-leaning or not. The partisan chasm seems vast and sometimes seemingly insurmountable. But on many of the subjects my videos focus on, we tend to agree more than we disagree.

People on both sides are clearly seeing billionaires as a problem, even if they may be approaching their conclusions from different perspectives. While the right may not see the unbridled acquisition of any specific amount of money as a “problem” per se, they still recognize an unfair system contributing to the growth and collection of that extreme wealth. Crony capitalism and corporate welfare are both stains on any notion of “pure” capitalism, whether you're Republican or Libertarian (or Democrat).

I'm not sure many of the more prominent right-wing quotes made the final cut either, so I'm including some of them here, along with others.

First, here are some more notable quotes very specifically from *economists*.

“A billionaire can only exist when markets fail.”

— Matt Grudnoff, Senior Economist at the Australia Institute¹¹¹

This quote trades policy for the markets, which focuses on the system underneath, the true source of the problem. While policy can help guide and shape the markets and dictate what is legal and what is not, it is a failure of the system that deserves the blame.

¹¹⁰ Business Insider, “The AOC adviser behind the 'Every billionaire is a policy failure' slogan says there's a critical issue with depending on the richest people to fix the world's biggest problems,” 2019. <https://www.businessinsider.com/aoc-adviser-dan-riffe-every-billionaire-policy-failure-billionaires-philanthropy-2019-7>

¹¹¹ Ticker News interview, July 2021. <https://www.youtube.com/watch?v=giM4mx32DLk>

“I think capitalism is under serious threat because it has stopped providing for the many, and when that happens, the many revolt against capitalism.”

— Raghuram Rajan, *Former Chief Economist at the International Monetary Fund (IMF) and Professor at the University of Chicago*¹¹²

“The political equality that is required by democracy is always under threat from economic inequality, and the more extreme the economic inequality, the greater the threat to democracy.”

— Sir Angus Deaton, *Nobel Laureate in Economics (2015)*¹¹³

This threat to democracy itself seems more and more apparent every day. And we no more want to go back to suffering at the hands of a “ruling class” than to go back to having a *king* preside over us.

Even the right-wing Heritage Foundation’s interpretation of Adam Smith perfectly captures the conservative critique of wealth hoarding via policy.

“Private individuals can corrupt free markets by using the government to procure for themselves ‘systems either of preference or of restraint.’ Such behaviors impose an ‘absurd tax on the rest of their fellow-citizens.’”

— *Summary of Adam Smith’s views by the Heritage Foundation*

They point out that Smith himself warned about “merchants and manufacturers” trying to “rig the system.” This places the blame squarely on the manipulation of government power by the wealthy, framing it as an unjust “tax” on everyone else.¹¹⁴

While many of these quotes didn’t make it into the video, here are some other views worth ingesting from the political right. It isn’t difficult to see that once the system is manipulatable by the rich and powerful, we actually have “socialism for rich people, and capitalism for the poor.” We are all perceiving the same imbalance through a slightly different lens. Regardless of your political bent, we hope the underlying themes ring true, and that any given biases can be momentarily overlooked, as difficult as that might be in today’s polarized world.

¹¹² BBC Radio 4’s Today Programme interview, March 2019.

[https://economictimes.indiatimes.com/news/economy/policy/raghuram-rajan-says-capitalism-is-under-serious-t
hreat/articleshow/68376642.cms](https://economictimes.indiatimes.com/news/economy/policy/raghuram-rajan-says-capitalism-is-under-serious-threat/articleshow/68376642.cms)

¹¹³ *The Great Escape: Health, Wealth, and the Origins of Inequality*, Angus Deaton, 2013. Chapter 5, p. 213.

¹¹⁴ The Heritage Foundation, “Is the System Rigged? Adam Smith on Crony Capitalism, Its Causes—and Cures.” [https://www.heritage.org/markets-and-finance/report/the-system-rigged-adam-smith-crony-capitalism-its-caus
es-and-cures](https://www.heritage.org/markets-and-finance/report/the-system-rigged-adam-smith-crony-capitalism-its-causes-and-cures)

“Because it's not just the political system that's rigged, it's the whole economy. It's rigged by big donors who want to keep down wages.”

— Donald Trump (June 2016)¹¹⁵

“Wall Street barons crashed the economy and American builders went out of business... as tradesmen scrambled for jobs, houses stopped being built. The lack of good jobs, of course, led to stagnant wages.”

— JD Vance (July 2024)¹¹⁶

“Borrowing from our grandkids to do socialism for rich people is a terrible way to get help to families who actually need it.”

— Mitch McConnell (2020)¹¹⁷

“...There's a cushy socialism for the rich and this kind of brutal, merciless capitalism for the poor.”

— Robert F. Kennedy Jr. (2023)¹¹⁸

“We are witnessing the rise of a new oligarchy of wealth and education... this oligarchy is not sustainable. Not only because it is unjust that the global economy should work for so few... It is unsustainable because so many Americans are so profoundly discontent, even despairing.”

— Senator Josh Hawley (November 2019)¹¹⁹

¹¹⁵ In a speech in New York City on June 22, 2016.

<https://www.presidency.ucsb.edu/documents/remarks-trump-soho-new-york-city>

¹¹⁶ JD Vance made this statement during his acceptance speech for the Vice Presidential nomination at the Republican National Convention in Milwaukee, Wisconsin, on July 17, 2024. During the speech, he explicitly connected the actions of Wall Street and the resulting housing shortages to the economic struggles of the working class.

<https://www.presidency.ucsb.edu/documents/address-accepting-the-vice-presidential-nomination-the-republican-national-convention-2>

¹¹⁷ Delivered on the Senate floor on December 31, 2020. At the time, he was arguing against expanding COVID-19 stimulus checks, asserting that the income phase-outs were structured poorly and would result in sending money to wealthy households who hadn't lost their jobs.

<https://www.usatoday.com/story/news/politics/2020/12/31/mitch-mcconnell-attacks-standalone-covid-stimulus-checks/4101686001/>

¹¹⁸ Fox News's *Tucker Carlson Tonight* interview on April 19, 2023. <https://www.youtube.com/watch?v=68MhtliIAvk>

¹¹⁹ 6th Annual Gala for the American Principles Project Foundation (a conservative think tank) speech, Washington D.C. on November 20, 2019.

<https://www.hawley.senate.gov/senator-josh-hawleys-speech-6th-annual-american-principles-project-gala/>

“Cronyism simultaneously corrupts our economy and our government, turning both against the American people. It forces American families who ‘work hard and play by the rules’ to prop up, bail out, and subsidize elite special interests that don’t.”

— Mike Lee, U.S. Senator (Republican)¹²⁰

Let’s also consider some quotes from our Founding Fathers and earlier Presidents of this great country.

“I hope we shall... crush in its birth the aristocracy of our monied corporations which dare already to challenge our government to a trial of strength and bid defiance to the laws of our country.”

— Thomas Jefferson¹²¹

“[O]f all forms of tyranny the least attractive and the most vulgar is the tyranny of mere wealth, the tyranny of a plutocracy.”

— Theodore Roosevelt¹²²

“Our Founding Fathers well understood that concentrated power is the enemy of liberty and the rights of man. They knew that the American experiment in individual liberty, free enterprise and republican self-government could succeed only if power were widely distributed. And since in any society social and political power flow from economic power, they saw that wealth and property would have to be widely distributed among the people of the country. The truth of this insight is immediately apparent.”

— Ronald Reagan, 1980, as quoted in Timothy G. Merker, *“Working Toward Employee Ownership”* (1984)¹²³

When progressives argue against the existence of billionaires, they are often accused of attacking capitalism itself. And yet the anxiety over wealth concentration was shared by the architect of modern conservatism, Ronald Reagan, who warned that “concentrated power has always been the enemy of liberty.”

It’s clear that both sides of the aisle have a critical stake in our modern crisis. And a surprising agreement with exactly *who* is responsible for the untenable situation we are now in.

¹²⁰ “Opportunity, Cronyism, and Conservative Reform,” a speech at The Heritage Foundation, April 30, 2014. <https://www.lee.senate.gov/2014/4/opportunity-cronyism-and-conservative-reform>

¹²¹ Letter to George Logan, November 12, 1816. <https://tjrs.monticello.org/letter/1392>

¹²² Theodore Roosevelt, *An Autobiography* (New York: Macmillan, 1913), chap. XII, “The Big Stick and the Square Deal,” 464. https://archive.org/stream/cu31924082454129/cu31924082454129_djvu.txt

¹²³ Ronald Reagan, quoted in Timothy G. Merker, “Working Toward Employee Ownership,” *Journal of Legislation* 11 (1984): 127 and n. 2. <https://scholarship.law.nd.edu/jleg/vol11/iss1/6/>

It is my sincere hope that both sides will find some way to address the issue before it's too late.

Inequality in America: Billionaires

(Expanded Billionaires Script)

“We can have democracy in this country, or we can have great wealth concentrated in the hands of a few, but we can’t have both.”

—attributed to Louis D. Brandeis,¹²⁴
Associate Justice of the U.S. Supreme Court from 1916 to 1939

I’ve read multiple articles recently that floated the idea that there is a number out there — around thirty million dollars according to the latest of these articles — that is as much as anyone actually needs.¹²⁵

After all, we only eat so much. We only sleep in one bed at a time. We can only wear so many clothes. Even with a large family, it’s only logical that there must be a number above which, at the very least, we don’t really notice much of a difference.

How much is enough?

I don’t know how much is enough, but I’m pretty sure it’s a lot less than one billion dollars. I’m guessing it doesn’t feel all that different, the thirty-millionaire and the billionaire. They both can afford basically everything they need.

I’ll go ahead and predict the comments that say “You’re just jealous,” “How dare you discuss taking away their ‘hard-earned’ money!”

But is it “hard-earned?”

Look, I’m all for people profiting from their great idea or their successful company, but how much is enough? How much is *too much*? When you can buy up all your competition? When you can buy up

¹²⁴ Peter Scott Campbell traces variants to Edward Keating’s Labor editorials beginning in 1933, and the familiar formulation to a 1941 column under the name Raymond Lonergan. The words have not been located in Brandeis’s own writings; the attribution rests on a reported conversation. See: *Democracy v. Concentrated Wealth: In Search of a Louis D. Brandeis Quote*, Peter Scott Campbell, University of Louisville Law School. pgs. 253–256.

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2434225

¹²⁵ TIME, “I’m a Millionaire. No One Needs More than \$30 Million,” Oct 2025.

<https://time.com/7325632/universal-basic-income-millionaire/>

politicians and the media? When your power doesn't just make your own life more comfortable, but actively harms the rest of us in the process? I'm not saying they don't deserve a reward for their efforts, but did they really *earn* a billion dollars?

Money Makes Money

After all, once you have a certain amount, money makes money. At nine or ten percent annually, a single 100 million dollar investment can make ten million dollars every year without lifting a finger.

The highest paid annual worker in a “normal” job that I could even come up with is probably the **elite law firm partner**. Even with their outrageous rate of \$2,400 an hour—it would still take them 200 years to actually *earn* a billion dollars. You literally cannot “work” your way to a billion dollars through an hourly wage, no matter how high that wage is.



OCCUPATION	ESTIMATED ANNUAL PAY	EFFECTIVE HOURLY RATE (40 HR/WK)	YEARS TO EARN \$1 BILLION
Elite Law Firm Partner	\$5,000,000+	\$2,403.85+	200
AI Research Scientist	\$1,200,000	\$576.92	834
Top-Tier Neurosurgeon	\$1,000,000	\$480.77	1,000
Senior Corporate VP	\$750,000	\$360.58	1,333
Specialized Anesthesiologist	\$500,000	\$240.38	2,000
Senior Airline Captain	\$450,000	\$450 (\$216)*	2,222
High-End Software Engineer	\$250,000	\$120.19	4,000
Teacher (National Average)	\$74,500	\$35.82	13,423
E-5 Soldier (Sergeant)	\$49,320	\$23.71	20,275
Federal Minimum Wage	\$15,080	\$7.25	66,313

*They only fly -83 hours a month.

TABLE 4. How many years does it take to “earn” a billion dollars?¹²⁶

¹²⁶ *High-End Software Engineer (\$250,000)*: Compensation tracking platforms like *Levels.fyi* aggregate verified offer letters and W-2s across the tech industry. A \$250,000 total compensation package (base salary plus Restricted Stock Units and bonuses) is a standard baseline for a “Senior Software Engineer” (often designated as an L5 level) at major tech companies or well-funded startups. *Specialized Anesthesiologist (\$500,000)*: Medical compensation databases like the Medical Group Management Association (MGMA) and Doximity’s Physician Compensation Report track verified physician contracts. Recent 2026 data places the average anesthesiologist salary at roughly \$568,000.

