

Macro Roundup Article

Headline: [Social Security and Trends in Wealth Inequality](#)

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Tweet: [@sc_cath](#) [@mjmill611](#) and [@NatashaRSarin](#) calculate that the market value of future Social Security benefits represented 49% of the wealth of the bottom 90% in 2019. Including Social Security, the wealth share of the top 1% had risen only 1.6pp since 1989.

Summary: Top wealth shares have not changed much over the last three decades when Social Security is properly accounted for. This is because Social Security wealth increased substantially from \$7 trillion in 1989 to \$39 trillion in 2019 and now represents 49% of the wealth of the bottom 90% of the wealth distribution. For retirees, we calculate Social Security wealth from the SCF directly by valuing reported benefits as a lifetime annuity. Once Social Security wealth is included the shares of the top 10% and top 1% increased by 1.1 and 1.6 pp, respectively. The present value of Social Security benefits depends on the choice of an appropriate discount rate. We first offer a risk-free valuation of Social Security wealth using the Treasury market yield curve. We find that the share of “marketable wealth” owned by the top 10% and 1% grew by approximately 9 and 6 percentage points (pp) between 1989 and 2019, in line with existing estimates.

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Primary Topic: Inequality

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