

Fig. 1. Sum of male and female longitudinal average earnings and average consumption profiles, age 18 in 1910–age 82 in 1974

Table 4

Source: Gale and Scholz (1994), p. 152

Intergenerational Transfers as a Source of Capital Accumulation, 1986

<i>Transfer Category</i>	<i>Annual Flow (\$ billions)</i>	<i>Stock of Transfer Wealth (\$ billions) (r - n = 0.01)</i>
Support Given to:		
Children	32.69	1346.7
Parents	3.37	-104.3
Grandparents	0.07	-4.0
Grandchildren	5.05	416.2
Trusts	14.17	576.1
Life Insurance	7.84	258.3
<i>Totals</i>		
Intended Transfers	63.19	2489.3
College Payments	35.29	1441.5
Bequests	105.00	3708.1
<i>As a % of net worth^a</i>		
Intended Transfers	0.53	20.8
College Expenses	0.29	12.0
Bequests	0.88	31.0

Source: Authors' calculations from the Survey of Consumer Finances.

^aAggregate net worth in the SCF in 1986 is \$11,976 billion.

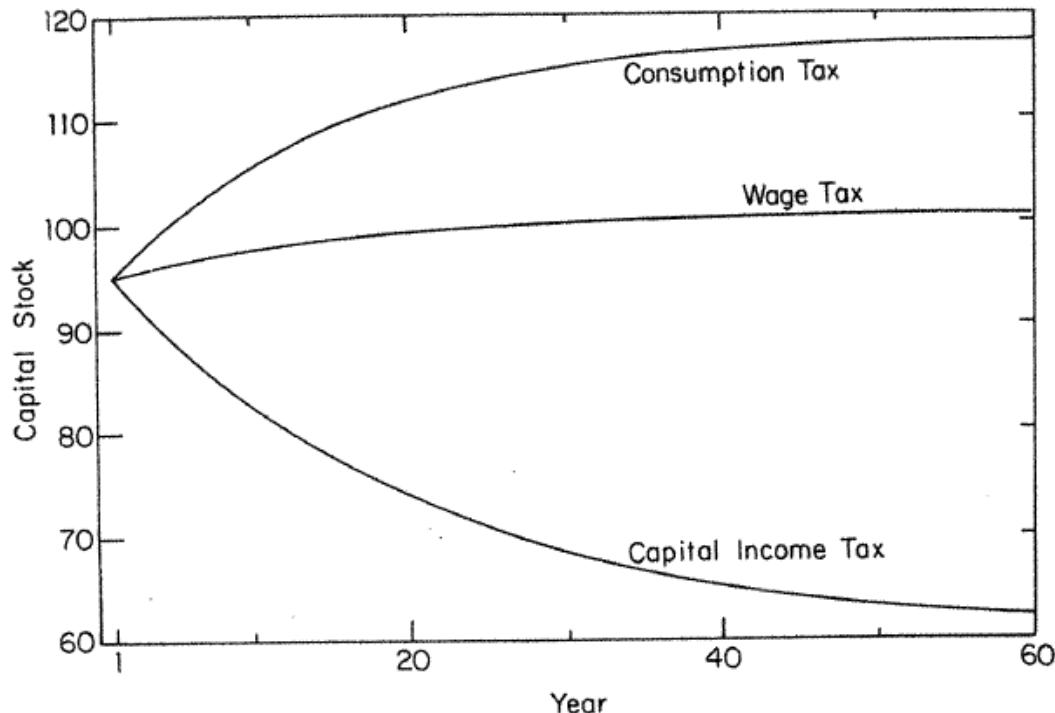


Figure 5.3. The impact on capital formation of tax reform.

