



The double one percent: Identifying an elite and a super-elite using the joint distribution of income and net worth



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ABSTRACT

Growing inequality has heightened awareness of those at the top of the income and wealth distributions, and researchers are beginning to acknowledge the need for a way to identify top households that simultaneously accounts for their income and net worth. We contribute to the literatures on top income and wealth households by introducing a measure of top status that includes a larger number of affluent households and that explicitly accounts for the interrelationship between income and wealth. Our innovation is to start with both income and wealth holders and to divide the top into three groups: those who are top income only, those who are top net worth only, and those who are at the top of both distributions (the double one percent). Our results show that the top three groups are unique financially and demographically in ways that inform understanding of inequality and the processes that lead to membership in top income and wealth positions. Perhaps most importantly, our results identify those who are merely elite and those who occupy even more exclusive, or super elite, positions at the top of both the income and wealth distributions.

1. Introduction

Growing economic inequality in the United States has renewed interest in the small number of households who occupy top income and wealth positions. It has become clear from the income inequalities literature that disproportionate quantities of income go to top households. In 2013, for example, the top one percent of income earners received about 20% of total household income, and the Gini coefficient for income was about 0.50. A relatively separate literature on top wealth owners shows that wealth or net worth inequality is more extreme: in 2013, the top one percent owned 35% of net worth and 38% of financial assets. Consistent with this, the wealth Gini was more than 0.80 (Bricker et al., 2014; Keister, 2014; Kennickell, 2009). The extent of this inequality is apparent in the gulf between top households and the median. It takes approximately \$700,000 in income to be in the top one percent, but the median household receives only \$53,000 annually. Similarly, the threshold for membership in the top one percent by wealth is \$8 million in net worth and \$4 million in financial assets, but the median household owns just over \$80,000 in net worth and \$17,000 in financial assets (Bricker et al., 2014; Wolff, 2010).¹

Although most research on affluent households focuses on *either* income *or* wealth, there is a growing awareness that the two are best studied as interrelated—not separate—resources. There is some con-

sensus that there are advantages to studying income and wealth simultaneously, but researchers have not coalesced around a strategy for identifying top households using the joint income-wealth distribution (Keister, 2014; Nau, 2013; Piketty, 2014; Wolff & Zacharias, 2009). Incorporating information about both resources would acknowledge the interdependence of income and wealth and would underscore that the two reinforce each other's advantages. The most basic connection between income and wealth is that one resource often generates more of the other. Yet it is not clear whether—and under what circumstances—high levels of one resources necessarily lead to high levels of the other. Previous efforts to provide integrated measures of top status have typically considered wealth for its income-generating properties (Piketty & Saez, 2003), but these approaches risk overlooking the unique advantages of wealth that are not captured by the income it produces. For example, net worth includes assets that increase financial security, educational and occupational opportunities, and social and political benefits (Keister, 2014; Wolff & Zacharias, 2009). Similarly, the debt component of net worth is ignored when wealth is considered only for its income-generating properties, and debt can also provide important insight into financial well-being that extends beyond the income generated by wealth. Studying *either* top income earners *or* wealth owners also omits a large number of households from calculations of top status. If the focus is top income earners, those who have

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¹ Authors' estimates from the Survey of Consumer Finances; estimates are consistent with cited sources.

high net worth but not high income (e.g., retirees, nonworking wealthy whose capital income is below the top income threshold) are omitted. Similarly, if the focus is top wealth owners, those who have high incomes but not top net worth (e.g., high salary earners who have not saved) are omitted. Although studying top income or top wealth owners itself is not necessarily a problem, an exclusive focus on either may overlook a large number of affluent households and may underestimate the degree to which resources are concentrated.

In this paper, we propose an alternative measure of top status that overcomes the challenges that limited previous efforts to define top income and wealth jointly. Our innovation is to disaggregate the top into three groups: those with top incomes only, those with top wealth only, and those who are at the top of both distributions. Not only does this strategy explicitly incorporate information about both income and wealth, but it also includes all top income and top wealth households. An added advantage is that this approach captures both the quantitative (i.e., the amount of resources controlled) and qualitative (i.e., the advantages associated with the position) differences across households in three clearly unique groups. Specifically, it allows us to explore whether there are differences across these groups that will facilitate future research on who occupies top income and wealth positions. We take advantage of the unique sample of affluent households in the Survey of Consumer Finances (SCF) to explore the potential of this redefinition of top income and wealth positions in the United States. We first investigate how the three top groups are unique financially in order to better understand the levels of income and wealth associated with membership in these positions. We compare the income and wealth thresholds that define each group, and we explore how top wage, business, and capital income earners are distributed across the top three groups. We then study the demographic traits of members of the top three groups and provide preliminary models to investigate whether there are different processes associated with membership in each of the top groups that have implications for understanding the factors that contribute to growing inequality. Our findings underscore the importance of top households and highlight the need for a more comprehensive approach to measuring top status that recognizes the interdependence of the two primary indicators of economic well-being.

2. Top income and wealth households

Previous efforts to explicitly incorporate information about both income and wealth in identifying top households have typically started with top income earners and add information about wealth. This work contributes to our understanding of how income and wealth are distributed, but there are challenges with the way top positions are defined. One approach decomposes total top income into its capital and salary components. Work using this method shows that a growing portion of top incomes are derived from salary than from capital suggesting that the working rich outnumber rentiers (Atkinson, Piketty, & Saez, 2011, Piketty & Saez, 2003; Piketty, 2014). An improvement on this strategy incorporates an estimated lifetime annuity value of nonhome wealth and a rental-equivalent for owner-occupied housing as a proxy for the influence of assets on total income (Wolff & Zacharias, 2009). This method shows that income inequality is even more extreme than standard income-only approaches suggest; it also suggests that racial and age gaps in income may be particularly vulnerable to underreporting when wealth is not included in identifying top households. Likewise, including investment income in measures of top income status indicates that inequality is more extreme – and potentially more enduring given that wealth can be transferred to future generations – than standard measures of identifying affluent households suggest (Nau, 2013). Although this work moves closer to fully integrating income and wealth in identifying the elite, each of these strategies includes only top income earners and excludes top wealth holders who might not also have high income; and indeed none of the previous strategies fully incorporate information about both assets and

debts that net worth includes. Although it would be possible to define top status by starting with top wealth owners and adding information about their incomes, previous work has not done this.

3. Reconsidering top positions: top income, top net worth, and both

To study income and net worth simultaneously, we propose disaggregating the standard two top groups (i.e., top income, top net worth) into three groups: those with top income only, those with top net worth only, and those at the top of both distributions. Our strategy moves beyond adding information about income or wealth to a study of the other and more fully integrates what is known from the joint distribution. In addition to recognizing the interdependence of income and wealth, this disaggregation is likely to show that these groups differ financially and demographically in ways that provide important information about the processes that underlie inequality. Financially (i.e., using just information about income and wealth), the three-group strategies is likely to more accurately reflect the skew of the distributions because it parses out the merely-elite households who occupy either top income or top wealth positions from the super-elite who have managed to secure positions at the top of both distributions. For example, households with *only* top incomes or top wealth are clearly elite; however, it takes less income and wealth to be over just the top income and just top wealth thresholds. These households have high salaries, moderately high wealth (i.e., enough wealth to generate high income), or some combination; but they are unlikely to be extraordinary on either measure. By contrast, because the income and wealth distributions are highly skewed, those at the top of both have necessarily higher income and higher net worth than those who are only top income or top net worth. One scenario that would lead to membership in the top of both distributions involves having very high earned income. A high salary alone can lead to membership in the top one percent of the income distribution, but a high salary is often accompanied by asset-related compensation, such as stock options, that can lead to high net worth. Moreover, asset-related compensation can feed back into income through investment earnings, adding even more to both income and net worth. Similarly, very high net worth typically produces high levels of income, which, if accompanied by additional earned income, can lead to high values on both resources.