So did they earn it? Or is the game rigged?

Did They Do It Alone?

Plus their fortunes were not generated purely by individual genius in a vacuum. These billionaires who are fleeing California to Florida to avoid a one-time 5% wealth tax might be forgetting the decades of massive, deliberate public investment by the state of California, fostering Silicon Valley from the birth of the internet and its aerospace and military roots, with vast UC and Cal State public education providing a highly subsidized talent pool, and a unique regulatory environment actively fostering innovation.¹²⁷

“There's no better place in the world for technology start-ups than Silicon Valley; there's such an incredible well of talent and capital and resources. The whole system is set up to foster the creation of new companies.”

—Elon Musk¹²⁸
Co-Founder/CEO, Tesla

Citing the unmatched talent pool (both public and private), thanks to heavily subsidized UC and Cal State education ecosystems.

(Footnote 126 continued.) *Senior Corporate VP (\$750,000)*: Executive compensation is tracked through mandatory SEC proxy statements for public companies, analyzed by research firms like Equilar. At a Fortune 500 company, a Vice President or Senior Vice President's base cash salary is usually between \$250,000 and \$400,000, but performance bonuses and long-term equity incentives push total compensation to \$750,000 or higher. *Top-Tier Neurosurgeon (\$1,000,000)*: According to MGMA and AMGA (American Medical Group Association) physician compensation surveys, neurosurgery consistently ranks as the highest-paying medical specialty. While median compensation is often between \$700,000 and \$900,000, surgeons in private practice, high-volume systems, or elite hospital networks routinely exceed \$1,000,000 annually. *Elite Law Firm Partner (\$5,000,000+)*: The Am Law 100, an annual financial report published by *The American Lawyer*, explicitly tracks "Profits per Equity Partner" (PEP) for the top U.S. law firms. In the 2026 report, the average PEP across all top 100 firms was \$3.59 million. For the most profitable firms in the world, the numbers are drastically higher: Kirkland & Ellis reported over \$11 million per equity partner, and Wachtell Lipton surpassed \$12 million.

¹²⁷ "The ultra rich say they'll leave California if a wealth tax passes. History shows otherwise," *Santa Barbara News-Press*, February 2026. <https://www.newspress.com/2026/02/08/ultra-rich-california-wealth-tax/>

¹²⁸ Elon Musk, quoted in Luciana Bellini, "Elon Musk: 'SpaceX Is in a Different League to People Like Richard Branson,'" *British GQ*, February 2012 issue, published online March 17, 2018. <https://www.gq-magazine.co.uk/article/elon-musk-interview>

“We work in Silicon Valley because that’s where the talent pool is.”

—Jensen Huang¹²⁹
CEO, NVIDIA

When asked recently about the threat of a California wealth tax, the billionaire CEO brushed off the idea of fleeing to a state like Florida or Texas, specifically citing the density of highly educated engineers consistently pumped out by California's universities.

Fortunes like Elon Musk's were also heavily subsidized by California's zero-emission vehicle mandates, which created a lucrative credit market that kept Tesla afloat in its early, unprofitable years.¹³⁰

It seems like relocating to dodge a tax is like refusing to pay a dividend on the public capital that made their success possible.

NVIDIA's CEO Jensen Huang recently dismissed the idea of leaving the state to avoid the tax. His exact words were: “We chose to live in Silicon Valley and whatever taxes they would like to apply, so be it. I'm perfectly fine with it, it never crossed my mind once.”¹³¹

“The best place is still Silicon Valley, and California is still the best place for technology innovation.”

—Peter Thiel¹³²
Co-Founder, PayPal, Palantir

A highly vocal critic of California's governance and taxes, acknowledging the impact of the state's vast talent pool, dense professional networks, and other advantages.

“Massachusetts law enforced non-compete agreements, and California law did not. As a result, human capital flowed more freely in Silicon Valley...”

—Reid Hoffman¹³³
Co-Founder, LinkedIn

¹²⁹ Jensen Huang, quoted in Eleanor Pringle, “Jensen Huang Is ‘Perfectly Fine’ with a Billionaire Tax, Shrugging Off Concerns That It Might Scatter Silicon Valley’s Talent Pool,” *Fortune*, January 7, 2026, <https://fortune.com/2026/01/07/jensen-huang-billionaire-tax-california-talent/>.

¹³⁰ “Elon Musk’s growing empire is fueled by \$4.9 billion in government subsidies,” *Los Angeles Times*, May 30, 2015. <https://www.latimes.com/business/la-fi-hy-musk-subsidies-20150531-story.html>

¹³¹ SUPRA 129, (Pringle)

¹³² Peter Thiel, interview by Victoria Brown, “Peter Thiel: Today, Silicon Valley; Tomorrow, the Atlantic,” *Big Think*, recorded November 15, 2010. <https://bigthink.com/videos/today-silicon-valley-tomorrow-the-atlantic/>

¹³³ Reid Hoffman, “Entrepreneurship Now,” *Greylock*, July 9, 2020. <https://greylock.com/reid-hoffman/reid-hoffman-entrepreneurship-now/>

Hoffman's philosophy relies entirely on California's prohibition of employment noncompetes, preserving workers' ability to move among established companies and new startups. Texas and Florida, by contrast, continue to enforce qualifying noncompetes.

“Silicon Valley would not have been possible if [California] allowed non-compete agreements.”

—Peter Gassner¹³⁴

Founder and CEO of Veeva Systems, 2021

A phenomenon that is not merely a product of market forces, but is affirmatively protected by California's worker-mobility laws, especially Section 16600 of the California Business and Professions Code.

Recoup 5%

Knowing the principle of “money-makes-money,” I was curious how long it would take these billionaires to recoup that 5%, given their resources. If they have a typical diversified portfolio with a conservative 7% return, the stock market would recoup their 5% tax hit in about nine months. With the S&P 500 Average Return closer to 10%, it would only take six months.¹³⁵ So a typical multi-billionaire passively tracking the market would completely erase a one-time 5% wealth tax in well under a year.

¹³⁴ Peter Gassner, “Non-competes Are Bad for Employees and the Economy,” *Medium*, July 14, 2021, <https://medium.com/@peter.gassner/non-competes-are-bad-for-employees-and-the-economy-bf2a69c123b7>

¹³⁵ While we acknowledge markets can be volatile, even a 10% return is conservative. Fidelity reports that “as of December 2025, the average annual return stands at 11.5% for the past 40 years.” <https://www.fidelity.com/learning-center/trading-investing/sp-500-average-return>



FIGURE 33. HOW LONG DOES IT TAKE A BILLIONAIRE TO RECOUP 5%? Um... about 6-9 months, at typical market rates. If you're Jensen Huang, CEO of NVIDIA, maybe less.

For someone like Huang, whose net worth was estimated at \$162 billion, a 5% wealth tax would be roughly \$8 billion. In May of '26, propelled by NVIDIA's market performance, his net worth surged by over \$32 billion in just four months. At that growth rate, Huang would have recovered a hypothetical \$8 billion tax hit in only 4 to 5 weeks. No wonder he isn't too concerned.

Honestly, you'd think these guys would be just a little embarrassed to be fleeing the state to avoid a one-time hit they can likely make back in a matter of months, if not weeks.

Plus, do you really think they'll even notice?

Visualizing One Billion

A lot of people have a hard time even visualizing one billion dollars. In my prior discussion of wealth and income inequality, I often had to restack even a few million dollars to the side of our chart, at both of the scales we've considered. Even when discussing **wealth**, at a much larger scale than our **income** discussion, I couldn't fit a billion dollars on one screen. In our **income** charts, where each bill was ten times less, a billion dollars would have taken *twenty screens*.

Consider \$100,000. \$100k. I like this amount because I think most people can kind of wrap their heads around it. One tenth of a million dollars. The annual income of the 63rd percentile in our **income** charts. Most people notice when their families cross that threshold, when they're finally making a "six-figure salary," especially if they're doing well enough to earn that all by themselves. \$100k just feels *significant* to me.

So here's that 100k, stacked up in 3D. Looks kinda small here, but that's necessary if we're going to actually visualize a billion dollars. So... next to it, here's two and a half times that amount. 250k. One quarter of a million dollars. Four of those stacks equals one million bucks. Easy to visualize. Easy to wrap your head around it. A cool million. We'd all feel pretty accomplished if we had that stack in the bank.

Here's ten million. Takes a little longer to stack up. At the same time I'm going to start stacking up the thirty million that we heard earlier is as much as anyone ever needs. Above that, you supposedly don't really feel the difference. Not really.

I'm going to start stacking a billion dollars now, but I'm going to talk about a few other things while it stacks, because even though I'm stacking a bunch of the columns at the same time, it's going to take a little while.

[We ultimately cut this visualization because we had so much more information to go through it didn't make sense to leave it on screen for so long. We may turn it into a stand-alone video or something.]

Oh, hey! Look. Here's that one billion dollars, finally about to be all stacked.

Makes those other stacks look kinda small, doesn't it. Especially that 100k, or even 1 million. I've even talked to millionaires who can't wrap their heads around it. The amount of money it is, and what it takes to manage it. And most of this money sits outside the system, doing nothing at all. Being collateral, for whatever lifestyle they can imagine.

And the average billionaire-class household has more than five of these stacks. Elon Musk has more than 800 of them.

It's honestly beyond comprehension for most of us.

Buy Borrow Die

One of the foundational arguments of supply-side theory (Reaganomics) is that when the wealthy keep their money, they invest it into new businesses, factories, and innovations—the mythical “job creators.”

But today’s ultra-wealthy don’t sell their stock to build new factories. No, that would trigger capital gains taxes, and inject that money back into the economy, just like the theory surmises. Instead, they mostly hoard their appreciating assets and instead use them as collateral to take out massive, low-interest, tax-free loans. Under the U.S. tax code, *loan proceeds are not taxable income*. This **loophole** allows them to access billions in cash tax-free. They use these loans to fund their lifestyles and buy up more existing assets, like real estate, or their own competitors.

You may recall this is exactly how Elon Musk bought Twitter.

When the wealthy die, they pass their assets to their heirs. Thanks to another tax loophole called the “step-up in basis,” the massive, lifetime growth of those assets is entirely erased for tax purposes. A portion of the estate pays off the outstanding bank loan, and the heirs inherit the remaining wealth tax-free.¹³⁶

This scheme is called “Buy Borrow Die.” It is a strategy to grow wealth tax-free, spend wealth tax-free, and transfer wealth tax-free. Remember the adage: “Nothing is certain except death and taxes?” (“In this world nothing can be said to be certain, except death and taxes” —Benjamin Franklin, 1789.¹³⁷) Well, this wealth is removed from the system of taxation entirely.

In the world of death and taxes, they’ve literally used their own death to cheat the tax man. And the rest of us.

The Velocity of Money

This isn’t free-market capitalism; it’s capital hoarding. By locking up billions in unrealized gains just to serve as collateral, the billionaire class drastically reduces the **velocity of money**.¹³⁸ They are literally

¹³⁶ Step-up in basis can erase capital-gains tax on appreciation that occurred during the decedent’s lifetime. Federal estate tax—and, in some places, state estate or inheritance tax—may still apply, although exemptions and planning techniques can substantially reduce those taxes as well.

¹³⁷ Benjamin Franklin to Jean-Baptiste Le Roy, November 13, 1789, in *The Private Correspondence of Benjamin Franklin*, published from the originals by William Temple Franklin, 2nd ed., vol. 1 (London: Henry Colburn, 1817), 266.

¹³⁸ *Wealth, Heterogeneity, and Consumer Spending*, Beach et al., 2025.

<https://www.federalreserve.gov/econres/notes/feds-notes/wealth-heterogeneity-and-consumer-spending-20250805.html>

starving the engine of the economy, which directly impacts the bottom half of America, who are underwater largely because of this behavior at the top.

The velocity of money is driven by how quickly a dollar changes hands. For lower income households, more money is used on needed goods and services and less is able to be put into savings. The change in how much is spent divided by how much is earned is called the Marginal Propensity to Consume. The bottom 50% have a high MPC — virtually every additional dollar they receive is spent on necessities like food, housing, and transportation, rapidly injecting that capital back into the local economy.

