Inequality and Age in the United States: A 2022 Perspective

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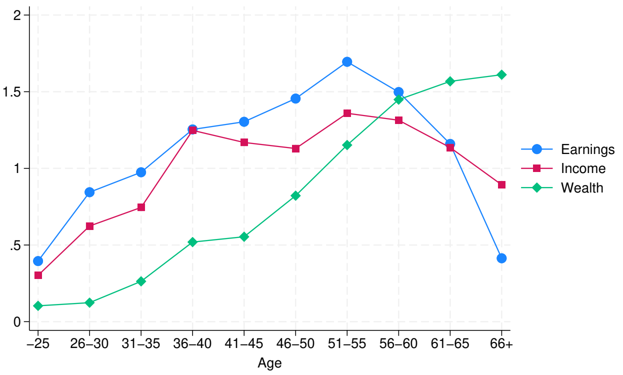
This handout examines how earnings, income, and wealth vary across age groups, drawing on 2022 data from the Survey of Consumer Finances (SCF). It examines how financial resources change over the course of life, how sources of income vary with age, and how inequality differs within each age group. Together, these results provide a broad picture of how age influences the distribution of economic resources in the United States today.

Earnings, Income ad Wealth over the life-cycle

Figure 1 shows how earnings, income, and wealth change throughout life. To make the different patterns easier to compare, each measure is scaled so that its average value equals 1. Earnings and income follow similar paths, rising during working years before declining later in life, while wealth grows much more steadily with age. Households under age 25 earn and receive about half the life-cycle average. Earnings and income then increase gradually, reaching their highest levels, around 150% of the average, between ages 51 and 55. This means that financial resources roughly triple between ages 25 and 55. After age 55, earnings and income begin to fall as people retire and reduce their participation in the labor market, with a particularly sharp decline after age 65.

Figure 1: Mean of Earnings/Income/Wealth by Age Group

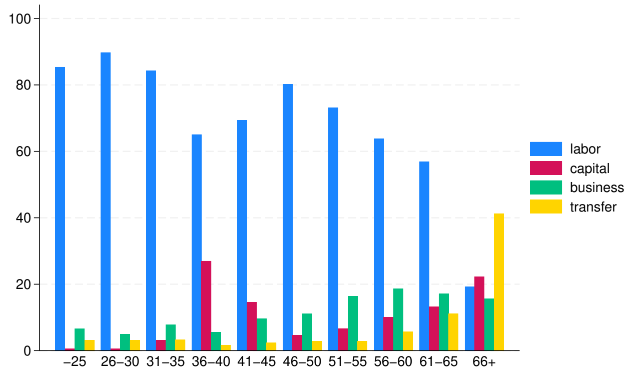


Wealth follows a markedly different pattern. Households begin with minimal wealth, but accumulation continues throughout life, reaching approximately 1.5 times the life-cycle average for the 66-and-older group. Importantly, wealth does not decline in older age groups, suggesting that retirees, on average, do not substantially draw down their accumulated assets.

Income sources by age groups

Figure 2 decomposes income by source across age groups, revealing two clear patterns. First, labor income dominates for younger households but becomes progressively less important with age, not because earnings decline as shown in Figure 1, but because other income sources grow more rapidly, particularly capital and business income. Second, transfer income remains relatively stable during most working years but rises sharply after age 60 as more households enter retirement and begin receiving pensions and other benefits.

Figure 2: Income Sources by Age Group

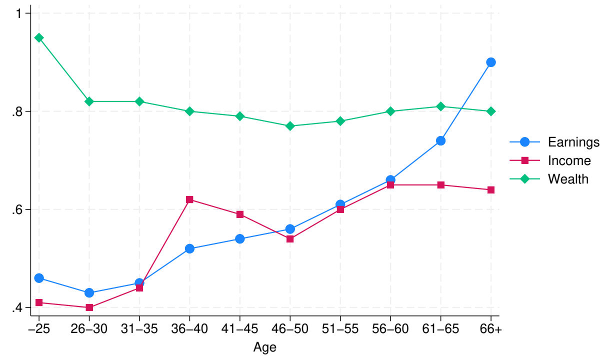


Note: Each age group shows four bars representing the percentage share of total income from labor, capital, business, and transfer income.

Within age-group inequality

While the life-cycle profiles demonstrate substantial between-group differences, Figure 3 examines within-group inequality by displaying Gini coefficients for each age group. Within-group inequality for earnings and income increases systematically with age. By contrast, wealth inequality remains high across all age groups, with Gini coefficients consistently above 0.75.

Figure 3: Gini index for Earnings/Income/Wealth by Age Group



Takeaway: Earnings and income follow a hump-shaped pattern, rising through midlife before declining sharply around retirement. Wealth, by contrast, continues to accumulate throughout life and shows no clear sign of being spent down in old age. Income sources also change with age, shifting from a strong reliance on labor income among younger households to a greater role for capital and transfer income later in life. At the same time, inequality increases with age for earnings and income, while wealth remains highly unequal across all age groups.

For more information visit the Macro Inequality Lab: At the Macro Inequality Lab, we study how markets function, how institutions shape market outcomes, and how these forces interact to create or reduce inequality. Our research asks fundamental questions on the causes and consequences of inequality (http://macro-inequality-lab.net).

References

Kuhn, Moritz, and José-Víctor Ríos-Rull (May 2025). *Income and Wealth Inequality in the United States: An Update Including the 2022 Wave.*