The top three groups are also likely to differ demographically (i.e., taking into account traits other than income and wealth) in ways that are suggestive of what it takes to have top status. For example, some occupations are likely to be associated with membership in top income (e.g., those who are employed by someone else) versus top wealth (e.g., entrepreneurs) positions. Life course processes may also be reflected in the demographic composition of the three top groups. That is, the demographic composition of top households is likely to reflect the same individuals cycling through the three top income/wealth positions over time. Young workers with high salaries are more likely to occupy top income only positions unless they inherited significant wealth because they have had little time to save. By contrast, retirees are less likely to occupy positions in the top of both distributions even if their salaries were high enough when they were working to give them access to those very elite positions.

Receiving a large inheritance will certainly increase the likelihood of membership in all three top positions; but because an extremely large inheritance is required to generate a top income and transferring large incomes in other ways is more difficult (i.e., transferring ownership of a business is one way that incomes can be bequeathed), the effect of inheriting is likely to be stronger for membership in top net worth positions (i.e., top net worth only and top of both distributions) than for membership in top income positions. Inheriting can also dampen innovation by reducing the motivation to innovate and reducing incentives for personal achievement (Hurst, Luoh, & Stafford, 1998; Keister and Moller, 2000; Spilerman, 2000). Moreover, if households at

the lower end of the income and wealth distributions who have substantial debt receive an inheritance, they may be inclined (or required) to pay off their debt before saving (Wolff, Owens, & Burak, 2011), suggesting a reduced long-term impact of inheritance for households with limited resources.

Similarly, educational attainment is likely to be an important predictor of membership in top positions because human capital is positively associated with both income and net worth at all levels of SES background. Those from privileged families (i.e., those who also inherited large fortunes) are likely to have educational advantages as well. For those from less privileged backgrounds, human capital is likely to be an important contributor to adult income and net worth. Although we expect education to have a strong and positive effect on membership in both top income and net worth positions, the effect is likely to be stronger for top income positions after inheritance is controlled, reflecting the human capital effect on earnings for those from more modest backgrounds.

Finally, the association between self-employment and membership in a top position is also likely to vary across the three groups. It is clear that incomes and net worth among the self-employed are more highly skewed than incomes and net worth for employees (Kim, Aldrich, & Keister, 2004), and a small group of the self-employed earn much more than their self-employed peers inflating the mean income for all those who do not work for others. Similarly, the self-employed whose businesses are relatively large (i.e., in terms of revenue and employees) are likely to have relatively high levels of business equity, thereby contributing to high levels of net worth and inflating the mean net worth for all those who are self-employed. That is, the self-employed who are in the upper tails of the income and net worth distributions for the self-employed are likely to occupy top income and net worth positions. Thus, owning a large business is likely to increase the likelihood of membership in both top income and top net worth positions.

4. Data and variables

To study these ideas empirically, we use data from the Survey of Consumer Finances (SCF). The SCF is a triennial survey of U.S. households collected by the Federal Reserve System since 1983 that is ideal for this study because it uses a dual-frame sample designed to adequately represent all households, including top income earners and net worth owners. The survey is known for including large numbers of households in the top one percent of the income and net worth distributions; see Kennickell (2008) for details. The SCF also provides good coverage of both broadly distributed variables (e.g., checking accounts) and narrowly held variables (e.g., corporate stock) (Kennickell & Woodburn, 1999). A multistage national area probability sample ensures representation of broadly distributed traits; a list sample, including an oversample of high-income households identified with Internal Revenue Service data (Johnson & Moore, 2005; Kennickell, 2008), ensures representation of variables that are narrowly held and highly skewed in ownership. Although the high-income respondents are not specifically chosen to be high net worth, the resulting sample includes households at the top of both the income distribution and the net worth distribution (Kennickell, 2008).² The SCF contains detailed information about household income, assets, debts, and related financial information; it also contains detailed information on inheritance, education, and other demographic traits useful for controlling the various factors that contribute to income and net worth ownership (Johnson & Moore, 2005). The SCF also includes

² The SCF excludes households identified as Forbes 400 members using current information at the time of the survey. Because the Forbes 400 are the top 0.00034% of households, few of them are likely to be sampled; thus, only a small number of respondents will be excluded. This exclusion may affect income and net worth estimates, but the effect is likely to be minimal.

imputed data for missing values; we use those data and use appropriate modeling techniques to address them. We use SCF data for 1989–2013; we report 2013 dollars.

One downside of the SCF is that it is a repeated cross-sectional survey. Ideally, we would use longitudinal data that would allow us to identify life trajectories and movement into and out of top positions. Unfortunately, no data are available that include longitudinal information and sufficient data on top income earners and net worth owners. The National Longitudinal Survey of Youth, the Panel Study of Income Dynamics, and the Survey of Income and Program Participation are commonly used to study income and wealth ownership over the life course, but none of these contain the data needed to understand who occupies top positions.

We define top households as those in the top one percent by income only, net worth only, and both income and net worth. **Total income** is the sum of income from all sources for all members of responding households including wages, self-employment and business income, interest, dividends, transfer payments, and other sources. Unexecuted stock options are not included because their value is uncertain until the exercise date; capital gains and stock options that were executed prior to the calendar year preceding the survey are reflected in household assets. Income from sources other than wages and business/self-employment constitutes a large portion of total income for the self-employed, and self-employed respondents have more-diversified income portfolios than those who work for others. For the self-employed, 44.5% of income comes from wages; 40.4%, from self-employment; 5.9%, from interests or dividends; and 7.8%, from capital gains. Comparatively, wages constitute 89.7% of income for those who work for others. Only 0.54% of households report negative or zero income. Because businesses often report losses, more self-employed households (1.40%) report negative or zero income than those working for others (0.20%). Sensitivity analyses indicated that negative and zero income values do not change our results.

Net worth is total household assets (financial plus nonfinancial) less total liabilities. Financial assets include transaction accounts and certificates of deposit, bonds; publicly traded stocks, pooled investment funds, retirement accounts, cash value of life insurance, other managed assets (e.g., annuities, trusts); and miscellaneous financial assets (e.g., cash, future proceeds, and business items). Nonfinancial assets include vehicles, the primary residence and other residential real estate, net equity in nonresidential real estate, net equity in privately held businesses, and miscellaneous nonfinancial assets (e.g., jewelry, antiques). Omitting vehicles, jewelry, antiques, and art does not change our results because these assets have little value for most households. Debts include principal residence debt (e.g., mortgages, home equity lines of credit), lines of credit other than those secured by the primary residence, debt for other residential property, credit card debt, installment loans, and other debt (e.g., loans against pensions, loans against life insurance, margin loans).

We use several other variables to explore differences in the households in the three top groups. The SCF includes detailed information about **inheritance**, including both bequests and inter vivos transfers (i.e., gifts received while the giver is still alive). We define inheritance as the sum of all transfers received by the household; the percentiles we report are year-specific. We experimented with using various other indicators of gifts received including using a dichotomous indicator for ever inheriting and a continuous measure of the amount inherited, but using four dichotomous measures (top 1% of inheritors, next 9% of inheritors, remaining inheritors, non-inheritors) most accurately reflect the patterns in the data. We use dichotomous (less than college, college degree, graduate degree or more education) measures of **education**, and our **employment** variables are not working, self-employed, working for others, and retired. We include a dichotomous indicator of **occupation**: managerial/professional, with other occupations omitted. We explored including more fine-grained occupation indicators, but the dichotomous variable produced the best-fitting models. The SCF

includes nearly equal members of both genders, but for most married couples, the male adult is listed as the household head. As a result, the descriptive statistics suggest that the sample is disproportionately male. We control for **gender of household head** in our models, but we do not otherwise address gender issues because they are not central to the objectives of this paper. Finally, our regression models include controls for age and age squared, race/ethnicity, and marital status.