Conversely, top earners have a low MPC. When wealth concentrates at the top, a significant portion of that capital doesn't circulate through consumer markets. Instead, it goes into savings or secondary financial markets. It's called an "investment," but purchasing existing equities or funding stock buybacks doesn't create the same economic multiplier effect as consumer spending. The wealth is sequestered, slowing the overall velocity of the economy.

Not to mention the collateral damage done to the bottom 50% of America. Who are under water largely because of this behavior at the top.

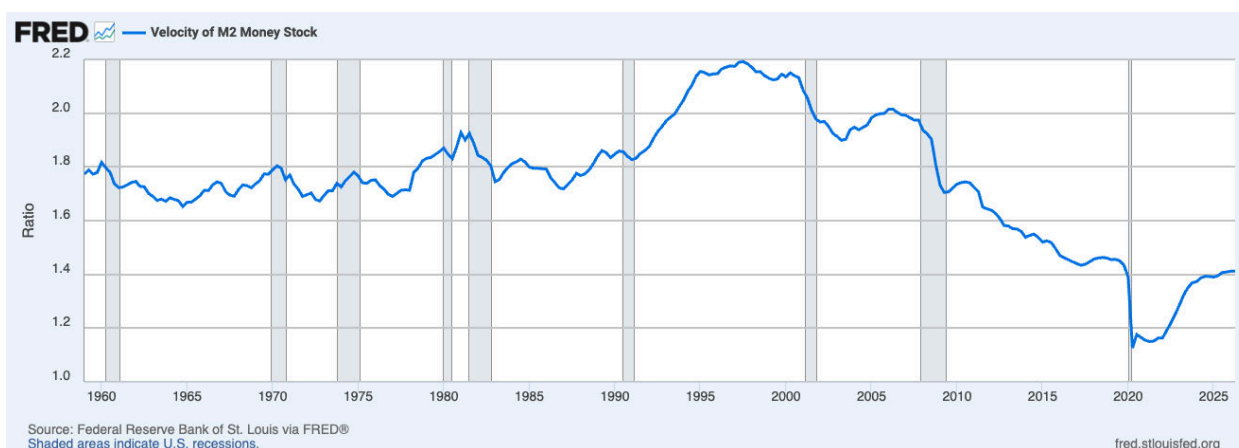


FIGURE 34. THE VELOCITY OF MONEY isn't just a concept. FRED actually tracks this as a value. Here, the M2 Money Stock is probably the closest measure to our discussion. While the details in the theory and the tracked number are complex and nuanced, you can clearly see a downward trend began almost twenty years ago.

When surplus capital at the top seeks returns (i.e. when the wealthy need their money to grow), they or their companies often buy up existing finite assets, like real estate. This drives up the cost of these assets significantly faster than the rate of consumer wage growth. Rent and home prices skyrocket—while wages remain stagnant.

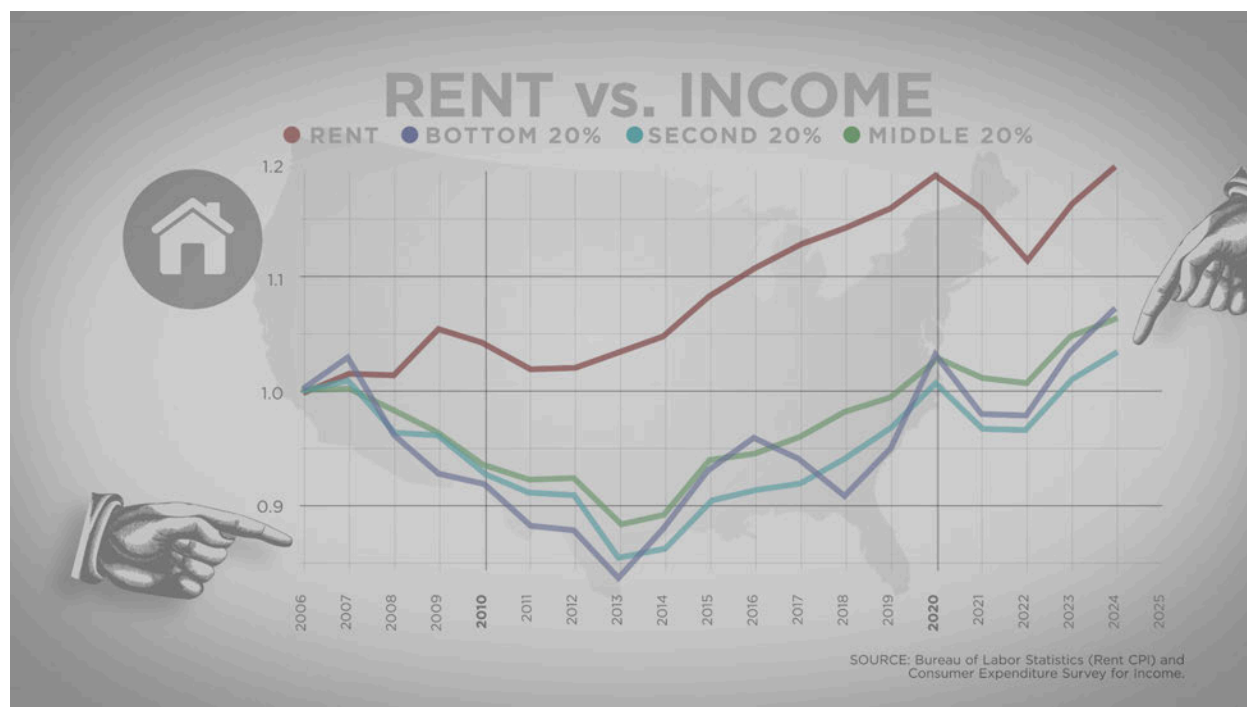


FIGURE 35. RENT vs INCOME (wages) over roughly the past 20 years (since 2006). Average wage growth can be artificially inflated by the outrageous growth at the top. When we compare to the bottom three quintiles, rent prices have clearly outpaced the wage growth of the bottom half over the past two decades.

Instead of wealth trickling down, the increased cost of essential assets extracts a larger and larger percent of low-income earnings—an upward vacuum rather than a downward flow.

Ironically, this is self-destructive behavior for the rich.

After all, money sitting untouched in a billionaire's account isn't moving the economy. Money in a working family or small business owner's hands moves *daily*. When all those in the bottom 50% are actively *spending* in a healthy economy, isn't that the most successful economic outlook possible, even for the companies the wealthy created?

Taxes

The billionaires own the media companies, and they've done a pretty amazing job of making everyone believe that taxation itself is the enemy of the working class, instead of their own greed and hoarding. But maybe we shouldn't expect the dragon to simply surrender its hoard of gold.

I often hear people claim the rich pay most of the taxes, but did you know that starting around tax year 2018, the wealthiest American actually paid the least of all taxes in this country? Federal income taxes aren't the only way we're taxed in the US. State and excise taxes are actually painfully regressive, not progressive at all. Two economists, Saez and Zucman, go so far as to say that, when all taxes are taken into account, the rich actually pay a smaller percent than any other demographic in the country, including the bottom quintile.¹³⁹ Even with the highest theoretical tax bracket assigned in our supposedly progressive tax code.

And some of the billionaires pay nothing. Nothing. Because we don't tax wealth. Their stocks and assets can grow annually but as long as they don't sell, they pay nada. And if they die before they sell, their kids pay next to nothing as well.

Yes, we clearly have a broken tax code. And yes, we should fix it. We could fix any of the three "Buy, Borrow, Die" loopholes, but we really only need to fix *one* to force a correction to this terrible system.

We could also have a much more progressive tax rate. We used to. The **top marginal tax rate** is currently only 37%, which is one of the lowest it's been in the last 100 years. Back in 1932, after suffering the first Gilded Age and a similar extreme inequality, we raised the top marginal tax rate to 63%. In 1936, FDR pushed it even higher to 79% for multi-million dollar incomes. By '44, the top rate peaked at an all-time high of 94%, but this was partially to fund World War II. (See [Figure 22](#).)

It was the Reagan years that started this trend of tax breaks for the rich, when the top rate was slashed from 70% all the way down to 28%. This drop over a single administration represented the largest reduction in the history of the federal income tax code, structurally altering how extreme wealth accumulated over the following decades. Loopholes have also crept back into the system since, allowing the uber-wealthy to hide and hoard their billions even more.

What Good Could Be Done With It All?

What good could be done with all that money that's sitting there, doing almost nothing? What could be done with even a fraction of it? What problems could it solve? And would the billionaires even notice?

Could we, for example, tackle **poverty**?

¹³⁹ Saez, Emmanuel, and Gabriel Zucman, *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay*. New York: W. W. Norton, 2019.

Eliminating Poverty

A recent estimate for the total dollar amount required to put every American at or above the official federal poverty line is \$177 billion dollars a year.¹⁴⁰ In reality, that number would actually go down after the first year, because lifting many people out of poverty would keep them there.¹⁴¹

The S&P 500 historically averages a nine to ten percent annual return, but let's assume a conservative eight percent return, just for this thought exercise. To generate \$177 billion a year solely from an eight percent growth yield, you would need about 2.21 trillion dollars.¹⁴²

You reach that exact threshold today by combining just the top seven billionaires in the US (as of one snapshot, taken in August 2026). (Musk, Page, Bezos, Brin, Dell, Huang, and Zuckerberg).¹⁴³ A 100% tax

¹⁴⁰ *Poverty, by America*, by Matthew Desmond (New York: Crown, 2023). (See also: <https://www.povertylaw.org/article/the-power-of-matthew-desmonds-storytelling/>) Using the U.S. Census Bureau's Current Population Survey, 2021 Annual Social and Economic Supplement, Detailed Table POV-28 — which reports income and poverty for calendar year 2020 — Desmond calculated that 7.29 million poor families, with an average income deficit of \$11,318, required \$82.55 billion; 11.92 million poor “unrelated individuals,” with an average deficit of \$7,802, required \$92.97 billion; and 143,000 poor “unrelated subfamilies,” with an average deficit of \$11,731, required \$1.68 billion. Together, those amounts total \$177.2 billion. All figures are in 2020 dollars. Desmond describes this as an update and expansion of Matt Bruenig, “How Much Money Would It Take to Eliminate Poverty in America?,” *The American Prospect*, September 24, 2013. While this number should theoretically be updated for 2026 inflation, a simple CPI adjustment is not an adequate approach. A comprehensive update is not possible without newer data.

¹⁴¹ That infusion to solve poverty wouldn't actually cost as much in subsequent years. While 30 to 40% of individuals in deep poverty are elderly, severely disabled, or managing chronic illnesses, many of the people lifted out of poverty would stabilize, shrinking the burden. Multiple studies corroborate the notion that poverty reduction is a self-sustaining cycle, including: Hendren, N., & Sprung-Keyser, B. (2020). A unified welfare analysis of government policies. *The Quarterly Journal of Economics*, 135(3), 1209-1318. Hoynes, H., Schanzenbach, D. W., & Almond, D. (2016). Long-run impacts of childhood access to the safety net. *American Economic Review*, 106(4), 903-34. National Academies of Sciences, Engineering, and Medicine. (2019). *A Roadmap to Reducing Child Poverty*. Washington, DC: The National Academies Press.

¹⁴² We recognize that this is an unrefined estimate. Desmond's \$177 billion estimate might need to be modernized and the S&P 500 rate we chose is almost arbitrary (albeit conservative). This exercise is intended more to demonstrate the scale of problems we could tackle, rather than a specific price tag.

¹⁴³ Because these fortunes are largely tied to publicly traded stock, their exact net worths fluctuate daily based on market conditions. For the most up-to-the-minute valuations, check the Bloomberg Billionaires Index or the Forbes Real-Time Billionaires List. On the original day we calculated (in June), it took exactly **6 billionaires**. On average over 2026, this requirement has ranged from a low of **4 US billionaires** (during the June peak) to a high of **9 US billionaires** (late July). If we adjust the \$177 billion to account for low-income consumer behavior weighted inflation to a \$220 billion dollar target, the hypothetical number has ranged from a low of **5 US billionaires** to a high of **12 US billionaires** (late July). At a time closest to publication in mid-August (when our videos were rendered), the number for the \$177 billion was **7**. On September 1st, some of the billionaires had changed or switched order, but the number remained **7**. Publication time-stamp: late August 2026.

on their annual market gains alone—without them losing a single dollar of their original principal—*completely solves American poverty*.¹⁴⁴

But of course this would mean selling off huge controlling blocks of stock in companies like Tesla or Amazon. Doing so would likely panic the market, tank the stock prices. But if we spread that \$177 billion across all of the billionaires, the burden drops drastically, dramatically diffusing trades across the broader stock market. The tax can largely be absorbed by routine dividends, liquid cash reserves, and standard portfolio rebalancing. It avoids panic-selling, making the intervention more invisible to the broader stock market.¹⁴⁵

The 990 billionaires have around **\$9.2 trillion dollars**.¹⁴⁶ So to end poverty, we'd only need to tax them about **2%**. They'd still make 6-8%, even after taxing them. (*And keep in mind some do much better than the typical S&P 500 return.)