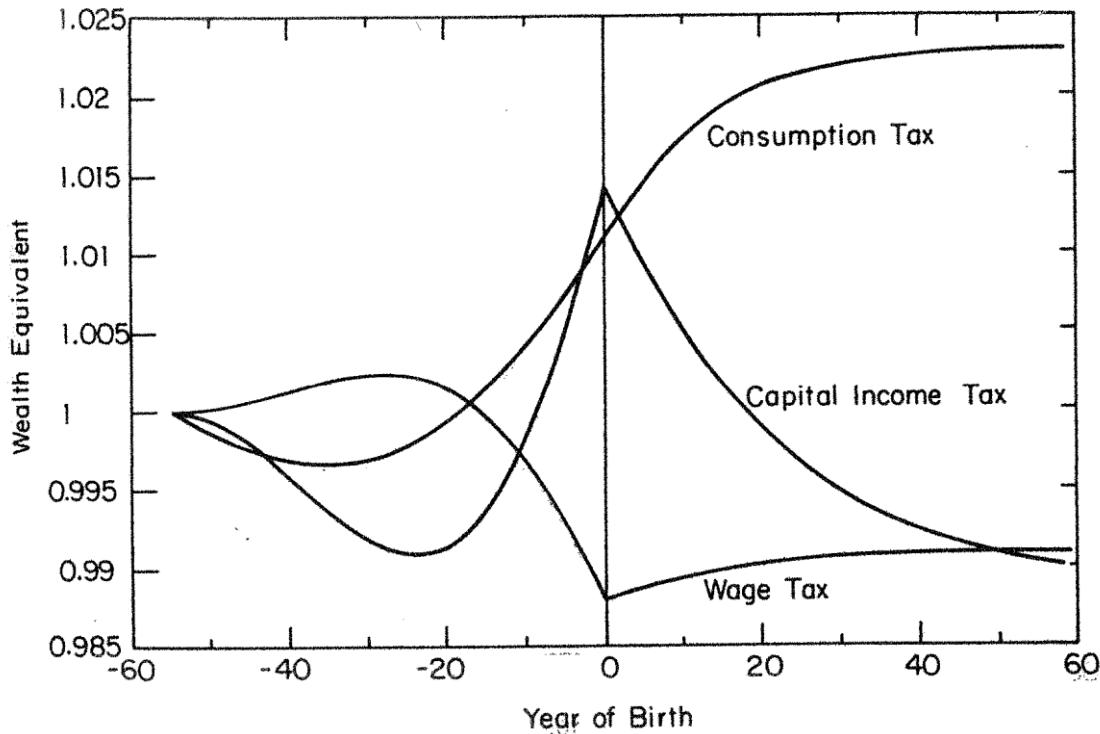


Figure 5.4. The welfare effects of tax reform.

Source: courtesy of Jim Poterba

Source: Piketty QJE'11
Annual inheritance flow as a fraction of national income, France 1820-2008

