Household Finances by Educational Attainment in the United States: A 2022 Overview

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This handout explores how earnings, income, and wealth differ across education levels using data from the 2022 Survey of Consumer Finances (SCF). It highlights the economic advantages associated with education, examines how households earn their income, and looks at inequality within each educational group. Together, these results provide a broad picture of how education influences financial well-being in the United States today.

Education and Household Finances

Education plays a major role in shaping people's financial situations. In general, higher levels of education are linked to better-paying jobs and higher incomes, making it easier to build wealth over time. The benefits of education go beyond higher salaries, however. Households with college degrees tend to save more and are more likely to invest in financial assets such as stocks, allowing them to grow their wealth faster than households with lower levels of education.

Earnings, Income, and Wealth by Education

Table 1 confirms that earnings, income, and wealth all increase substantially with education. The gap between high-school dropouts and graduates is particularly striking, with high-school completion associated with approximately double the earnings and income, and triple the wealth.

Table 1: Educ. Partition of the 2022 Sample: Averages

Education	E[a]	Y[b]	W[c]
Dropouts	22.0	35.5	143.8
High-School	50.6	75.4	519.8
Some-College	60.6	88.5	567.5
College	166.3	237.2	1879.0
Total	98.4	142.0	1059.0

Abbreviations: [a] Earnings; [b] Income; [c] Wealth. All values in thousands of USD.

While attending some college brings only modest gains relative to a high-school diploma, completing a college degree marks the largest divide. College graduates, who make up 40.5% of households, earn on average more than three times as much as high-school dropouts, receive nearly seven times more income, and hold about thirteen times more wealth.

Income Sources by Education

Table 2 shows that labor income accounts for a similar share of total income across all education groups, at around 60%. However, other sources of income vary considerably. Capital income, which comes from assets such as savings and investments, increases steadily with education, rising from almost zero among dropouts to nearly 17% among college graduates. Transfer income, including government benefits, follows the opposite pattern, falling from 34% to less than 9%. Business income does not increase consistently with education, but it reaches its highest level among college graduates.

Table 2: Educ. Partition of the 2022 Sample: Income Sources

Education	L[d]	K[e]	B[f]	Z[g]	O[h]
Dropouts	56.8	0.4	6.5	34.2	2.1
High-School	57.2	4.9	12.1	23.7	2.0
Some-College	60.8	8.8	9.5	20.1	0.9
College	58.5	16.8	14.3	8.7	1.7
Total	58.7	13.6	13.1	13.1	1.6

Abbreviations: [d] Labor; [e] Capital; [f] Business; [g] Transfers; [h] Other.

Within-Group Inequality by Education

Table 3 shows that substantial inequality exists within every educational group. Earnings and wealth are unevenly distributed regardless of education level, with only small differences across groups. Income inequality, however, rises with education. College graduates have the highest income Gini coefficient (0.60), reflecting a particularly wide range of financial outcomes among degree holders.

Table 3: Educ. Partition of the 2022 Sample: Gini Coefficients

Education	E[a]	Y[b]	W[c]
Dropouts	0.68	0.39	0.81
High-School	0.62	0.47	0.81
Some-College	0.62	0.49	0.80
College	0.63	0.60	0.79
Total	0.68	0.61	0.83

Abbreviations: [a] Earnings; [b] Income; [c] Wealth.

Takeaway: Education is one of the strongest predictors of financial success in the United States. Higher levels of education are associated with higher earnings, greater income, and substantially more wealth, with the largest gains occurring after completing college. The sources of income also change with education, shifting from greater reliance on transfers among less educated households to greater reliance on investment income among college graduates. At the same time, important differences remain within every educational group, showing that education is a key factor in financial outcomes, but not the only one.

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.*