FIGURE 36. WHAT WOULD IT TAKE TO CURE POVERTY? If we taxed all 990 US billionaires, it would only take 1.92% to raise the required \$177 billion.

¹⁴⁴ Obviously we are not seriously proposing this. This is a thought exercise, and an analysis of the relative numbers involved. Obviously.

¹⁴⁵ We are not saying this proposal would have zero consequences or volatility impacts; there are arguments on both sides as to the negative or positive effects of such action on the market at-large. This is just a thought exercise.

¹⁴⁶ "Billionaire Wealth Surges Past \$9 Trillion for the First Time," Americans For Tax Fairness, 2026.

<https://americansfortaxfairness.org/billionaire-wealth-surges-past-9-trillion-for-first-time/> Billionaire wealth as of June 2026. Forbes March 2026 annual-list snapshot counted 989 billionaires in March 2026, rounded here to 990. In June, Americans For Tax Fairness's analysis of Forbes data counted 977 billionaires holding \$9.24 trillion. The approximately \$9.2 trillion wealth figure used in this illustration comes from that June snapshot.

What Could Be Done With Just Half Their Gains?

Only 2% of only billionaires to completely eliminate poverty? What else could we do? What if we tapped more than just the 990 families making outrageous wealth? Just imagine what could be done.



TABLE 5. HALF THEIR GAINS. One possibility of the “good” that could be done with a 4% wealth tax on the top 0.1%. We could do all of this while only taxing half their annual gains. Obviously this calculation is a rudimentary thought experiment for relative numbers, not a rigorous policy proposal.¹⁴⁷

¹⁴⁷ Figures are annual unless noted. SUPRA 4 (Federal Reserve Distribution of Financial Accounts). As of 2026, Q1, the top 0.1 percent held \$25.07 trillion in wealth; SUPRA 146 (Americans For Tax Fairness), cumulative wealth of American billionaires was \$9.2 trillion as of June, 2026. *Eliminate U.S. Poverty* (\$177 billion): Matthew Desmond, *Poverty by America* (2023)—the aggregate 2020 poverty gap; *Social Security Solvency* (\$350 billion): [2026 Social Security Trustees Report, table VI.G5](#)—the combined OASDI annual shortfall is projected at \$341 billion in 2034 and \$347 billion in 2035, in 2026 dollars; rounded here to \$350 billion, rather than presented as the full 75-year solvency cost. *Universal Childcare & Pre-K* (\$75 billion): [CBO, Budgetary Effects of Making Specified Policies in the Build Back Better Act Permanent \(2021\), table 1](#)—\$752 billion over 2022–31, divided by ten. *House Everyone in U.S. Shelters* (\$10 billion): [Culhane, Fowle, and Moses, National Alliance to End Homelessness \(2025\)](#)—\$9.627 billion additional annually, in 2022 dollars, for Rapid Re-Housing or Permanent Supportive Housing for every household that used a shelter in 2022; excludes exclusively unsheltered households. *Wipe Out U.S. Student Loan Debt* (\$186 billion/year for 10 years): [Federal Reserve G.19/FRED](#)—\$1.858 trillion outstanding in June 2026, divided by ten. *Wipe Out All U.S. Medical Debt* (\$20 billion/year for 10 years): [KFF, Health Care Costs and Affordability \(2025\)](#)—at least \$200 billion outstanding at the end of 2023, divided by ten. *Universal Housing Vouchers* (\$118 billion): [Urban Institute, How Much Could Full Funding and Use of Housing Choice Vouchers Reduce Poverty? \(2023\)](#)—\$118 billion in additional annual subsidies if every eligible household receives and successfully uses a voucher. *Paid Family & Medical Leave* (\$20 billion): [CBO, Economic Effects of Offering a Federal Paid Family and Medical Leave Program \(2021\)](#)—about \$200 billion over 2022–31 for the four-week

If we expand our wealth tax to the top 0.1% of households (*net worth of roughly \$25 trillion), we can solve all of these problems with only a 4% wealth tax.¹⁴⁸ A 4% wealth tax generates \$1 trillion annually, and we aren't even tapping the entire 1%. (It fully funds these \$956 billion in combined programs and leaves a \$44 billion annual surplus.) Assuming a conservative 8 to 9% historical market return, the top 0.1% still realizes a net wealth growth of 4-5% annually. They're all still rich, and all still getting richer.

By broadening the base to the top 1%, the generated revenue not only covers all these poverty, education, and social safety net programs, but the resulting trillion-dollar surplus would be large enough to begin seriously denting the estimated \$3 trillion federal shift required for a system like Healthcare-For-All. (Once the switch is made, there are numerous studies that such a plan would actually *save* money, but we acknowledge that it's complicated, and getting there in the first place is particularly fraught. This is only *one potential option* for helping us get there.)

It's a win-win.

Pulls people out of debt. Puts otherwise static unmoving wealth back into the markets, back into the system. Restores velocity to the economy.

And we aren't even talking about raising income tax rates on the highest earners, which are far from the highest levels we've had in this country. No, we're focused on wealth because this is the way many of the ultra-wealthy avoid paying taxes altogether. (And have for decades.)

I'm not even talking about taxing billionaires out of existence. At this point, I'm only talking about taxing half their annual gains. Even if we taxed three-quarters of their gains, or all their gains, they still have **billions** of dollars. They aren't going to feel it. They aren't going to even notice.

Build Back Better program, divided by ten. *Total:* The displayed figures total \$956 billion; For scale only, a mechanical CPI adjustment of Desmond's 2020 figure produces approximately \$220 billion in 2025 dollars; this is not a recalculated 2025 poverty-gap estimate. Substituting \$220 billion for the displayed \$177 billion totals approximately \$999 billion. Figures combine source-year dollars, recurring annual estimates, ten-year averages, and debt balances divided by ten; administrative costs, behavioral responses, savings, offsets, and program interactions are not consistently included. "Half their annual gains" assumes average nominal gains of roughly 8–10%, making a 4% levy equivalent to approximately 40–50% of such gains; the revenue calculation is static and does not account for valuation disputes, avoidance, legal constraints, behavioral effects, or administration. Again, this is a rough ballpark thought-exercise showing relative numbers, not a strict policy proposal.

¹⁴⁸ SUPRA 4 (Federal Reserve Distribution of Financial Accounts). As of 2026, Q1, the top 0.1 percent held \$25.07 trillion in wealth.

Percent You Could Be Taxed and Still be a Billionaire

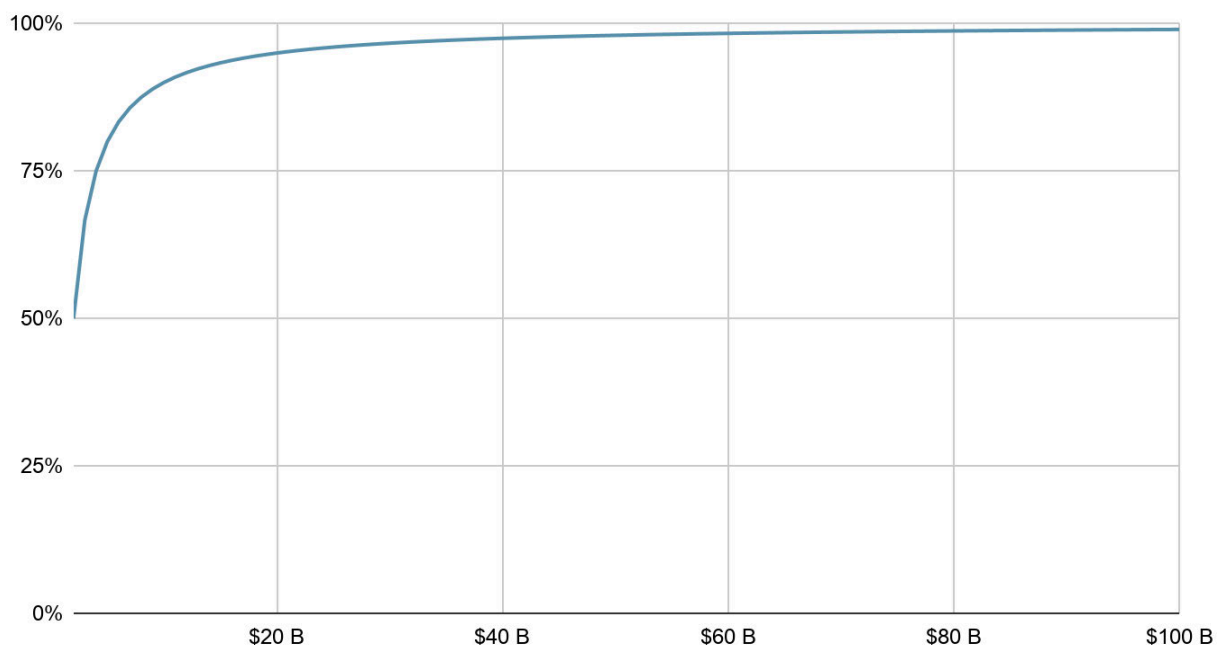


CHART 1. PERCENT YOU COULD BE TAXED AND STILL BE A BILLIONAIRE. Pre-tax wealth (x-axis) vs theoretical tax rate applied as a percentage (y-axis). Yep, still a billionaire.

There are many—including respected economists—who think we should simply tax billionaires out of existence. And I don't disagree with the threat to democracy they represent. But they do exist.

At this point, I'm only talking about taxing *half* their annual gains. I'm just pointing out that the math actually works either way.

And yet I still hear people asking this question. Why should the rich solve other people's problems? And I really only have one answer for that.

Because they can.

Heroes or Villains?

They could be heroes.

This isn't even severe taxation. Other people have proposed systems that just stop at 1 billion. Every dime above that amount just goes straight to the tax pile. 100%.

Instead, they could actually be heroes and continue making money. Why wouldn't they *want* to do that?

Once upon a time, there were Giving Pledges and actual empathy. Not today. Many billionaires are revoking their pledges, or reneging on their philanthropic promises to give their wealth away.

Instead some of them are literally building doomsday bunkers, trying to figure out how to keep their security staff from overthrowing them when the revolt begins. Some seem to be plotting an escape to Mars to start their own colony.

They could be heroes. But most of them seem intent on more of a Lex Luthor style legacy.

There are still a few wealthy people who actually say "tax us more." A pioneering divorcee, a Disney heiress, a few other notable voices. While others flee like cowards to escape a 5% hit they'll never even notice.

"My friends and I have been coddled long enough by a billionaire-friendly Congress. It's time for our government to get serious about shared sacrifice."

—Warren Buffett¹⁴⁹
Op-Ed, "Stop Coddling the Super-Rich," 2011

"I am of the belief that every billionaire who can't live on \$999 million is kind of a sociopath."

—Abigail Disney¹⁵⁰
Documentary filmmaker and heir to the Walt Disney fortune

¹⁴⁹ *The New York Times*, Op-Ed, "Stop Coddling the Super-Rich," Warren Buffett, 2011.

<https://www.nytimes.com/2011/08/15/opinion/stop-coddling-the-super-rich.html>

¹⁵⁰ *The Guardian*, "Interview: Abigail Disney: 'Every billionaire who can't live on \$999m is kind of a sociopath,'" John Harris.

<https://www.theguardian.com/us-news/2025/apr/07/abigail-disney-every-billionaire-who-cant-live-on-999m-is-kind-of-a-sociopath>

“Our request is simple: we ask you to tax us, the very richest in society. This will not fundamentally alter our standard of living, nor deprive our children, nor harm our nations' economic growth. But it will turn extreme and unproductive private wealth into an investment for our common democratic future.”