5. Research methods

We first compare the financial profiles of those in the top of the income, net worth, and both distributions. We then use multinomial probit models to evaluate the relative importance of various influences on being in the top of the income and net worth distributions. The multinomial probit model simultaneously computes a set of probit regression equations predicting membership in three mutually exclusive groups: (1) the top one percent by income only, (2) the top one percent by net worth only, and (3) the top one percent by both income and net worth. The omitted (i.e., base) category is membership in none of the top groups. The multinomial probit model is a generalization of the probit model that is used when the dependent variable has multiple categories (Greene, 2011). An alternative method of estimating these models is to use a multivariate probit model, another generalization of the probit used to jointly estimate correlated binary outcomes and that includes a term estimating the correlation between the occurrence of both outcomes. We experimented with using multivariate probit as well and found no substantive differences in our results. Because we want to understand these as three separate but interrelated groups, we report results from the single, multiclass classification rather than independent but correlated models of each outcome. We also considered using logistic regression; however, probit models produce more-consistent estimates when the dependent variable includes rare events and probabilities close to 0 or 1. We use SCF-provided sample weights to deal with the high-income sample. We use Rubin’s method to deal with multiply-imputed data.

6. Results: financial profiles of top households

Table 1 illustrates the distinctive income and net worth holdings for the three top groups. The columns show estimates by year as well as for the pooled 1989–2013 data. The income and net worth thresholds are the lowest observed value for each measure; these thresholds indicate the income and net worth required for membership in the one percent. As we would expect, those with only top income have higher median income and receive larger portions of total household income than those with only high net worth in each year. In the years prior to the 2007–2009 recession, the income gap between these groups became notably larger, consistent with research showing that income gains to the top one percent of income earners grew during the economic bubble (Smeeding et al., 2011). The income threshold is also instructive: for those with top income only, the income threshold ranged from over \$369,000 in 1992 to more than \$778,000 in 2007. By contrast, for those with top net worth only, the income threshold was zero in every year except 1989 (when it was only \$28,283). Of those in the top one percent by net worth only, 2.1% have zero income, 92.8% of whom are self-employed (details available upon request).

For each year, those with only top net worth have higher median net worth and own larger portions of total net worth than those with high income only. Again, that gap grew in the years prior to the 2007–2009 recession, as other work on that period suggested it would (Wolf, Owens, & Burak, 2011). The net worth threshold underscores how different these groups are. For those who are top net worth only, the net worth threshold ranged from just under \$3.8 million in 1995 to more than \$9.4 million in 2007. For those with top income only, the net worth threshold is negative in the majority of years, exceeding –\$20 million in 1989, 1995, and 1998.

Table 1
Financial Profiles for Three Top Groups, 1989–2013.

	1989	1992	1995	1998	2001	2004	2007	2010	2013	Overall	
Top 1% both income & net worth	Income threshold	443,105	369,842	383,945	510,216	602,840	778,233	663,437	695,969	369,842	
	Median income	848,499	749,681	842,502	1,194,369	1,127,158	1,687,980	1,241,901	1,430,489	1,136,275	
	% total income	12.10	6.58	9.98	10.17	11.89	14.52	10.47	10.47	12.72	11.47
Top 1% income	Net worth threshold	4,200,795	3,775,626	3,741,576	5,435,368	7,709,958	9,424,297	7,310,787	7,937,950	3,741,576	
	Median net worth	8,705,262	7,302,338	8,143,582	11,304,802	13,759,892	16,717,909	12,930,009	15,184,500	12,435,971	
	% total net worth	18.59	16.80	20.50	19.34	17.47	21.76	19.50	19.50	21.21	20.05
Top 1% net worth	Income threshold	443,105	369,842	382,390	510,216	602,840	779,387	660,169	693,940	369,842	
	Median income	580,750	478,130	443,013	652,265	1,080,067	802,942	1,077,287	919,165	811,707	
	% total income	4.79	5.08	4.37	6.36	8.12	4.92	6.77	6.55	6.97	6.15
Top 1% net worth	Net worth threshold	–38,415,420	–1787	–21,929,097	–21,674,696	–4,236,829	655,908	878,700	188,137	838,300	–38,415,420
	Median net worth	1,975,314	1,850,606	1,517,577	1,774,037	3,907,704	5,216,845	4,285,068	4,792,800	2,930,580	
	% total net worth	2.86	3.44	2.42	3.13	3.93	4.33	4.10	4.10	5.08	3.85
Top 1% net worth	Income threshold	28,283	0	0	0	0	0	0	0	0	
	Median income	243,236	199,915	209,848	268,153	376,673	335,615	304,827	359,144	275,291	
	% total income	1.61	1.87	1.62	2.04	2.22	1.68	1.93	2.00	2.35	1.95
Top 1% net worth	Net worth threshold	4,202,404	3,774,976	3,733,076	5,434,756	7,704,508	7,838,467	9,402,896	7,304,893	7,880,400	3,733,076
	Median net worth	5,964,984	5,242,170	6,276,285	7,740,861	10,943,687	11,003,265	11,606,675	10,660,100	9,740,107	
	% total net worth	11.34	13.27	14.35	14.53	14.68	10.98	11.84	14.59	14.33	13.29

Notes: Data are from the Survey of Consumer Finances. “Overall” includes all years, pooled to create a single data set.

Those in the top of both distributions are distinct from those in the other two groups and are extremely privileged: they have higher median income and net worth and control higher percentages of each resource than those in the other two groups in each year. Median income for those in the top of both distributions ranged from more than \$700,000 in 1992 to more than \$1.6 million in 2007; they received between 6.58% and 14.52% of total household income. Notice that summing the percentage of total income earned by those in the top one percent by income only and the percentage earned by those in the top of both distributions yields the percentage that is typically cited as being earned by the top one percent of income earners; a significant portion of this is earned by those at the top of both distributions. Similarly, those at the top of both distributions had median net worth ranging from more than \$7.3 million in 1992 to nearly \$17 million in 2007, and they owned between 16.8% and 22.2% of total household net worth. Note that those in the top of both distributions are not the same as the top 0.5 percent of either distribution. The top 0.5 percent are certainly privileged, and the top 0.5 percent of income earners have a higher median income and greater portions of the total house income than the top of both distributions (see Appendix Table A). Likewise, the top 0.5 percent net worth holders have higher median net worth and larger shares of the total household net worth. Nevertheless, those in the top of both distributions are distinctive in that they have higher net worth profiles than the top 0.5 percent of income earners and higher income profiles than the top 0.5 percent net worth holders. Moreover, 38.58% of the top 0.5 percent income earners are not the top one percent net worth holders, and 45.02% of the top 0.5 percent net worth holders are not the top one percent income earners (not shown). This suggests that those at the top of both distributions are not simply the top 0.5 percent of either the income or net worth distributions.

7. Results: overlap size

To demonstrate the relationship between the two distributions, we show the size of the overlap between the top of the income and net

worth distributions in Fig. 1. In this Figure, “overlap size” is the percentage of households that are in both the top one percent by income and the top one percent by net worth. That is, the Figure includes estimates for each survey year between 1989 and 2013 and depicts two overlapping circles, one representing the top one percent by income and the other representing the top one percent by net worth. The overlap between the two circles is the overlap size, or the households in the top of both distributions. For each year included in the Figure, a) the sum of those in the top one percent by income and those in the top one percent of both distributions equals 1% (i.e., the one percent of the income distribution); and b) the sum of those in the top one percent by net worth and those in the top one percent of both distributions equals 1% (i.e., the one percent of the net worth distribution). In 2007, for example, 0.51% of households are in the top one percent by income only, 0.51% are in the top one percent by net worth only, and 0.49% are in the top one percent of both distributions. In most years, the sums are slightly different from 1% because a small number of cases (52 or fewer per year) have incomes or net worth equal to the threshold.