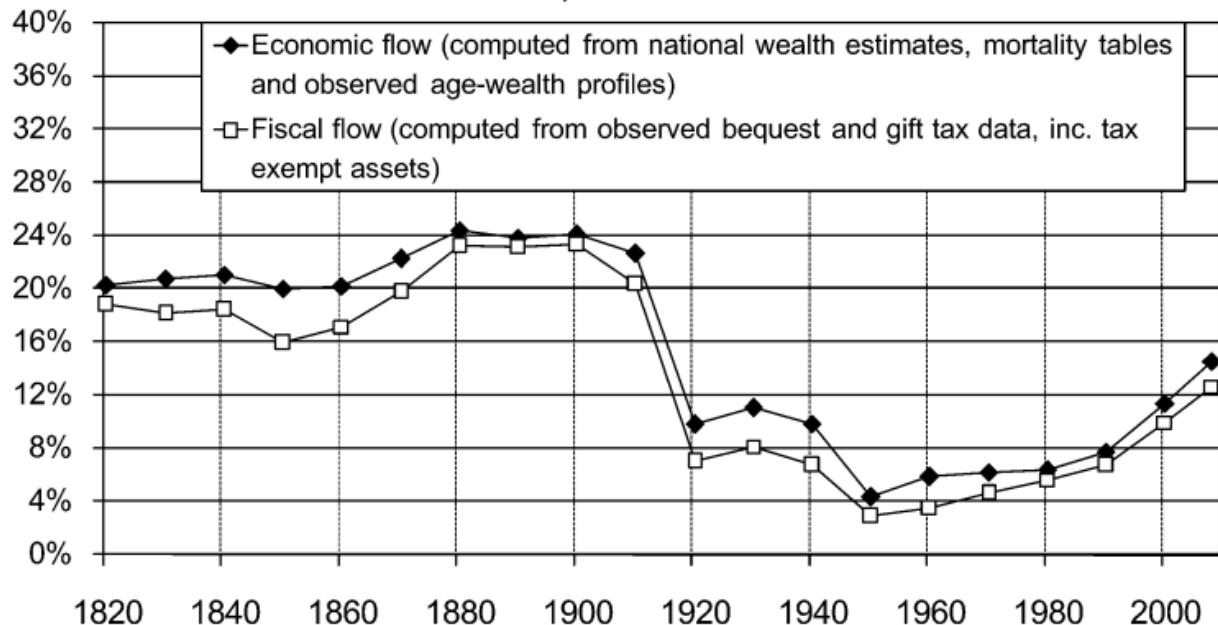


FIGURE I

Annual Inheritance Flow as a Fraction of National Income, France, 1820–2008