—The "Proud to Pay More" Coalition¹⁵¹

Open Letter to Davos, 2024, signed by a coalition
of 260 millionaires and billionaires

“If we do not address the twin crises of wealth concentration and inequality, we will face in the next decade the wholesale dismantling and eventual death of liberal democracy... There are no benevolent billionaires... Tax the rich. Save the world. It is that simple.”

—Erica Payne¹⁵²

Address to the United Nations, 2024.
Founder of the Patriotic Millionaires

I don't believe most billionaires start out intending to be villains. Or even the 1% for that matter. Buying a rental property as an investment is a solid choice. It just happens in a system that favors the rich and penalizes the first-time buyer.

Even “Buy, Borrow, Die” makes some kind of financial sense. I'm sure any competent financial planner would recommend exploiting this loophole for your kids. The problem is it runs completely counter to any concept of “trickle down.” It keeps all that re-investment from happening. It makes the economy sluggish and it outright dooms the bottom 50%.

I don't think it's malice. It's just harm disguised as good business. We need to give the wealthy better incentive to share their wealth. We need to craft a system where sharing the wealth, with their workers, with the states that gave them the opportunity to thrive in the first place, creates the best return on investment. And we can certainly help with a truly progressive tax policy and the end of these loopholes.

¹⁵¹ “Proud to Pay More,” open letter to global leaders gathering at Davos, January 17, 2024, signed by 260 millionaires and billionaires and coordinated by Patriotic Millionaires, Patriotic Millionaires UK, TaxMeNow, Millionaires for Humanity, and Oxfam, [Proud to Pay More](#).

¹⁵² Delivered at the United Nations 2024 ECOSOC Special Meeting on International Cooperation in Tax Matters. <https://inequality.org/article/tax-the-rich-save-the-world/>

Trickle Down

We know all too well that trickle-down economics is a lie. We've had fifty years of this play out, proving it's nothing but a sickening myth.

We've seen how the existing tax code lets rich people hide their wealth from any sense of fair taxation. We've let them cheat the system, and buy our politicians and government.



FIGURE 37. THE GINI COEFFICIENT for the French Revolution. We're practically there, people.

There's a measure called the Gini coefficient that gives a value for just how bowed the inequality curve is. And we are at levels today historically found at moments of absolute revolt — times like the French Revolution. There's a reason people feel hopeless. There's a reason people feel outraged. This is a time historically when they rolled out the guillotines.¹⁵³

¹⁵³French Historic Gini Coefficient: "The income inequality of France in historical perspective," by Christian Morrisson and Wayne Snyder. *European Review of Economic History*, Volume 4, Issue 1, April 2000, Pages 59–83, <https://doi.org/10.1017/S1361491600000149>; American Historical Gini Coefficients reproduced from World Inequality Database Income Gini Coefficient estimates (see footnote 54 for further conversation). Historical Gini estimates are necessarily approximate and are not perfectly comparable with modern WID estimates because the source data, statistical units, and income concepts differ. This comparison is intended to illustrate broad historical scale, not exact numerical equivalence. Obviously.

I guess, historically speaking, the French made it *trickle down*. Hopefully we can find another way. And by that, I of course mean we need a wealth tax, now.

Possible Solutions

After all, we have the history of the 1930s as a guide for how to get out of this mess. We just need enough outrage and bold leadership to get us there.

We need to increase **the top marginal tax rates**, with more progressive steps. There's no reason it needs to go up drastically for incomes under a million dollars. But there's no reason it should stay so low for the crazy incomes even higher than that. There's plenty of room for a much more progressive series of steps than we have now.

We need to eliminate the "Step-up in basis" or any one of the Buy Borrow Die loopholes, forcing the rich to actively reinvest in the economy they've unwittingly stifled.

We don't tax unrealised gains at all, and much of the uber-wealthy's annual gains are actually stock. A federal wealth tax would force some of those billions back into the economy.

We need to break up monopolies and stop corporations from exploiting both tax loopholes and their workers, stuck in eternal debt. Lift paychecks to a truly living wage target.

With the billions this kind of tax policy could generate, we could finally do great things again. Fund some form of healthcare for all, propelling America alongside most modern countries for a truly healthier population. Secure some kind of guaranteed minimum income to save people from bankruptcy and extreme poverty. Imagine it. Eliminating poverty. We could do that easily. With only a fraction of the billionaires' annual growth.

We could taper any benefit cliffs as working families thrive and get raises, encouraging growth and prosperity and a real chance at the American Dream. What kind of incredible things might the next generation bring, if truly given a chance to shine?



FIGURE 38. WHAT CAN YOU IMAGINE? At the end of our video, we quickly speculate on just a few possible ways to improve people's lives with an improved tax policy. What would you propose?¹⁵⁴

So what's it going to be?

Where is the vision we had almost a hundred years ago? Where are the bold changemakers of the modern world, fighting to guide us into a brighter future again? To restore the American Dream for every American?

We all know it's well past time for America to **dream again**.

¹⁵⁴ Some sample ideas and their estimated costs: *Extend enhanced ACA subsidies*: ~\$35B/year: CBO estimates \$350B over 2026–35. [CBO, 2025](#); *Clean up America's Superfund sites*: ~\$60B+: EPA historically projected \$60B to clean up 1,200 priority sites, with GAO cautioning costs could be higher. [GAO, 1990](#); *End world hunger*: ~\$50B/year: peer-reviewed analysis estimates \$39–50B annually in additional investment to end undernourishment. [Chichaibelu et al., Food Policy, 2021](#); *Bring broadband to all US houses*: ~\$61B: ASCE estimates \$61B to achieve universal broadband availability by 2030. [ASCE, 2025 Infrastructure Report Card](#); *Replace America's lead water pipes*: ~\$50B: estimated \$28–47B to replace the nation's lead service lines; \$50B is a rounded ballpark. [Brookings Institution](#); *Make public college tuition-free*: ~\$74B/year: a first-dollar tuition-free program is estimated to average \$74.2B annually over the subsequent decade. [Education Data Initiative](#); *Strengthen rural healthcare*: \$50B over five years: the federal Rural Health Transformation Program provides \$10B annually from FY2026–30. [CMS, 2025](#).

FURTHER READING / OTHER POTENTIAL SOLUTIONS

Billionaire Minimum Income Tax

<https://www.congress.gov/bill/118th-congress/house-bill/6498>

10% Credit Card Interest Rate Cap Act

<https://www.congress.gov/bill/119th-congress/senate-bill/381>

in coordination with

The Postal Banking Act

(to address Credit Card debt relief)

<https://www.congress.gov/bill/117th-congress/senate-bill/3891>

<https://inequality.org/>

<https://realtimeinequality.org/>

Zucman, “Why Billionaires Pay Much Less Tax Than the Average American,” 2026.

<https://www.motherjones.com/politics/2026/05/why-billionaires-pay-less-taxes-zucman-saez-jeff-bezos-irs-break-s-income-wealth/>

The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay, Saez and Zucman, 2019.

Glossary

Benefit Cliffs: Situations in which a small increase in earned income causes a disproportionately large loss of government assistance, leaving a household financially worse off than they were before the raise.

Bonds / Mutual Funds: Bonds are loans made to governments, companies, or other institutions. Mutual funds pool investors' money to buy a collection of assets, such as stocks and bonds.

Buy Now, Pay Later: A form of consumer credit that divides a purchase into installments, often four payments over about six weeks.

Capital-Gains Tax: A tax on the profit realized from the sale of an asset. Borrowing against an asset generally does not count as a sale and therefore does not trigger this tax.

Debt: Money owed to another person or institution. This document uses “survival debt” to mean debt incurred to pay for basic needs.

Gilded Age: A period in U.S. history, roughly from the 1870s to 1900, marked by rapid industrial growth, large fortunes, and pronounced inequality.

Guaranteed Minimum Income: A policy that provides income support to people or households below a specified income level. Unlike Universal Basic Income, it is generally based on financial need rather than provided universally.

Marginal Propensity to Consume (MPC): The share of an additional dollar of disposable income that a household spends rather than saves. It is often higher among lower-income or financially constrained households.

Marginal Tax Rates: The tax rate applied to the highest portion of a person's taxable income, rather than the average rate paid across all taxable income.

Net Worth: The total value of an individual's assets (like property, cash, and investments) minus their total liabilities (like debt, mortgages, and loans).

Poverty Line: The official income threshold used to determine poverty status. In the United States, it varies by family size and is based primarily on pre-tax cash income.

Quintile: One of five equal groups in a population ranked by a measure such as income or wealth. Each quintile represents 20% of the population.

“Robber Barons”: A critical term for the ultra-wealthy business magnates of the original Gilded Age who were accused of amassing vast fortunes through monopolistic, corrupt, or exploitative business practices.

Second Gilded Age: An informal term comparing the modern era of high wealth concentration and inequality with the original Gilded Age.

SNAP (Supplemental Nutrition Assistance Program): A federal program, formerly called the Food Stamp Program, that helps eligible low-income households buy groceries, usually through an EBT card. Benefits generally decrease as income rises.

SSI (Supplemental Security Income): A federal program that provides monthly payments to people with limited income and resources who are age 65 or older, blind, or have a qualifying disability. Payments generally decrease as countable income rises.

Step-Up in Basis: A tax rule that generally resets the cost basis of an inherited asset to its market value when the owner dies. This can reduce or eliminate capital-gains tax on appreciation that occurred before the inheritance.

Supply-Side Theory: The view that economic growth can be encouraged by increasing incentives to work, save, invest, and produce, often through lower taxes and reduced regulation. It is commonly associated with Reaganomics.

Trickle-Down Economics: An informal, usually critical term for the idea that benefits directed toward businesses or high-income households will eventually produce broader gains through investment, employment, or wages.

Velocity of Money: The rate at which money circulates through purchases of goods and services. When more income flows to the very wealthy, who generally spend a smaller share of each additional dollar, more may be saved or used to buy existing assets rather than current goods and services. This can contribute to lower measured velocity.

Wealth: The value of a person’s or household’s assets minus their debts. Unlike income, wealth is accumulated and measured at a particular point in time.

Wealth Inequality vs. Income Inequality: Wealth inequality refers to the gap in accumulated net worth — the “stack of money” a person holds after subtracting debts — whereas income inequality refers to the gap in money received over time — the “salary” or other income a person receives in a year.

Appendixes

Appendix 1. Calculating Wealth in the Top 1%

Wealth in the Top 1%

Using Federal Reserve Distribution of Financial Accounts 2026 Q1 Data, we can see that the top 1% collectively controls 55.03 trillion dollars in net worth (29.96 trillion within the 99-99.9 percent and 25.07 trillion in the top .1 percent).¹⁵⁵ Using Household Count information for this quarter, we also know this represents 1,360,950 households.¹⁵⁶ It's simple enough arithmetic to divide the total wealth controlled by this group by the number of households to generate an average wealth in the top 1% value of \$40,434,990.26.

Because the 99-99.9 and Top .1 groups are already parsed out, we can do similar math for each group independently (that is, 29.96 trillion divided by 1,224,855 households (90 percent of the 1,360,950 households in the full 1%) for the 99-99.9 and 25.07 trillion divided by 136,095 for the Top .1 group).

That's where federal reserve wealth share ends. However, if we approximate a little using World Inequality Database proportional shares, we can estimate the net worth of the top .01 and top .001 groups as well.¹⁵⁷ The WID reports that the 99.9 and above group controls 18.4% of wealth (8.7% for 99.9-99.99 and 9.7% for the top .01). Multiplying our wealth totals from the fed by those shares and then dividing by new population estimates (i.e., 13,609 households in the top .01 and 122,485 in the 99.9-99.99), we get new averages: \$96,776,761 for the 99.9-99.99 and \$971,104,743 for the top .01). Repeating this process for the 99.99-99.999 and top .001 (who have independent shares of all wealth of 4.6% and 5.1% respectively (or 47.4 and 52.5% of the wealth in the very top), we get an average wealth for the 99.99-99.999 of \$511,693,220 and for the top .001 of \$5,105,808,442.