Perhaps the most noticeable pattern that emerges from Fig. 1 is that about half of households are in the top of both distributions in any year. Overlap size varies over time, but it rarely diverges from one-half much. That is, in most years, about half of top households are in the top one percent of both distributions. This pattern reflects the fact that income and wealth are clearly interconnected and underscores the importance of considering the two resources at the same time. This pattern also underscores the point that identifying households by only their income or net worth risks omitting many households and potentially misrepresenting the extent to which financial resources are concentrated.

It is also notable that there is not complete overlap between the top of the two distributions. That is, there are always some households who are at the top of one distribution and not at the top of the other. Much of the sociology literature on elites assumes or explicitly argues that the elite is a coherent group that is impervious to outside entrants. Similarly, wealth and inheritance research often suggests that member-

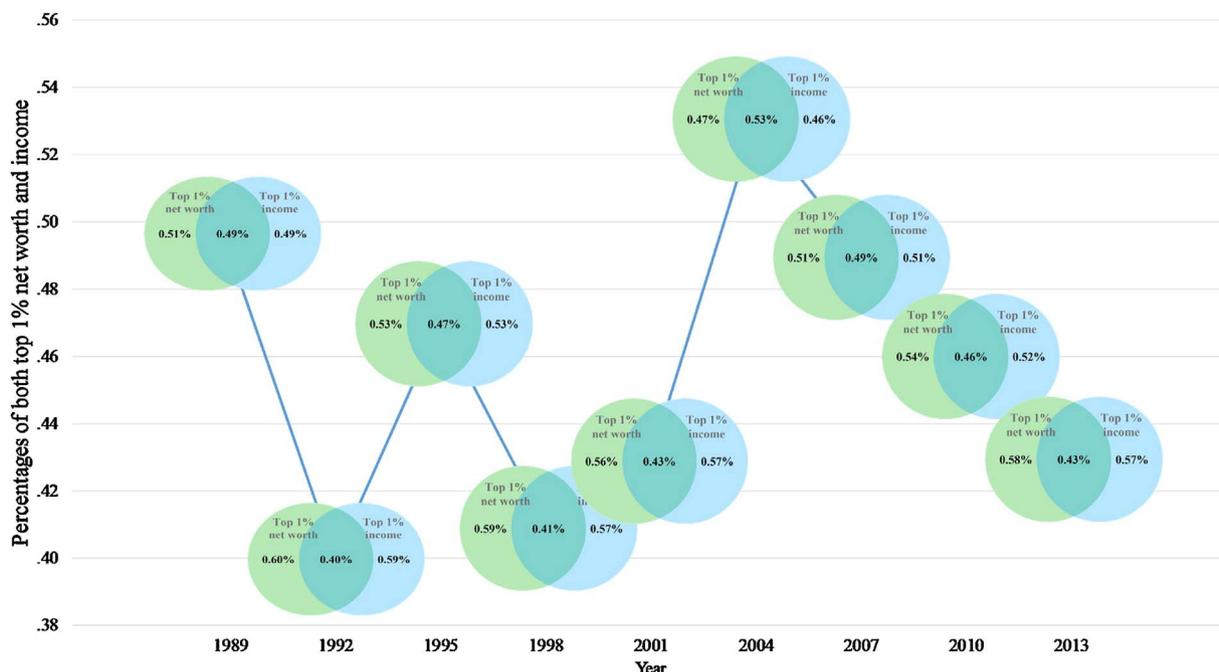


Fig. 1. Overlap Size: The Joint Distribution of Income and Net Worth, 1989–2013.

Notes: Data are from the Survey of Consumer Finances. Circles indicate the percentage of households in the top one percent by net worth (left circle), the percentage in the top one percent by income (right circle), and the percentage in the top of both distributions (“overlap size”). For each year, a) the sum of those in the top one percent by income and those in the top one percent of both distributions equals 1% (i.e., the one percent of the income distribution); and b) the sum of those in the top one percent by net worth and those in the top one percent of both distributions equals 1% (i.e., the one percent of the net worth distribution). E.g., in 2007, 0.51% of households are in the top one percent by income only, 0.51% are in the top one percent by net worth only, and 0.49% are in the top one percent of both. Sums differ from 1 where some households have incomes or net worth equal to the threshold.

ship in top positions is virtually guaranteed to be passed across generations, implying that outsiders are highly unlikely to have access to these positions (Keister, 2000; Spilerman, 2000). Although there is no question about the advantages of a privileged upbringing, Fig. 1 suggests a more-nuanced picture than the elite and wealth literatures suggest. Having high income certainly increases the likelihood of membership in the top net worth group, with the majority of top net worth holders also in the top one percent by income. Yet, the incomplete overlap of the tops of the two distributions suggests that there are multiple combinations of traits that can contribute to membership in top positions. This pattern is consistent with Piketty's work on capital concentration (Piketty, 2014), and if we had more information about individual movement into and out of top positions, we would be able to address the factors underlying this pattern in more detail. Indeed, a complete interpretation of this pattern is beyond the scope of this paper because it requires longitudinal data that allows exploration of mobility over the life course, but future research could usefully revisit this issue.

8. Results: income sources of top households

There is debate in the literature on the one percent about the income composition of top earners. Early evidence (Piketty & Saez, 2003) suggested that the working rich (i.e., those with predominantly labor income) had replaced rentiers (i.e., those with predominantly capital income) at the top of the income distribution. Other work, however, has found that capital income is an increasingly important component of the total income of top earners (Wolff & Zacharias, 2009; Piketty, 2014). Our objective is not to address this debate, but if either of these changes holds, it might follow that the overlap between the top one percent of the income and net worth distributions would be changing rather than remaining stable.

Yet, we find that the overlap between top income earners and top net worth holders has been relatively constant (Fig. 1). There are two potential reasons that the overlap would remain stable even if income composition is changing. First, the composition of total household income varies considerably for those in the top by income, by net worth, and by both; and it is this variation, rather than the size of capital or labor income alone, that affects the overlap (and thus permeability). Table 2A shows the distribution of those in the top one percent of capital income earners across the top three groups in our analyses, where capital income includes interest, dividends, and capital gains. The Table shows that large portions of top capital income earners are not in any of our top groups: for example, in 1989, 11.0% of top capital income earners were in the top one percent by income only, 9.1% were top net worth owners only, a mere 27.0% were in the top of both distributions, and 53.0% were not in any top group. The pattern is similarly high across all years in our data.

Most importantly, Table 2A shows that capital income is not strongly associated with net worth holdings. Indeed, the correlation between capital income and net worth is rather modest (at 0.35), and

Table 2A
The Distribution of Top Capital Earners across Top Three Groups.

	1989	1992	1995	1998	2001	2004	2007	2010	2013
Top income only	11.0	9.7	4.6	13.5	11.0	12.3	13.0	7.0	10.1
Top net worth only	9.1	20.4	19.8	16.3	16.6	13.4	8.8	19.4	16.3
Top of both	27.0	24.0	22.4	27.0	26.3	30.6	34.1	26.3	21.1
No top group	53.0	45.9	53.2	43.2	46.1	43.7	44.1	47.3	52.5

Notes: Cells are the location in our top three groups of those whose capital income puts them in the top one percent of capital earners. For example, 11.0% of those who have capital income in the top one percent of capital income earners are in the top income only group in 1989.

Table 2B
The Distribution of Top Wage Income Earners across Top Three Groups.