Source: Norton and Ariely 2011

Building a Better America

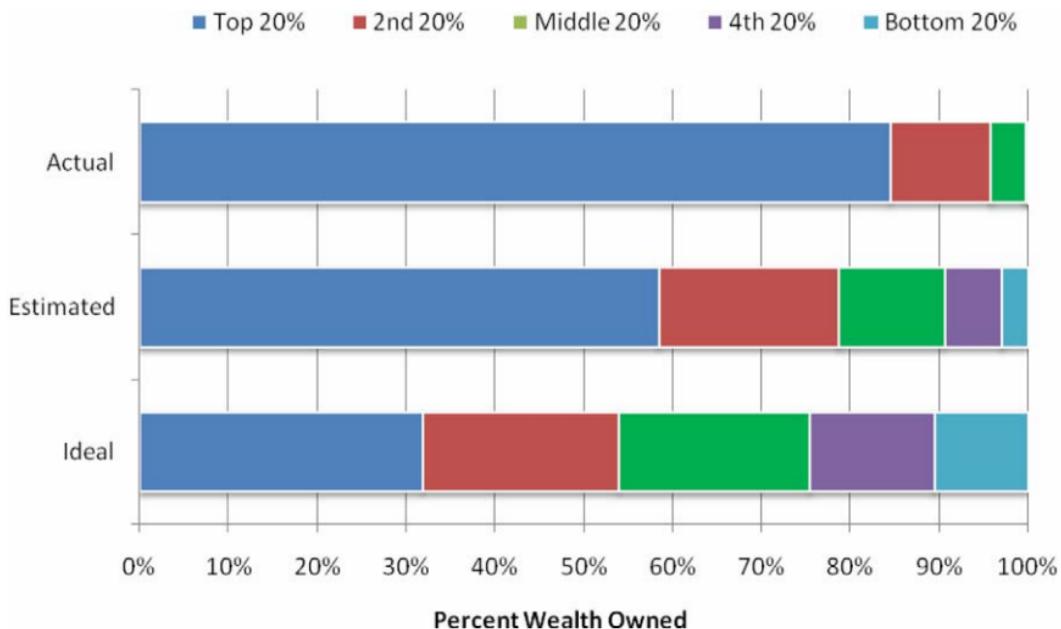
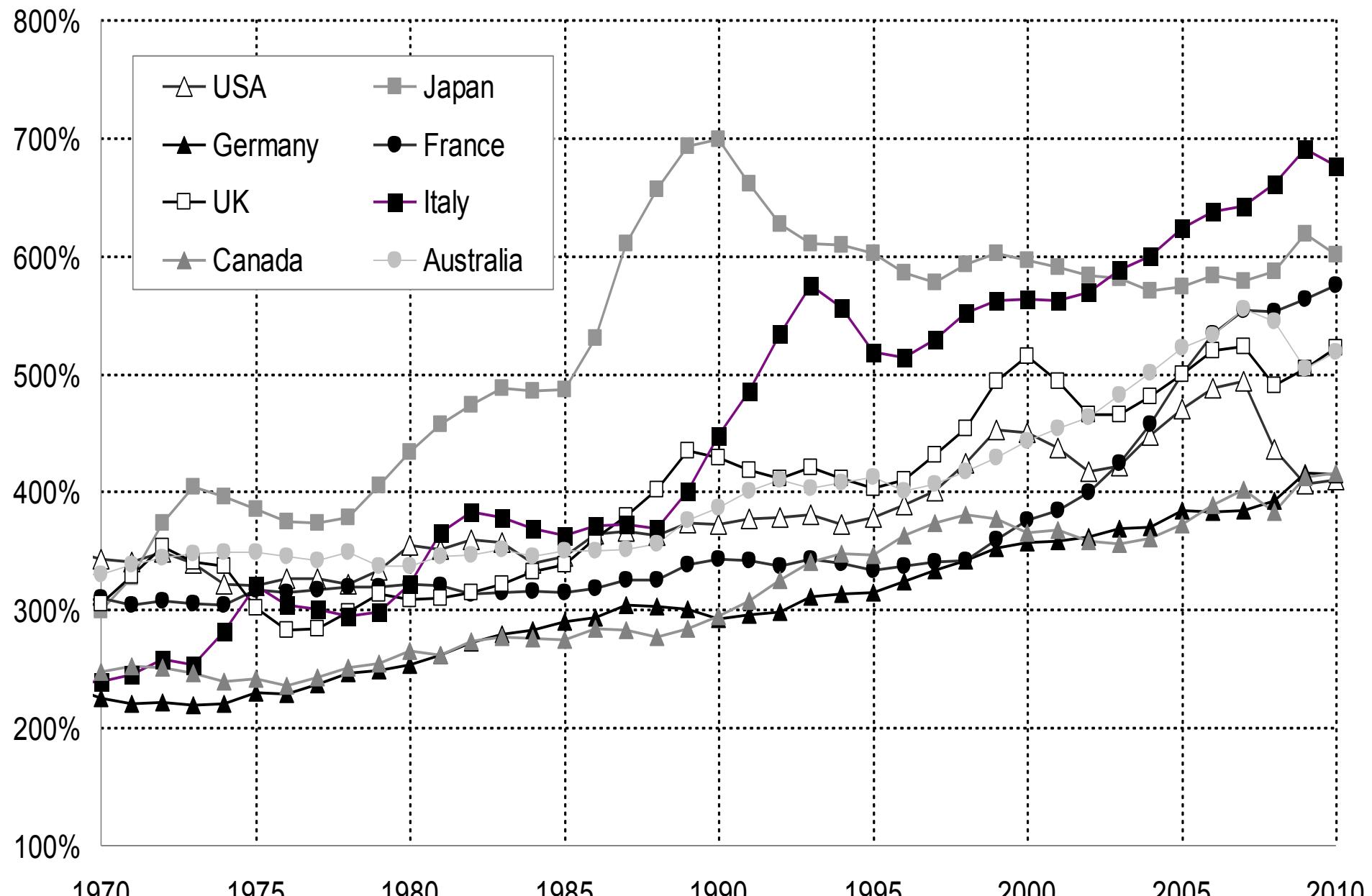


