

Macro Roundup Article

Headline: [America's "Excess" Household Savings Are Going Away](#)

Article Link: <https://theovershoot.co/p/americas-excess-household-savings>

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Tweet: [. @M_C_Klein argues that the decline in excess savings has largely been driven by high-income households. In 2022, these households had above-normal spending, low interest and dividend receipts, and high tax payments for 2021 capital gains.](#)

Summary: Americans liquidated more than \$1T of “excess” savings in 2022, eliminating more than half of the surplus accumulated since the pandemic began. If the current pace continues, the entire stock will vanish by the end of this year. The great dissaving of 2022 can be explained by the (relative) misfortunes afflicting high earners as society normalized. First, dividend and interest income were unusually weak. U.S. post-tax corporate profits in 2022 were roughly 40% higher than in 2019, but dividend payments to shareholders were up just 14% because companies opted for buybacks. Meanwhile, the combination of soaring asset values and the relative preference for buybacks has meant that wealthy Americans owed substantial taxes in 2022 based on 2021 capital gains. Personal income tax payments, which include capital gains, are currently running 26% above what would be expected based on the 2018-2019 trend. Employee pay is 2% above trend while payroll tax receipts are about 0.5% above trend.

Primary Topic: Business Cycle

Topics: Business Cycle, Data, GDP, Op-Ed/Blog Post, Theory, Weekly

Permalink: https://www.edwardconard.com/macro-roundup/m_c_klein-argues-that-the-decline-in-excess-savings-has-largely-been-driven-by-high-income-households-in-2022-these-households-had-above-normal-spending-low-interest-and-dividend-receipts-and-high-tax-payments-for-2021-capital-gains?view=detail

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