	1989	1992	1995	1998	2001	2004	2007	2010	2013
Top income only	26.4	23.1	32.2	21.0	37.8	28.3	31.0	35.7	33.2
Top net worth only	1.6	4.5	1.9	6.1	8.6	6.3	2.3	4.4	6.8
Top of both	20.9	20.1	18.7	20.4	26.8	28.6	22.2	18.9	19.5
No top group	51.1	52.3	47.2	52.5	26.9	36.8	44.5	40.0	40.5

Notes: Cells are the location in our top three groups of those whose wage income puts them in the top one percent of wage income earners. For example, 26.4% of those who have wage income in the top one percent of wage income earners are in the top income only group in 1989.

54% to 64% of those in the top one percent by capital income are not in the top one percent by net worth. As a result, the overlap between top income earners and top net worth owners would not necessarily increase even if income composition were changing.

Similarly, other changes to the income composition of top earners do not change the overlap size substantially, at least in the short run. For example, as Table 2B demonstrates, growing wage income accruing to top income earners does not change the overlap; this table shows the location in our top three groups of those whose wage income puts them in the top one percent of wage income earners. Consistent with the finding that wage income has become more important for top earners over the period we study (Piketty & Saez, 2003), 47.3% (26.4 + 20.9) of top wage earners were at the top of the income distribution in 1989, but 52.7% (33.2 + 19.5) were at the top of income distribution in 2013 (Table 2B). Yet, this change does not affect the overlap size because the top three groups consist of qualitatively different members (see Table 1 as well). Table 2C shows the distribution of several combinations of those in the top one percent by wage, business, and capital income. In this table, the columns represent all those in the one percent of each top group (i.e., the columns sum to 100%). Among top income households, those in the top one percent by wages are the majority group (44.3%), followed by those in the top one percent by business income (20.1%) and households not in the top one percent by wage, business, or capital income (10.3%). By contrast, among top households of both income and wealth distributions, households with multiple top income sources constitute the majority group (49.7%). Thus, overlap size is a function of the degree to which households have multiple income sources rather than the extent to which one source dominates total income. The very long-term effect of these income composition changes on the overlap size may be more pronounced, but the short-term effect is minimal.

The second reason that the overlap is likely to stay constant despite changing income composition is that other social processes override changing economic conditions. Underlying all our findings is the fact

Table 2C
The Distribution of Top Income Earners (Various Sources) across Top Three Groups.

	Top income	Top net worth	Top of both
Top wage income	44.3	6.9	15.7
Top business income	20.1	16.4	15.0
Top capital income	6.5	23.8	17.0
Top wage and business income	5.9	0.4	7.8
Top wage and capital income	6.5	1.4	19.0
Top business and capital income	5.3	3.4	16.1
Top wage, business and capital income	1.1	0.4	6.8
No top income	10.3	47.3	2.8

Notes: Cells are the location in our top three groups of those whose income from various sources puts them in the top one percent of earners. For example, 44.3% of those in the top one percent by income only are from top one percent capital income earners who are not in the top of business and capital income distributions in the combined 1989–2010 SCF.

Table 3
Demographic Profiles of Top Three Groups.

	Top 1% income	Top 1% net worth	Top of both	Everyone else
Inheritance				
Ever inherited	30.17	45.64	41.3	20.37
Average amount inherited, all respondents	200,614	1,006,312	1,298,781	37,917
Average amount inherited, those who inherited	664,951	2,204,821	3,144,925	186,175
Median amount inherited, those who inherited	216,503	611,029	378,881	54,126
Education (mean years)	16.03	15.49	16.07	13.08
Employment				
Self-employed	45.80	51.12	59.58	10.31
Work for someone else	46.04	18.24	27.00	58.69
Retired	6.86	29.29	12.82	25.08
Unemployment/not in labor force	1.30	1.35	0.60	5.91
Occupation				
Managerial/professional	79.83	54.97	73.96	24.77
Technical/sales/services	11.24	10.67	10.69	22.56
Other	0.78	3.73	1.92	21.67
Not working	8.16	30.64	13.42	30.99
Male	97.85	93.57	97.34	71.77
Age				
Mean age	50.83	60.62	57.50	49.30
<i>Age categories</i>				
< 35	4.02	2.91	0.81	23.48
35–44	27.11	7.67	12.02	20.85
45–54	36.57	21.00	28.49	19.04
55–64	21.33	29.22	33.31	14.87
65–74	7.77	25.76	19.23	11.50
≥ 75	3.21	13.45	6.14	10.25
Race/ethnicity				
White non-Hispanic	91.64	92.12	95.39	73.98
Black/African American	1.23	1.25	0.75	13.31
Hispanic	3.18	1.76	0.83	8.69
Other	3.94	4.87	3.03	4.01
Marital status				
Currently married	89.40	83.14	91.04	57.88

Notes: Data are from the Survey of Consumer Finances, pooled over 1989–2013. Median inheritance for all respondents is zero.

that social factors—including status attainment processes and elite circulation—are operative. Life course processes are particularly important contributors to the composition of the top three groups that we study. Younger high-earners are more likely to be members of the top one percent by income only, the middle-aged rich are more likely to be in the top of both distributions, and the older rich are likely to be at the top of the net worth distribution only. These life course patterns have not changed markedly in recent decades, and thus the overlap has not changed. Finally, inheritance, human capital, entrepreneurship may also contribute to the stable overlap size. Irrespective of changes in macroeconomic factors, social factors consistently affect mobility prospects. That is, the three groups seem to have distinct members who are defined by their backgrounds. As long as the members of top three groups are selected with social filters, the overlap size should be constant over time.

9. Results: demographic profiles of top households

Demographic profiles of the three top groups, shown in Table 3,

show that the members of the top three groups are notably different from each other and from those who are not in any top group.³ These patterns also underscore the importance of thinking about affluent households in terms of both income and wealth because they highlight that there are clearly different people occupying these top positions. Compared to those who are not members of any top group, those in top income and net worth positions were more likely than other households to have inherited some amount of resources, and when they did inherit, those at the top inherited larger amounts than the rest of the population. More importantly, the three top groups clearly differ from each other in inheritance: those in the top of the net worth distribution only and those in both distributions were more likely to inherit than those at the top of the income distribution only. As we anticipated, the amount inherited is much larger for those in top net worth positions (net worth only and top of both distributions) than for those in top income positions; and differences in inheritance across top groups are particularly extreme when we calculate the mean for just those who inherited any amount. Notably, median inheritance is lower for those at the top of both distributions than for those at the top of the net worth distribution only. Given that high incomes can ultimately lead to high net worth, some individuals might follow a path that starts with entry into top income positions and eventually leads to membership in top net worth positions as well. Of course, high net worth also contributes to high income, and those who inherit, in particular, might follow this path.

Other demographic traits also provide insight into the distinctiveness of the three top groups. Educational levels are higher for members of all three top groups than for other households, but Table 3 shows no notable difference in educational levels across the members of the top three groups. In contrast, the percentage of those in the top three groups who are self-employed varies across the three groups. Members of all three groups are more likely to be self-employed than those who are not in the one percent. Those in the top one percent only by income were very likely to be employed by someone else and to be managers, suggesting that they might be top CEOs; that is, many are likely to be corporate managers who have high salaries but not enough net worth to place them in the top of the net worth distribution. Unfortunately, the SCF does not provide sufficient information to determine whether the respondent is a corporate CEO or to identify particular professions. Those who are top income earners and not top net worth owners are relatively young, consistent with the idea that they may still become members of the top of both distributions.