¹⁵⁵ SUPRA 4 (Federal Reserve Distribution of Financial Accounts)

<https://www.federalreserve.gov/releases/z1/dataviz/dfa/distribute/chart/#quarter:146;series:Net%20worth;demographic:networth:population:1.3.5.7.9:units:levels>

¹⁵⁶ *Household Count in the Top 0.1% (99.9th to 100th Wealth Percentiles)*, Federal Reserve Bank of St. Louis, 2026
<https://fred.stlouisfed.org/series/WFRBLTP1310>

¹⁵⁷ See: World Inequality Database, Wealth Inequality. <https://wid.world/country/usa/>. Obviously using 2024 distribution values from a different data source on 2026 introduces a level of imprecision to the model. These distributions should be taken with a grain of salt, and we trust the reader to understand that average wealth levels above the 0.1% are approximations rather than concrete claims.

On average 1%		Total wealth controlled (trillions)*	Number of observations*	Average Wealth	WID Raw Share	WID Internal Share
	1%	55.03	1,360,950	\$40,434,990.26		
Separating 99-99.9 and Top .1	99-99.9%	29.96	1,224,855	\$24,460,038.13		
	0.10%	25.07	136,095	\$184,209,559.50		
Separating 99.9-99.99 and Top .01	99.9-99.99%	11.85375	122485.5	\$96,776,761.33	0.087	0.472826087
	0.01%	13.21625	13609.5	\$971,104,743.01	0.097	0.527173913
Separating 99.99-99.999 and Top .001	99.99-99.999%	6.2675	12248.55	\$511,693,220.83	0.046	0.4742268041
	0.001%	6.94875	1360.95	\$5,105,808,442.63	0.051	0.5257731959

TABLE 6. Wealth Distribution in the Top 1 Percent.

Appendix 2. Unadjusted Wealth Percentiles (in 2023 Dollars)¹⁵⁸

Percentile	2023								
1%	-\$76,472.00	21%	\$15,600.20	41%	\$117,810.00	61%	\$327,622.00	81%	947,453.00
2%	-\$45,428.00	22%	\$18,022.20	42%	\$125,686.00	62%	\$347,520.00	82%	1,009,860.00
3%	-\$26,450.00	23%	\$20,716.00	43%	\$132,632.00	63%	366,448.00	83%	1,078,294.00
4%	-\$14,983.00	24%	\$23,310.00	44%	\$141,164.00	64%	384,910.00	84%	1,154,634.00
5%	-\$9,878.00	25%	\$27,016.00	45%	\$147,316.00	65%	402,800.00	85%	1,234,848.00
6%	-\$4,381.00	26%	\$30,316.20	46%	\$155,908.00	66%	415,460.00	86%	1,308,426.00
7%	-\$831.80	27%	\$34,242.00	47%	\$164,132.00	67%	429,190.00	87%	1,399,334.00
8%	\$1.00	28%	\$39,436.00	48%	\$172,168.00	68%	447,958.00	88%	1,510,942.00
9%	\$182.20	29%	\$44,734.00	49%	\$181,562.00	69%	468,284.20	89%	1,693,542.00
10%	\$440.20	30%	\$51,366.00	50%	\$192,084.00	70%	493,068.00	90%	1,920,758.00
11%	\$990.20	31%	\$57,040.00	51%	\$202,106.20	71%	521,000.20	91%	2,157,988.00
12%	\$2,552.00	32%	\$62,600.20	52%	\$212,562.00	72%	551,988.00	92%	2,382,960.00
13%	\$4,056.00	33%	\$67,500.00	53%	\$223,554.00	73%	587,968.00	93%	2,692,160.00
14%	\$5,208.00	34%	\$73,120.20	54%	\$238,034.00	74%	622,546.00	94%	3,088,722.00
15%	\$6,532.20	35%	\$79,054.00	55%	\$250,380.00	75%	658,340.00	95%	3,779,600.00
16%	\$7,726.00	36%	\$84,256.00	56%	\$261,644.00	76%	697,576.00	96%	4,699,180.20
17%	\$9,256.00	37%	\$89,534.00	57%	\$274,944.00	77%	743,564.00	97%	6,150,980.00
18%	\$10,370.40	38%	\$96,524.00	58%	\$288,614.00	78%	785,484.00	98%	8,464,740.20
19%	\$11,810.00	39%	\$101,964.00	59%	\$298,884.00	79%	836,944.00	99%	13,666,778.00
20%	\$13,528.00	40%	\$110,314.00	60%	\$312,622.00	80%	891,750.00		

TABLE 7. Unadjusted 2023 Percentile Wealth Values

¹⁵⁸ SUPRA 4 (Don't Quit Your Day Job). <https://dqydj.com/net-worth-percentiles/>

Appendix 3. Ideal and Think Interpolation Discussion

To generate Ideal and Think curves, the Fed DFA 2026 Q1 total wealth value of \$174.01 trillion was divided by the known amount of households (136,095,000) to generate a total “pool” of money that 100 representative households should equal to (in this case \$127,859,215). The reported preference distributions from Norton and Ariely 2011 were then used as knots to generate percentile-level data:

Quantile	Think Share	Think Share (Cumulative)	Ideal Share	Ideal Share (Cumulative)
0-20	3%	3%	11%	11%
21-40	6%	9%	16%	27%
41-60	13%	22%	19%	46%
61-80	20%	42%	21%	67%
81-100	58%	100%	33%	100%

TABLE 8. Norton and Ariely (2011) Ideal and Think Estimates of Quintile Wealth

Obviously these are not the only way you could interpolate based on five quintile distributions. There are an infinite number of ways to monotonically connect five points. However, as the two tables below show, our values match both theoretical expectations and project them onto the economy as of Q1, 2026.

Quintile	Percentile	Actual	Think	Ideal
20	1%	\$0.00	\$95,359.50	\$511,820.44
20	2%	\$0.00	\$101,273.37	\$541,995.22
20	3%	\$0.00	\$107,549.71	\$571,019.26
20	4%	\$0.00	\$114,188.51	\$598,892.57
20	5%	\$0.00	\$121,189.78	\$625,615.14
20	6%	\$0.00	\$128,553.51	\$651,059.13
20	7%	\$0.00	\$136,279.71	\$675,608.10
20	8%	\$0.00	\$144,368.38	\$699,006.33
20	9%	\$200.42	\$152,819.51	\$721,381.70
20	10%	\$484.22	\$161,633.11	\$742,734.19
20	11%	\$1,089.22	\$170,809.18	\$763,063.80
20	12%	\$2,807.20	\$180,347.71	\$782,626.26
20	13%	\$4,461.60	\$190,248.71	\$801,165.85
20	14%	\$5,728.80	\$200,512.17	\$818,810.42
20	15%	\$7,185.42	\$211,138.10	\$835,687.84

20	16%	\$8,498.60	\$222,126.50	\$851,670.24
20	17%	\$10,181.60	\$233,477.36	\$867,013.34
20	18%	\$11,407.44	\$245,190.69	\$881,461.44
20	19%	\$12,991.00	\$257,266.48	\$895,270.23
20	20%	\$14,880.80	\$269,704.74	\$908,439.73
40	21%	\$17,160.22	\$282,505.47	\$920,842.07
40	22%	\$19,824.42	\$295,668.66	\$932,732.98
40	23%	\$22,787.60	\$309,194.32	\$943,984.59
40	24%	\$25,641.00	\$323,082.44	\$954,724.77
40	25%	\$29,717.60	\$337,333.03	\$964,953.50
40	26%	\$33,347.82	\$351,946.09	\$974,542.94
40	27%	\$37,666.20	\$366,921.62	\$983,876.67
40	28%	\$43,379.60	\$382,259.60	\$992,698.95
40	29%	\$49,207.40	\$397,960.06	\$1,001,009.80
40	30%	\$56,502.60	\$414,022.98	\$1,009,064.93
40	31%	\$62,744.00	\$430,448.37	\$1,016,864.34
40	32%	\$68,860.22	\$447,236.22	\$1,024,280.18
40	33%	\$74,250.00	\$464,386.55	\$1,031,312.44
40	34%	\$80,432.22	\$481,884.16	\$1,038,216.83
40	35%	\$86,959.40	\$499,552.67	\$1,044,993.37
40	36%	\$92,681.60	\$517,278.28	\$1,051,514.19
40	37%	\$98,487.40	\$535,059.08	\$1,057,907.15
40	38%	\$106,176.40	\$552,895.08	\$1,064,172.25
40	39%	\$112,160.40	\$570,786.29	\$1,070,309.50
40	40%	\$121,345.40	\$588,732.69	\$1,076,446.74
60	41%	\$129,591.00	\$606,734.29	\$1,082,583.98
60	42%	\$138,254.60	\$624,791.08	\$1,088,721.22
60	43%	\$145,895.20	\$642,903.08	\$1,094,986.33
60	44%	\$155,280.40	\$661,070.27	\$1,101,251.43
60	45%	\$162,047.60	\$679,292.67	\$1,107,644.39
60	46%	\$171,498.80	\$697,570.26	\$1,114,165.21
60	47%	\$180,545.20	\$715,903.05	\$1,120,813.89
60	48%	\$189,384.80	\$734,291.04	\$1,127,718.29
60	49%	\$199,718.20	\$752,734.23	\$1,134,878.40
60	50%	\$211,292.40	\$771,232.61	\$1,142,294.24
60	51%	\$222,316.82	\$789,786.20	\$1,150,093.65
60	52%	\$233,818.20	\$808,394.98	\$1,158,148.78
60	53%	\$245,909.40	\$827,058.96	\$1,166,459.63
60	54%	\$261,837.40	\$845,778.15	\$1,175,281.91

60	55%	\$275,418.00	\$864,552.52	\$1,184,615.64
60	56%	\$287,808.40	\$883,382.10	\$1,194,332.94
60	57%	\$302,438.40	\$902,266.88	\$1,204,433.81
60	58%	\$317,475.40	\$921,206.85	\$1,215,173.99
60	59%	\$328,772.40	\$940,202.03	\$1,226,425.60
60	60%	\$343,884.20	\$959,252.40	\$1,238,316.51
80	61%	\$360,384.20	\$978,357.97	\$1,250,846.71
80	62%	\$382,272.00	\$997,518.74	\$1,263,888.35
80	63%	\$403,092.80	\$1,016,734.71	\$1,277,697.15
80	64%	\$423,401.00	\$1,036,005.88	\$1,292,273.10
80	65%	\$443,080.00	\$1,055,332.24	\$1,307,616.20
80	66%	\$457,006.00	\$1,074,713.80	\$1,323,598.60
80	67%	\$472,109.00	\$1,094,196.10	\$1,340,476.02
80	68%	\$492,753.80	\$1,120,000.00	\$1,358,120.59
80	69%	\$515,112.62	\$1,150,000.00	\$1,376,788.04
80	70%	\$542,374.80	\$1,182,704.24	\$1,396,222.64
80	71%	\$573,100.22	\$1,226,947.16	\$1,416,680.11
80	72%	\$607,186.80	\$1,278,620.89	\$1,438,032.60
80	73%	\$646,764.80	\$1,337,725.43	\$1,460,407.97
80	74%	\$684,800.60	\$1,404,260.78	\$1,483,806.20
80	75%	\$724,174.00	\$1,478,226.94	\$1,508,355.17
80	76%	\$767,333.60	\$1,558,058.11	\$1,533,927.01
80	77%	\$817,920.40	\$1,645,320.08	\$1,560,649.59
80	78%	\$864,032.40	\$1,740,012.86	\$1,588,522.90
80	79%	\$920,638.40	\$1,843,736.80	\$1,617,546.94
80	80%	\$980,925.00	\$1,974,342.00	\$1,647,721.72
100	81%	\$1,042,198.30	\$2,176,565.80	\$1,679,302.94
100	82%	\$1,110,846.00	\$2,392,553.42	\$1,712,162.76
100	83%	\$1,186,123.40	\$2,580,643.40	\$1,746,301.17
100	84%	\$1,270,097.40	\$2,763,206.51	\$1,781,718.17
100	85%	\$1,358,332.80	\$2,934,875.72	\$1,818,541.63
100	86%	\$1,439,268.60	\$3,075,000.00	\$1,856,899.39
100	87%	\$1,539,267.40	\$3,221,211.05	\$1,896,535.75
100	88%	\$1,662,036.20	\$3,379,652.22	\$1,937,706.42
100	89%	\$1,862,896.20	\$3,535,537.88	\$1,980,411.40
100	90%	\$2,112,833.80	\$3,687,590.28	\$2,024,650.69
100	91%	\$2,373,786.80	\$3,835,809.43	\$2,070,552.14
100	92%	\$2,621,256.00	\$3,980,195.33	\$2,117,987.91
100	93%	\$2,961,376.00	\$4,119,470.22	\$2,166,957.99

100	94%	\$3,397,594.20	\$4,254,911.86	\$2,217,718.10
100	95%	\$4,157,560.00	\$4,385,242.50	\$2,270,140.38
100	96%	\$5,169,098.22	\$4,513,017.63	\$2,324,224.83
100	97%	\$6,766,078.00	\$4,635,681.75	\$2,380,099.31
100	98%	\$9,311,214.22	\$4,754,512.63	\$2,437,891.67
100	99%	\$15,033,455.80	\$4,870,787.99	\$2,497,346.21
100	100%	\$40,434,990.26*	\$4,983,230.11	\$2,558,718.63

*Percentiles 1-99 in column 3 (Actual) are derived from 2023 SCF numbers adjusted to 2026 dollar values. Percentile 100 in column 3 (Actual) is calculated using the methodology described in Appendix 1 (i.e., Distribution of Financial Accounts 2026, Q1 data) Note that Actual values sum to a slightly lower pool than Think or Ideal. This is because they are drawn from percentile-specific values from the 2023 Survey of Consumer Finances rather than interpolation over a fixed value. Given that these numbers are rough-approximations in the first place, and that the difference is around 2.5 percent off, we believe they represent a plausible depiction of the state of wealth disparity.

