

Macro Roundup Article

Headline: [The Plateauing of Cognitive Ability Among Top Earners](#)

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Tweet: Evidence from Sweden finds a strong relationship between cognitive ability and earnings up to annual earnings of ~\$64k. There are no significant differences among the top three income percentiles. @ECSR_Soc

Summary: The figure above shows cognitive ability levels expressed with annual wage on the horizontal axis. Cognitive ability plateaus at high levels of occupational success. Precisely in the part of the wage distribution where cognitive ability can make the biggest difference, its right tail, cognitive ability ceases to play any role. Cognitive ability plateaus around €60,000 [\$64,200] at under a standard deviation above the mean. There are no significant differences in ability between the three top income percentiles, despite there being 594 cases in each percentile bin and despite those in the 100th percentile earning more than double the wage of those in the 98th percentile. Past a certain wage threshold, having a higher wage is no longer telling of cognitive ability. The average score individuals in the top percentile achieved as adolescents on the cognitive-ability test is 7.15 ± 0.11 (95% confidence interval). On a stanine scale this amounts to less than a standard deviation (+0.86) above average.

Primary Topic: Wages/Income

Topics: Academic paper, Data, Database, Inequality, Wages/Income, Weekly, Workforce

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