One of the most interesting groups are those who are top net worth owners only (i.e., top net worth but not top income). Table 3 shows the demographic traits of this group in the second column. Not surprisingly, these households were more likely to inherit some amount of resources and to inherit large quantities when they did receive a gift. More than 45% of these households received some amount of inheritance, and the average inheritance for those who received something was more than \$2.2 million. The Table also shows that a relatively large portion of households who are in the top one percent by net worth only are retired. That is, this is a group who may once have had top incomes but are now out of the labor force. Perhaps more interesting, however, is the fact that relatively large percentages of households who are top one percent by net worth only are self-employed. This pattern is suggestive of the potential for self-employment to generate upward mobility; that is, it is possible that these households moved into top wealth positions by starting and growing businesses. Unfortunately, the SCF does not allow us to explore the life course trajectories that these households followed, but the demographics are suggestive of some amount of movement into and out of top positions. We explore this potential—to

³ In the “everyone else” column in Table 3, 72% are male because the SCF includes gender for head of household. The household is our unit of analysis because most assets are owned jointly by married couples; as a result, we do not deal directly with gender differences.

Table 4
Top Income, Top Net Worth, or Both? Multinomial Probit Estimates, 1989–2010.

	Top income		Top net worth		Top income & net worth	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
Inheritance (ref = non-inheritors)						
Top 1% inheritors	0.553** (0.189)		1.481** (0.107)		1.220** (0.094)	
Next 9% inheritors	0.049 (0.093)	0.050 (0.093)	0.214** (0.072)	0.207** (0.073)	0.050 (0.073)	0.046 (0.074)
Remaining inheritors	−0.362** (0.133)	−0.361** (0.133)	−0.415** (0.127)	−0.427** (0.127)	−0.426** (0.105)	−0.430** (0.105)
Education (ref = less than college degree)						
Graduate degree	1.091** (0.108)		0.782** (0.075)		1.102** (0.066)	
College degree	0.787** (0.094)	0.777** (0.093)	0.744** (0.067)	0.732** (0.068)	0.915** (0.065)	0.911** (0.066)
Employment status (ref = not working)						
Self-employed	0.456* (0.220)		0.649** (0.239)		0.850** (0.252)	
Work for others	−0.318 (0.223)	−0.303 (0.222)	−0.575* (0.239)	−0.620* (0.244)	−0.256 (0.248)	−0.257 (0.252)
Retired	−0.063 (0.228)	−0.066 (0.227)	0.090 (0.223)	0.079 (0.229)	0.117 (0.249)	0.115 (0.250)
Interactions						
Top 1% inheritor		0.801** (0.276)		1.828** (0.183)		1.524** (0.174)
Graduate degree		1.020** (0.121)		0.974** (0.090)		1.149** (0.091)
Self-employed		0.397 (0.225)		0.813** (0.245)		0.899** (0.252)
Top 1% inheritor & graduate school degree		1.647** (0.413)		2.537** (0.197)		2.347** (0.163)
Top 1% inheritor & self-employed		0.925* (0.471)		2.019** (0.296)		1.973** (0.309)
Graduate school degree & self-employed		1.595** (0.249)		1.397** (0.260)		1.977** (0.259)
Top 1% inheritor, grad. degree, & self-employed		1.635** (0.371)		2.271** (0.349)		2.879** (0.314)
Control variables						
Gender (male = 1)	0.856** (0.175)	0.858** (0.176)	0.551** (0.114)	0.547** (0.115)	0.647** (0.123)	0.651** (0.124)
Age	0.124** (0.020)	0.124** (0.020)	0.088** (0.016)	0.089** (0.016)	0.173** (0.016)	0.173** (0.016)
Age ²	−0.001** (0.000)	−0.001** (0.000)	−0.001** (0.000)	−0.001** (0.000)	−0.001** (0.000)	−0.001** (0.000)
Race (white = 1)	0.400** (0.122)	0.397** (0.121)	0.296** (0.092)	0.296** (0.093)	0.588** (0.094)	0.588** (0.094)
Marital status (currently married = 1)	0.355** (0.111)	0.359** (0.111)	0.274** (0.081)	0.274** (0.082)	0.493** (0.096)	0.494** (0.096)
Occupation (managerial/professional = 1)	0.749** (0.095)	0.750** (0.094)	0.564** (0.078)	0.588** (0.079)	0.691** (0.070)	0.691** (0.070)
Survey year						
1992	−0.004 (0.207)	−0.003 (0.209)	0.033 (0.139)	0.024 (0.140)	−0.187 (0.147)	−0.188 (0.147)
1995	0.070 (0.190)	0.069 (0.189)	0.028 (0.136)	0.036 (0.137)	−0.009 (0.125)	−0.006 (0.125)
1998	−0.005 (0.187)	−0.006 (0.186)	0.001 (0.130)	0.001 (0.131)	−0.215 (0.124)	−0.217 (0.124)
2001	−0.129 (0.185)	−0.126 (0.186)	−0.128 (0.130)	−0.135 (0.132)	−0.322* (0.126)	−0.324* (0.126)
2004	−0.241 (0.173)	−0.236 (0.173)	−0.241 (0.134)	−0.252 (0.135)	−0.230 (0.120)	−0.231 (0.120)
2007	−0.133 (0.178)	−0.133 (0.178)	−0.143 (0.134)	−0.147 (0.135)	−0.195 (0.123)	−0.193 (0.123)
2010	−0.173 (0.173)	−0.171 (0.172)	−0.188 (0.138)	−0.195 (0.138)	−0.315* (0.123)	−0.315* (0.123)
2013	−0.077 (0.178)	−0.072 (0.178)	−0.137 (0.135)	−0.146 (0.137)	−0.317** (0.119)	−0.314** (0.119)
Constant	−8.919** (0.622)	−8.908** (0.622)	−8.058** (0.594)	−8.164** (0.594)	−11.222** (0.546)	−11.265** (0.542)

Notes: Data are from the Survey of Consumer Finances, pooled over 1989–2013. Estimates are from a single multinomial probit model in which the dependent variable has three mutually exclusive categories: membership in the top one percent by income only, the top one percent by net worth only, or the top one percent of both distributions. Robust standard errors are shown in parentheses; n = 41,528.

** p < 0.01, * p < .05.

the extent possible with our data—in the next section.

10. Results: inheritance, education, and self-employment

The results shown in Table 4 show more clearly that multiple combinations of traits contribute to membership in top positions. Model 1 shows that receiving a large inheritance (i.e., top one percent or the next nine percent of inheritors) is strongly associated with membership in each top group; but the association is stronger for membership in top net worth positions than for top income positions. The coefficients suggest that being among the top one percent of inheritors increases the probability of membership in the top net worth only and in the top of both distributions by 3.33% and 1.98%, respectively.⁴ By contrast, it increases the probability of membership in the top income group (only) by just 0.36%.

Those who receive a modest inheritance (i.e., below the 90th percentile) are less likely than non-inheritors to be members of any of the top income and net worth positions. Supplementary analyses (not shown) indicate that the negative effect is driven largely by the upper tails of the inheritance distribution: inheritors who receive an amount just below the 90th percentile do not enter top income or net worth positions. For those in the 83rd through 89th percentiles by inheritance, inheritance has a negative effect on membership in top income and net worth positions. Although we cannot say with certainty that lack of motivation caused by inheriting a modestly large sum accounts for this pattern, the finding is consistent with that interpretation.

