

Macro Roundup Article

Headline: Unlike Others, the Top Earners See Strong Pay Growth Beyond Age 35

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Tweet: The top 2% of male earners in the United States see their annual earnings pull away from the median male workers starting at age 25; these workers see strong earnings growth until age 55. @serdarozkanEN

Summary: At age 25, individuals in the lowest lifetime earnings (LE) bracket earned an average of approximately \$12,000, while those in the median and top brackets earned \$28,000 and \$39,000, respectively. As a result, the earnings gap between the highest and lowest earners—measured as the ratio of their average earnings—already stands at around 3.25 at the beginning of their working lives. Those at the top of the LE distribution witness a remarkable 435% surge in their incomes between ages 25 and 35. In contrast, median earners undergo a comparatively modest increase of over 65%, while those at the bottom experience minimal earnings growth, a mere 16% uptick. Interestingly, during the subsequent 10-year period (ages 35-45), the median LE group witnesses a significant deceleration in their earnings growth, plummeting from the previous decade's 65% increase to approximately 15%. Meanwhile, the bottom LE group continues to undergo a gradual but consistent earnings growth of around 15%. The top LE group deviates substantially from the rest of the workforce. They once again experience surge in earnings, exceeding 150%, and by the time they reach age 45, they earned more than half a million dollars annually. Consequently, the earnings gap between the highest and lowest earners widens further, expanding from 15.3 to 33.1. Related: The Economics of Inequality in High-Wage Economies and The Inheritance Of Social Status: England, 1600 to 2022

Primary Topic: Inequality

Topics: Database, Inequality, Op-Ed/Blog Post, Wages/Income, Weekly, Workforce

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