TABLE 9. Estimated values for Actual, Think, and Ideal wealth distributions

Our interpolation method largely matches the distribution Norton and Ariely reported in 2011 and the distribution of wealth reported by the Federal Reserve DFA.

	Actual	Think	Ideal	Think (Norton and Ariely 2011)	Ideal (Norton and Ariely 2011)
Bottom	0.06%	2.69%	11.53%	3%	11%
Low	0.99%	6.68%	15.76%	6%	16%
Middle	3.61%	12.22%	18.01%	13%	19%
High	9.69%	20.48%	22.25%	20%	21%
Top	85.65%	57.92%	32.44%	58%	33%

TABLE 10. Calibration of Interpolated Data Against Norton and Ariely (2011) Estimates

Appendix 4. Tax Calculations

To estimate taxes paid by different income percentiles, a combination of data sources was required. We used the reported 2024 income tax brackets for single filers, married filers, and head of household filers.¹⁵⁹ For each BLS income before taxes, the federal income tax was calculated (after subtracting filing status standard deduction). Because the IRS has not published the SOI for 2024, to calculate the distribution of filing status, IRS 2023 distributions for each income group were used.¹⁶⁰ This allowed us to produce weighted averages of tax obligation.

	Single	Married	Head of Household
Standard Deduction	\$14,600	\$29,200	\$21,900
10%	< \$11,600	< \$23,200	< \$16,550
12%	\$11,601 to \$47,150	\$23,201 to \$94,300	\$16,551 to \$63,100
22%	\$47,151 to \$100,525	\$94,301 to \$201,050	\$63,101 to \$100,500
24%	\$100,526 to \$191,950	\$201,051 to \$383,900	\$100,501 to \$191,950
32%	\$191,951 to \$243,725	\$383,901 to \$487,450	\$191,951 to \$243,700
35%	\$243,726 to \$609,350	\$487,451 to \$731,200	\$243,701 to \$609,350
37%	\$609,350 +	\$731,200 +	\$609,350 +

TABLE 11. Tax Brackets, 2024

¹⁵⁹ 2024 Tax Brackets, Tax Foundation, 2024. <https://taxfoundation.org/data/all/federal/2024-tax-brackets/>

¹⁶⁰ Cognizant that this injects slight inaccuracy to the data, it is unlikely that filing status varies wildly from year-to-year.

Percentile	Income Before Taxes	deduction	inc10	inc12	inc22	inc24	inc32	tax10	tax12	tax22	tax24	tax32	total tax
0	\$879	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	\$9,612	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	\$17,132	\$2,532	\$2,532		\$0	\$0	\$0	\$253	\$0	\$0	\$0	\$0	\$253
15	\$23,805	\$9,205	\$9,205		\$0	\$0	\$0	\$921	\$0	\$0	\$0	\$0	\$921
20	\$30,010	\$15,410	\$11,600	\$3,810	\$0	\$0	\$0	\$1,160	\$457	\$0	\$0	\$0	\$1,617
25	\$36,188	\$21,588	\$11,600	\$9,988	\$0	\$0	\$0	\$1,160	\$1,199	\$0	\$0	\$0	\$2,359
30	\$42,718	\$28,118	\$11,600	\$16,518	\$0	\$0	\$0	\$1,160	\$1,982	\$0	\$0	\$0	\$3,142
35	\$49,681	\$35,081	\$11,600	\$23,481	\$0	\$0	\$0	\$1,160	\$2,818	\$0	\$0	\$0	\$3,978
40	\$57,112	\$42,512	\$11,600	\$30,912	\$0	\$0	\$0	\$1,160	\$3,709	\$0	\$0	\$0	\$4,869
45	\$65,170	\$50,570	\$11,600	\$35,550	\$3,420	\$0	\$0	\$1,160	\$4,266	\$752	\$0	\$0	\$6,178
50	\$74,023	\$59,423	\$11,600	\$35,550	\$12,273	\$0	\$0	\$1,160	\$4,266	\$2,700	\$0	\$0	\$8,126
55	\$83,760	\$69,160	\$11,600	\$35,550	\$22,010	\$0	\$0	\$1,160	\$4,266	\$4,842	\$0	\$0	\$10,268
60	\$94,483	\$79,883	\$11,600	\$35,550	\$32,733	\$0	\$0	\$1,160	\$4,266	\$7,201	\$0	\$0	\$12,627
65	\$106,439	\$91,839	\$11,600	\$35,550	\$44,689	\$0	\$0	\$1,160	\$4,266	\$9,832	\$0	\$0	\$15,258
70	\$120,074	\$105,474	\$11,600	\$35,550	\$53,375	\$4,949	\$0	\$1,160	\$4,266	\$11,743	\$1,188	\$0	\$18,356
75	\$136,502	\$121,902	\$11,600	\$35,550	\$53,375	\$21,377	\$0	\$1,160	\$4,266	\$11,743	\$5,130	\$0	\$22,299
80	\$156,969	\$142,369	\$11,600	\$35,550	\$53,375	\$41,844	\$0	\$1,160	\$4,266	\$11,743	\$10,042	\$0	\$27,211
85	\$182,587	\$167,987	\$11,600	\$35,550	\$53,375	\$67,462	\$0	\$1,160	\$4,266	\$11,743	\$16,191	\$0	\$33,359
90	\$218,870	\$204,270	\$11,600	\$35,550	\$53,375	\$91,425	\$12,320	\$1,160	\$4,266	\$11,743	\$21,942	\$3,942	\$43,053

TABLE 12. Estimated 2024 Federal Income Tax Brackets for Single Filers (0-90th percentile)

Percentile	Income Before Taxes	deduction	inc10	inc12	inc22	inc24	inc32	tax10	tax12	tax22	tax24	tax32	total tax
0	\$879	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	\$9,612	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	\$17,132	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	\$23,805	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	\$30,010	\$810	\$810	\$0	\$0	\$0	\$0	\$81	\$0	\$0	\$0	\$0	\$81
25	\$36,188	\$6,988	\$6,988	\$0	\$0	\$0	\$0	\$699	\$0	\$0	\$0	\$0	\$699
30	\$42,718	\$13,518	\$13,518	\$0	\$0	\$0	\$0	\$1,352	\$0	\$0	\$0	\$0	\$1,352
35	\$49,681	\$20,481	\$20,481	\$0	\$0	\$0	\$0	\$2,048	\$0	\$0	\$0	\$0	\$2,048
40	\$57,112	\$27,912	\$23,200	\$4,712	\$0	\$0	\$0	\$2,320	\$565	\$0	\$0	\$0	\$2,885
45	\$65,170	\$35,970	\$23,200	\$12,770	\$0	\$0	\$0	\$2,320	\$1,532	\$0	\$0	\$0	\$3,852
50	\$74,023	\$44,823	\$23,200	\$21,623	\$0	\$0	\$0	\$2,320	\$2,595	\$0	\$0	\$0	\$4,915
55	\$83,760	\$54,560	\$23,200	\$31,360	\$0	\$0	\$0	\$2,320	\$3,763	\$0	\$0	\$0	\$6,083
60	\$94,483	\$65,283	\$23,200	\$42,083	\$0	\$0	\$0	\$2,320	\$5,050	\$0	\$0	\$0	\$7,370
65	\$106,439	\$77,239	\$23,200	\$54,039	\$0	\$0	\$0	\$2,320	\$6,485	\$0	\$0	\$0	\$8,805

70	\$120,074	\$90,874	\$23,200	\$67,674	\$0	\$0	\$0	\$2,320	\$8,121	\$0	\$0	\$0	\$10,441
75	\$136,502	\$107,302	\$23,200	\$71,100	\$13,002	\$0	\$0	\$2,320	\$8,532	\$2,860	\$0	\$0	\$13,712
80	\$156,969	\$127,769	\$23,200	\$71,100	\$33,469	\$0	\$0	\$2,320	\$8,532	\$7,363	\$0	\$0	\$18,215
85	\$182,587	\$153,387	\$23,200	\$71,100	\$59,087	\$0	\$0	\$2,320	\$8,532	\$12,999	\$0	\$0	\$23,851
90	\$218,870	\$189,670	\$23,200	\$71,100	\$95,370	\$0	\$0	\$2,320	\$8,532	\$20,981	\$0	\$0	\$31,833

TABLE 13. Estimated 2024 Federal Income Tax Brackets for Married Filers (0-90th percentile)

Percentile	Income Before Taxes	deduction	inc10	inc12	inc22	inc24	inc32	tax10	tax12	tax22	tax24	tax32	total tax
0	\$879	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	\$9,612	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	\$17,132	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	\$23,805	\$1,905	\$1,905	\$0	\$0	\$0	\$0	\$191	\$0	\$0	\$0	\$0	\$191
20	\$30,010	\$8,110	\$8,110	\$0	\$0	\$0	\$0	\$811	\$0	\$0	\$0	\$0	\$811
25	\$36,188	\$14,288	\$14,288	\$0	\$0	\$0	\$0	\$1,429	\$0	\$0	\$0	\$0	\$1,429
30	\$42,718	\$20,818	\$16,550	\$4,268	\$0	\$0	\$0	\$1,655	\$512	\$0	\$0	\$0	\$2,167
35	\$49,681	\$27,781	\$16,550	\$11,231	\$0	\$0	\$0	\$1,655	\$1,348	\$0	\$0	\$0	\$3,003
40	\$57,112	\$35,212	\$16,550	\$18,662	\$0	\$0	\$0	\$1,655	\$2,239	\$0	\$0	\$0	\$3,894
45	\$65,170	\$43,270	\$16,550	\$26,720	\$0	\$0	\$0	\$1,655	\$3,206	\$0	\$0	\$0	\$4,861
50	\$74,023	\$52,123	\$16,550	\$35,573	\$0	\$0	\$0	\$1,655	\$4,269	\$0	\$0	\$0	\$5,924
55	\$83,760	\$61,860	\$16,550	\$45,310	\$0	\$0	\$0	\$1,655	\$5,437	\$0	\$0	\$0	\$7,092
60	\$94,483	\$72,583	\$16,550	\$46,550	\$9,483	\$0	\$0	\$1,655	\$5,586	\$2,086	\$0	\$0	\$9,327
65	\$106,439	\$84,539	\$16,550	\$46,550	\$21,439	\$0	\$0	\$1,655	\$5,586	\$4,717	\$0	\$0	\$11,958
70	\$120,074	\$98,174	\$16,550	\$46,550	\$35,074	\$0	\$0	\$1,655	\$5,586	\$7,716	\$0	\$0	\$14,957
75	\$136,502	\$114,602	\$16,550	\$46,550	\$37,400	\$14,102	\$0	\$1,655	\$5,586	\$8,228	\$3,384	\$0	\$18,853
80	\$156,969	\$135,069	\$16,550	\$46,550	\$37,400	\$34,569	\$0	\$1,655	\$5,586	\$8,228	\$8,296	\$0	\$23,765
85	\$182,587	\$160,687	\$16,550	\$46,550	\$37,400	\$60,187	\$0	\$1,655	\$5,586	\$8,228	\$14,445	\$0	\$29,914
90	\$218,870	\$196,970	\$16,550	\$46,550	\$37,400	\$91,450	\$5,020	\$1,655	\$5,586	\$8,228	\$21,948	\$1,606	\$39,023