Educational differences across those in top income and net worth positions appear minor in the descriptive statistics (Table 2), but education is strongly and positively correlated with membership in these positions when other factors are controlled (Table 4, Model 1). High levels of education increase the likelihood of membership in all three top positions; however, the effect is stronger for membership in the top one percent by income and the top of both the income and net worth distributions than for the top one percent by net worth. Holding a graduate degree, on average, increases the probability of membership in top net worth (only) positions by only 0.62%, but it increases the probability of membership in top income (only) positions and in the top of both distributions by 0.96% and 0.72%, respectively. The models shown in Table 4 include measures for having a graduate degree and having a college degree and omit those with less than a college education. Although a college degree is positively associated with top membership, the effect of having a graduate degree is stronger. The finding that education, net of other factors (including inheritance), increases membership in top income positions more than membership in top net worth positions suggests that top income positions may be a gateway to individual membership in the one percent and may portend longer-term family well-being if that income is also translated into high levels of net worth. The somewhat stronger effect of having a graduate degree compared with a college degree is noteworthy even though it is not significant. Although status attainment research has acknowledged the critical role of educational attainment in generating adult status, a focus on differences between college completion and completion of graduate programs has been minimal in prior research. This is partly because when early status attainment models were developed, graduate school degrees were rarer than they are today (Sewell, Haller, & Ohlendorf, 1970; Sorensen, 1979; Treiman & Terrell, 1975). Yet, contemporary research using a status attainment framework has found relatively minimal differences in some outcomes, including net worth status, between those with college degrees and graduate school degrees (Keister, 2005; Warren & Hauser, 1997). Our finding suggests that, at least for understanding membership in top positions, this

⁴ We report average marginal effects, an estimate of the population average marginal effect, because it controls sample composition and is thus more robust (Greene, 2011; Mitchell, 2012).

distinction is important. Ideally, we would be able to differentiate within the broad category of graduate degrees to identify the importance of types of degrees (e.g., business, law, medicine, and various doctorates), but this level of detail is not available in the SCF.

Self-employment is another important correlate of membership in top positions. Our results show that self-employment is strongly associated with membership in all three top positions, although the effect is weaker than the effect of inheritance or education. The association between self-employment and membership in the top of both distributions appears to be strongest, but the difference in the effect of self-employment across top positions is not statistically significant.

Naturally, inheritance, education, and self-employment do not operate independently. To explore the connections among these important traits, we include estimates from a second multinomial probit model in Table 4. Model 2 includes a set of dummy variables: (1) being a top inheritor (top one percent of inheritors); (2) having a graduate school degree; (3) being self-employed; (4) being a top inheritor and having a graduate school degree; (5) being a top inheritor and being self-employed; (6) having a graduate degree and being self-employed; and (7) being a top inheritor, having a graduate degree, and being self-employed. The omitted reference group is those who are non-inheritors, have less than a college degree, and are currently not working.

Fig. 2 illustrates more clearly the mechanisms underlying top membership and the various combinations of traits that lead to these elite positions. The figure graphs predicted margins generated using Table 4 (Model 2) to illustrate the relative weight of these interactions in generating membership in each of the three top positions. We used the average marginal (or partial) effects method to calculate the predicted probabilities, a widely used method for calculating predicted probabilities for nonlinear models that has the added advantage of accounting for correlations between the focal variables and other covariates (Cameron & Trivedi 2005; Greene, 2011; Wooldridge, 2002). Using Model 2 in Table 4, we calculated the predicted probability of being in the top three positions for every observation in the sample by manipulating the values corresponding to every combination of top inheritance, self-employment, and having a graduate degree while retaining original values for other covariates. We then averaged the calculated predicted probabilities across all observations.

Fig. 2 shows that multiple combinations of traits lead to membership in top positions. The combination effects are clearly an important part of the explanation for membership in top positions. Inheritance still matters, but inheritors who also have graduate degrees or are self-employed are more likely to retain their privileged positions. The predicted probabilities we show are much higher than 0.5%, the expected probability of membership in each top position for all respondents. These results also show that those who simply inherit (and do not attain high levels of education or start a business) are at a clear disadvantage for retaining their top positions. Conversely, for those who did not inherit, the combination of completing a graduate school degree and becoming self-employed is the most likely route to membership in top positions. Self-employed non-inheritors with a graduate degree have a higher probability than simply top inheritors of being top income earners.

A related issue is whether different sources of inherited wealth will differentially affect the likelihood of membership in top income and net worth positions. Unfortunately, because the SCF does not include sufficient detail regarding the sources of inherited wealth, we are unable to evaluate the effect of different inheritance sources on top memberships *directly*. Nevertheless, our results indirectly provide insight into this issue. First, we assume (using Model 2 of Table 4) that those who inherit a large family business are most likely to be self-employed top inheritors (with or without graduate degrees) and that those who inherit a large amount of money (other than a family business) are most likely to be top inheritors (with or without graduate

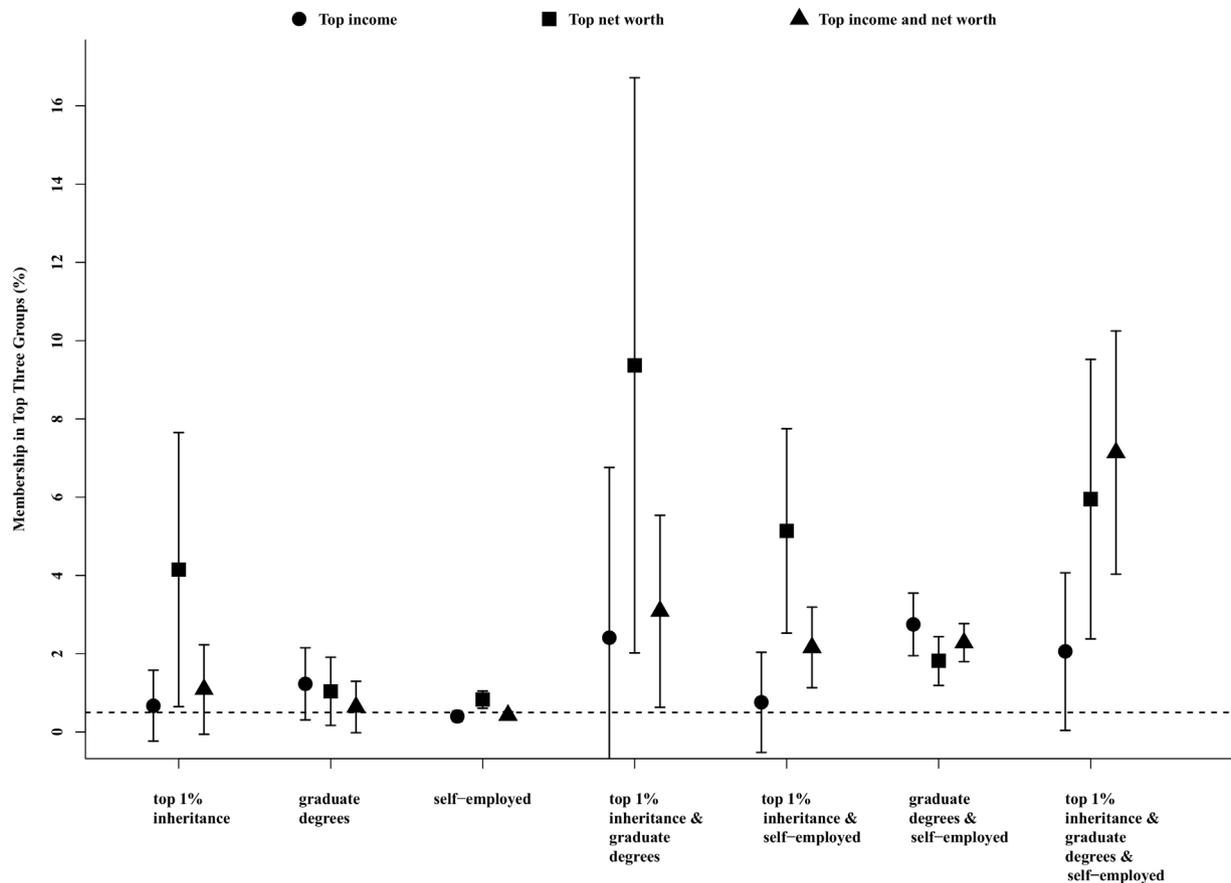


Fig. 2. Membership in the One Percent: Predicted Probabilities.