TABLE 14. Estimated 2024 Federal Income Tax Brackets for Head of Household Filers (0-90th percentile)

	single	married	head of household
All returns, total	51.32%	34.88%	13.81%
No adjusted gross income (includes deficits)	67.50%	27.84%	4.66%
\$1 under \$5,000	85.71%	9.26%	5.03%
\$5,000 under \$10,000	82.34%	8.92%	8.74%
\$10,000 under \$15,000	72.43%	10.13%	17.45%

\$15,000 under \$20,000	65.38%	11.90%	22.72%
\$20,000 under \$25,000	63.77%	13.67%	22.56%
\$25,000 under \$30,000	62.63%	15.72%	21.64%
\$30,000 under \$40,000	61.01%	16.35%	22.64%
\$40,000 under \$50,000	60.56%	19.10%	20.34%
\$50,000 under \$75,000	55.29%	28.35%	16.36%
\$75,000 under \$100,000	42.78%	45.54%	11.68%
\$100,000 under \$200,000	24.01%	69.89%	6.11%
\$200,000 under \$500,000	14.23%	82.72%	3.05%
\$500,000 under \$1,000,000	11.93%	85.58%	2.49%
\$1,000,000 under \$1,500,000	11.23%	86.26%	2.50%
\$1,500,000 under \$2,000,000	12.10%	85.61%	2.29%
\$2,000,000 under \$5,000,000	13.23%	84.19%	2.58%
\$5,000,000 under \$10,000,000	13.80%	83.75%	2.45%
\$10,000,000 or more	14.60%	83.01%	2.39%

TABLE 15. IRS SOI 2023, Filing Status Distribution

Percentile	Income Before Taxes	Single	Married	Head of Household	Weighted Average
0	\$879	\$0	\$0	\$0	\$0
5	\$9,612	\$0	\$0	\$0	\$0
10	\$17,132	\$253	\$0	\$0	\$166
15	\$23,805	\$921	\$0	\$191	\$630
20	\$30,010	\$1,617	\$81	\$811	\$1,184
25	\$36,188	\$2,359	\$699	\$1,429	\$1,877
30	\$42,718	\$3,142	\$1,352	\$2,167	\$2,602
35	\$49,681	\$3,978	\$2,048	\$3,003	\$3,411
40	\$57,112	\$4,869	\$2,885	\$3,894	\$4,147
45	\$65,170	\$6,178	\$3,852	\$4,861	\$5,304
50	\$74,023	\$8,126	\$4,915	\$5,924	\$6,855
55	\$83,760	\$10,268	\$6,083	\$7,092	\$7,991
60	\$94,483	\$12,627	\$7,370	\$9,327	\$9,848
65	\$106,439	\$15,258	\$8,805	\$11,958	\$10,548
70	\$120,074	\$18,356	\$10,441	\$14,957	\$12,618
75	\$136,502	\$22,299	\$13,712	\$18,853	\$16,090
80	\$156,969	\$27,211	\$18,215	\$23,765	\$20,716
85	\$182,587	\$33,359	\$23,851	\$29,914	\$26,507
90	\$218,870	\$43,053	\$31,833	\$39,023	\$33,649

TABLE 16. Calculated Weighted Average Tax Brackets (0-90th percentile)

Percentile	Income Before Taxes	Weighted Tax	Income After Taxes	Expenditures	Income After Tax Minus Expenditures
0	\$879	\$0	\$879	\$29,225	-\$28,346
5	\$9,612	\$0	\$9,612	\$31,660	-\$22,048
10	\$17,132	\$166	\$16,967	\$34,804	-\$17,837
15	\$23,805	\$630	\$23,175	\$38,473	-\$15,298
20	\$30,010	\$1,184	\$28,827	\$42,443	-\$13,616
25	\$36,188	\$1,877	\$34,311	\$46,340	-\$12,029
30	\$42,718	\$2,602	\$40,116	\$49,940	-\$9,824
35	\$49,681	\$3,411	\$46,270	\$53,778	-\$7,508
40	\$57,112	\$4,147	\$52,965	\$58,304	-\$5,339
45	\$65,170	\$5,304	\$59,866	\$62,880	-\$3,014
50	\$74,023	\$6,855	\$67,168	\$66,890	\$278
55	\$83,760	\$7,991	\$75,769	\$70,913	\$4,856
60	\$94,483	\$9,848	\$84,636	\$75,723	\$8,913
65	\$106,439	\$10,548	\$95,891	\$81,716	\$14,175
70	\$120,074	\$12,618	\$107,456	\$89,151	\$18,305
75	\$136,502	\$16,090	\$120,412	\$98,158	\$22,254
80	\$156,969	\$20,716	\$136,253	\$108,837	\$27,416
85	\$182,587	\$26,507	\$156,080	\$121,317	\$34,763
90	\$218,870	\$33,649	\$185,221	\$135,732	\$49,489

TABLE 17. Adjusted Income Before/After/Expenditure Charts (0-90th percentile)

Appendix 5. Reproduction Code For Income and Expenditures

Using data from the 2024 Bureau of Labor Statistics Decile-Level Tables, the following code was used to generate sub-95th percentile estimates for income, food, housing, healthcare, transportation, and total spending:

```
probs <- c(.05, .15, .25, .35, .45, .55, .65, .75, .85)
food <- c(5311, 5685, 6881, 7919, 8612, 9582, 11024, 12665, 14621)
housing <- c(13295, 15849, 18193, 20158, 22816, 25368, 28056, 30678, 35511)
transportation <- c(4341, 5881, 7549, 9314, 11261, 12052, 13714, 18167, 21146)
healthcare <- c(2755, 4145, 4568, 5085, 5281, 6071, 6916, 7574, 9072)
all <- c(31660, 38473, 46340, 53778, 62880, 70913, 81716, 98158, 121317)
income <- c(9612, 23805, 36188, 49681, 65170, 83760, 106439, 136502, 182587)
target <- seq(0,1, by = 0.05)

spline_food <- splinefun(probs, food, method = "hyman")
spline_housing <- splinefun(probs, housing, method = "hyman")
spline_transport <- splinefun(probs, transportation, method = "hyman")
spline_healthcare <- splinefun(probs, healthcare, method = "hyman")
spline_all <- splinefun(probs, all, method = "hyman")
spline_inc <- splinefun(probs, income, method = "hyman")
spline_transport2 <- splinefun(probs, transportation, method = "monoH.FC")

food_est <- spline_food(target)
house_est <- spline_housing(target)
trans_est <- spline_transport(target)
health_est <- spline_healthcare(target)
all_est <- spline_all(target)
inc_est <- spline_inc(target)
## USED TO CALCULATE THE p90 TRANSPORTATION ANCHOR ##
trans2_est <- spline_transport2(target)
```

Note: To better bridge the BLS and IRS data, the “floor” for the upper decile income (i.e., \$218,870), reported in the BLS 2024 Consumer Expenditure Survey was used for the 90th percentile Income Before Taxes value. Additionally, to prevent artificial flattening of the Transportation curve, the 90th percentile value was generated from the same anchor points using Fritsch-Carlson interpolation as opposed to Hyman.

Pareto Distribution

For values above 90th percentile, the formula $90th\ Percentile\ Value * \frac{0.1}{1 - Percentile} \frac{1}{Pareto\ Value}$ was used to estimate both category-specific and total spending. As discussed above, a value of 3 was selected.¹⁶¹

	Food	Housing	Healthcare	Transportation	Total
90th percentile amount	\$15,763	\$39,526	\$10,479	\$22,635	\$135,732
Pareto Value	3	3	3	3	3
0.95	\$19,860	\$49,800	\$13,203	\$28,518	\$171,012
0.96	\$21,394	\$53,645	\$14,222	\$30,720	\$184,217
0.97	\$23,547	\$59,044	\$15,654	\$33,812	\$202,757
0.98	\$26,954	\$67,589	\$17,919	\$38,705	\$232,098
0.99	\$33,960	\$85,156	\$22,576	\$48,766	\$292,426
0.999	\$73,165	\$183,463	\$48,639	\$105,062	\$630,012
0.9999	\$157,630	\$395,260	\$104,790	\$226,350	\$1,357,320
0.99999	\$339,604	\$851,562	\$225,763	\$487,656	\$2,924,257

TABLE 18. Estimates for category-specific and total spending by percentile (95th percentile and above)

¹⁶¹ SUPRA 32 (Gaillard et al.,)

Appendix 6. IRS Estimation From 2022

Data on AGI, Population Share, and Tax Burden was pulled from IRS SOI Table 4.1 and used to calculate estimated income and tax burden for the top 5%.

Percentile	Amount	
95	278.1163182	\$278,116.32
96	321.3452706	\$321,345.27
97	389.6323623	\$389,632.36
98	531.2017452	\$531,201.75
99	1178.829075	\$1,178,829.07
100	2151.858771	\$2,151,858.77
Percentile	Amount	
99	1178.829075	\$1,178,829.07
99.9	6347.285643	\$6,347,285.64
99.99	32622.54689	\$32,622,546.89
99.999	226059.4707	\$226,059,470.74

TABLE 19. Income Calculation For 95th Percentile and Above (Tax Calculation: IRS SOI Table 4.1. Table 4.1. All Individual Returns Excluding Dependents: Number of Returns, Shares of Adjusted Gross Income (AGI) and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Expanded Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 2001-2022)

Percentile	Number of Returns	Tax Burden Amount (Millions)	Per-Capita Tax
95	1,538,014	\$69,669	\$45,298
96	1,538,014	\$84,748	\$55,102
97	1,538,014	\$110,448	\$71,812
98	1,538,014	\$174,710	\$113,595
99	1,384,213	\$423,909	\$306,245
99.9	138,421	\$241,509	\$1,744,742
99.99	13,842	\$116,677	\$8,429,201
99.999	1,538	\$81,536	\$53,014,304

TABLE 20. Tax Burden Estimates (IRS SOI, Table 4.1)

Appendix 7. Unified Income, Tax, and Expenditures Table

Percentile	Income Before Taxes	Weighted Tax	Income After Taxes	Expenditures	Income After Tax Minus Expenditures
0	\$879	\$0	\$879	\$29,225	-\$28,346
5	\$9,612	\$0	\$9,612	\$31,660	-\$22,048
10	\$17,132	\$166	\$16,967	\$34,804	-\$17,837
15	\$23,805	\$630	\$23,175	\$38,473	-\$15,298
20	\$30,010	\$1,184	\$28,827	\$42,443	-\$13,616
25	\$36,188	\$1,877	\$34,311	\$46,340	-\$12,029
30	\$42,718	\$2,602	\$40,116	\$49,940	-\$9,824
35	\$49,681	\$3,411	\$46,270	\$53,778	-\$7,508
40	\$57,112	\$4,147	\$52,965	\$58,304	-\$5,339
45	\$65,170	\$5,304	\$59,866	\$62,880	-\$3,014
50	\$74,023	\$6,855	\$67,168	\$66,890	\$278
55	\$83,760	\$7,991	\$75,769	\$70,913	\$4,856
60	\$94,483	\$9,848	\$84,636	\$75,723	\$8,913
65	\$106,439	\$10,548	\$95,891	\$81,716	\$14,175
70	\$120,074	\$12,618	\$107,456	\$89,151	\$18,305
75	\$136,502	\$16,090	\$120,412	\$98,158	\$22,254
80	\$156,969	\$20,716	\$136,253	\$108,837	\$27,416
85	\$182,587	\$26,507	\$156,080	\$121,317	\$34,763
90	\$218,870	\$33,649	\$185,221	\$135,732	\$49,489
95	\$278,116	\$45,298	\$232,818	\$171,012	\$61,806
96	\$321,345	\$55,102	\$266,243	\$184,217	\$82,026
97	\$389,632	\$71,812	\$317,820	\$202,757	\$115,063
98	\$531,202	\$113,595	\$417,607	\$232,098	\$185,509
99	\$1,178,829	\$306,245	\$872,584	\$292,426	\$580,158
99.9	\$6,347,286	\$1,744,742	\$4,602,544	\$630,012	\$3,972,532
99.99	\$32,622,547	\$8,429,201	\$24,193,346	\$1,357,320	\$22,836,026
99.999	\$226,059,471	\$53,014,304	\$173,045,167	\$2,924,257	\$170,120,910

TABLE 21. Unified Income, Tax, and Expenditure For All Percentiles

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