Notes: Data are from the Survey of Consumer Finances, pooled over 1989–2013. Estimates are predicted probabilities generated from Model 2 in Table 4 with a 95% confidence interval. Top income indicates members of the top one percent of income earners only, top net worth indicates members of the top one percent of net worth owners only, and top income and net worth indicates those in the top one percent of both distributions. Variables on the horizontal axis refer to those who were in the top one percent by inheritance, have any graduate degrees, are self-employed, or specified combinations of these traits. The dotted line represents the average probability for the full sample (0.5).

degrees). Then, we can compare two groups: top inheritors versus self-employed top inheritors, and top inheritors with graduate degrees versus self-employed top inheritors with graduate degrees.

Given that we do not have data on the same individuals over time, it is not possible to draw conclusions about life course processes. However, the age and age-squared coefficients offer some insight into the role that life stage might play in generating membership in the top of the income, net worth, and both distributions. This pattern highlights the potential for top income status to serve as a gateway to membership into top net worth positions and positions at the top of both distributions. That is, the age pattern suggests that at least part of the process underlying our findings is a movement over the course of a career into the top of the income distribution (i.e., as earnings increase but assets have not yet reached top net worth levels) and then into the top of both distributions as asset values increase. For many, the next step is then, in retirement, into the top of the net worth distribution only.

11. Conclusion and discussion

The one percent has attracted renewed attention in recent years, and researchers have begun to experiment with ways to identify households that effectively accounts for both their income and wealth. Despite a growing consensus that there are advantages to using the two resources together, previous strategies have fallen short of actually providing an integrated approach to defining and studying affluent households. Using information from the joint distribution acknowledges the interdependence of income and wealth, emphasizes that the two reinforce each other's advantages, and includes all top households

regardless of whether they are high-income or high-wealth.

In this paper, we propose an innovative approach to identifying top households that explicitly includes both income and wealth information and that still includes all top households. Our redefinition parses the top into three groups: those with top income only, top those with top net worth only, and those at the top of both distributions. We used this definition to explore how these households differ from each other and from other households; we found that our top three groups are distinct both financially and demographically in ways that help explain who has access to top economic positions. Although all three groups are privileged, our results show that those at the top of both distributions receive higher median incomes and larger percentages of total household income than those who are in the top one percent by income only. We also found that those at the top of both distributions own higher levels of net worth and control larger percentages of total net worth than those who are in the one percent only by net worth. Conceptualizing the one percent in this slightly different fashion underscores the degree to which income and net worth are concentrated in the United States. More importantly, however, our findings show that there is a more-privileged group at the top of both the income and net worth distributions that is more advantaged than previous research might have anticipated. We found that a large inheritance is certainly an advantage; it increased the likelihood of membership in all three top groups, particularly top net worth positions. Moreover, we found that not all those who inherit continue to occupy top income and net worth positions. Rather, inheritors who also complete college or, more importantly, graduate school or are self-employed increase their chances of remaining in top positions, particularly top net worth

positions.

Our research also opens the door for asking other, related questions. Although the SCF data are an excellent resource for studying top income earners and net worth owners, they are not perfect. The SCF contains information on key indicators, but the data are cross-sectional. Ideally, we would have data that follow the same individuals over time to allow us to study whether there is intragenerational mobility by income and net worth. Longitudinal data would, for example, allow us to explore the patterns we find in overlap size. It is possible that these patterns reflect patterns in mobility into and out of top positions, but our data do not allow us to address that issue. The National Longitudinal Survey of Youth and the Panel Study of Income Dynamics have both been used effectively to study income and net worth over time, but neither of these data sets contains sufficient numbers of households with high income or high net worth to address questions about the one percent. Information on inheritance is also suboptimal in these longitudinal data sets, which would make it difficult to thoroughly explore the role of inherited resources. Similarly, the SCF does not have sufficient data to study other influences on membership in top positions. We do not have detailed information on occupations, types of graduate degrees earned, or social networks. Another important issue that is beyond the scope of this work is the role of race/ethnicity in generating membership in top income and net worth positions. Our results suggest that few nonwhites occupy top positions, but recent work shows that this trend might be changing (Zweigenhaft & Domhoff, 2003, 2006, 2014). Because the SCF provides limited information on race and ethnicity in the SCF and because nonwhite membership in top positions is quite low, we are unable to speak to the degree to which race and ethnicity matter here. Future research might address these issues.

Finally, another important area that future research may want to explore is how these patterns vary across countries. Our data are limited

to the United States, but recent cross-national research on inequality suggests that national context leads to important variations in the nature and determinants of inequality and the permeability of top positions (Piketty & Saez, 2006; Skopek, Buchholz and Blossfeld 2014). One particularly interesting study compared stratification patterns across 18 developed Western countries and showed that these countries can usually be grouped by the nature of income and wealth inequality (Skopek et al., 2014). For example, they found that countries can usually be grouped into four groups by high and low net worth and income inequality. Spain and Portugal have relatively high income inequality and low net worth inequality, whereas Sweden and Denmark have low income inequality and high net worth inequality. The United States was not included in their study, but it would fall in their third cluster, along with countries that have high inequality on both income and net worth. The varying levels of inequality across these clusters are likely to correspond to variation in the overlap between top income and top net worth positions that we discuss in this paper. For example, in countries with low income inequality as a result of strong state redistributive policies and with strong norms regarding the transfer of inheritances across generations, the overlap across top positions is likely to be significantly less than one-half. Exploring these cross-national differences inform basic research and might lead to more-concrete policy recommendations that could address the permeability of top positions.

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Appendix Table A

		1989	1992	1995	1998	2001	2004	2007	2010	2013	Overall
Top 0.5% income income & net worth	Income threshold	663,715	549,766	554,932	739,233	1,151,622	900,460	1,212,380	1,007,683	1,044,967	549,766
	Median income	1,131,332	817,985	962,193	1,249,449	1,566,097	1,431,111	2,089,913	1,405,310	1,481,216	1,350,084
	% total income	13.28	8.30	11.11	12.55	15.16	12.83	16.02	12.35	14.88	13.30
	Net worth threshold	-38,415,420	2437	-21,929,098	-21,674,696	323,051	1,145,096	1,091,582	1,108,669	838,300	-38,415,420
	Median net worth	5,205,805	4,319,272	5,522,961	7,051,831	7,244,988	11,051,789	13,385,407	9,365,335	10,519,500	8,394,078
Top 0.5% net worth	% total net worth	14.74	14.50	17.94	17.02	13.35	18.22	18.94	17.32	19.75	17.22
	Income threshold	28,283	0	0	0	0	0	0	0	0	0
	Median income	495,900	406,494	408,815	497,171	702,044	794,077	1,270,113	728,800	846,119	650,364
	% total income	9.74	5.78	8.38	8.41	8.78	9.89	11.95	8.07	11.25	9.38
	Net worth threshold	6,700,883	5,888,144	6,836,535	8,411,306	11,835,033	11,776,630	13,396,635	12,043,717	12,012,080	5,888,144
Top 0.5% net worth	Median net worth	10,414,682	8,502,372	11,364,768	13,525,278	17,233,204	17,500,752	19,575,940	17,269,520	18,105,700	15,625,229
	% total net worth	22.55	22.46	27.27	25.52	23.27	24.40	24.79	25.34	26.53	24.80

Notes: Data are from the Survey of Consumer Finances. Care should be taken in estimating percentages owned by using information from this table and Table 1. For example, some households that are classified as top 0.5 percent in this table might be in the top of both distributions in Table 1. For example, it is not possible to calculate the percentage held by the top 0.5% and the “next” 0.5% by subtracting values taken from both tables.

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