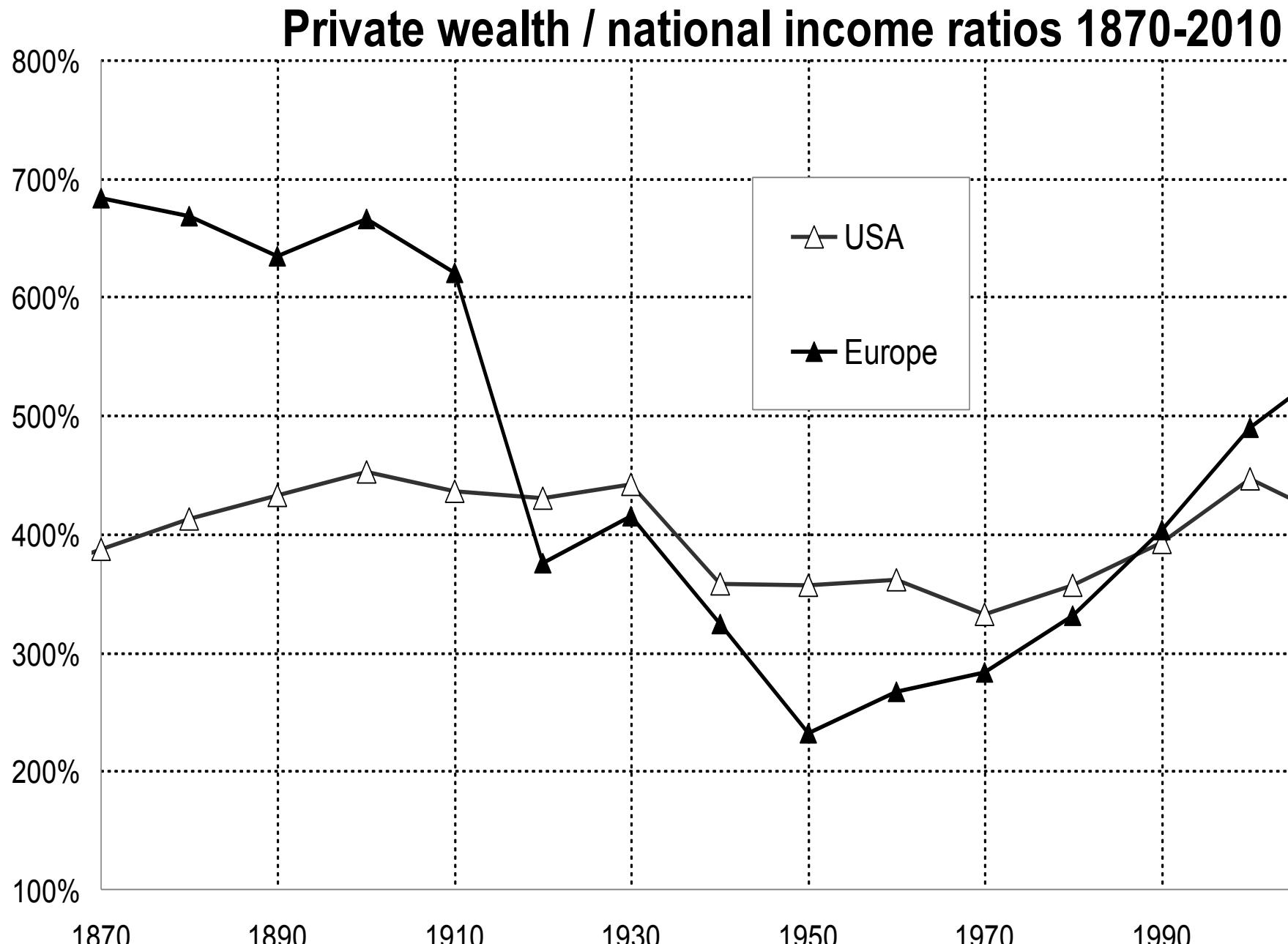
Fig. 2. The actual United States wealth distribution plotted against the estimated and ideal distributions across all respondents. Because of their small percentage share of total wealth, both the “4th 20%” value (0.2%) and the “Bottom 20%” value (0.1%) are not visible in the “Actual” distribution.

Private wealth / national income ratios, 1970-2010



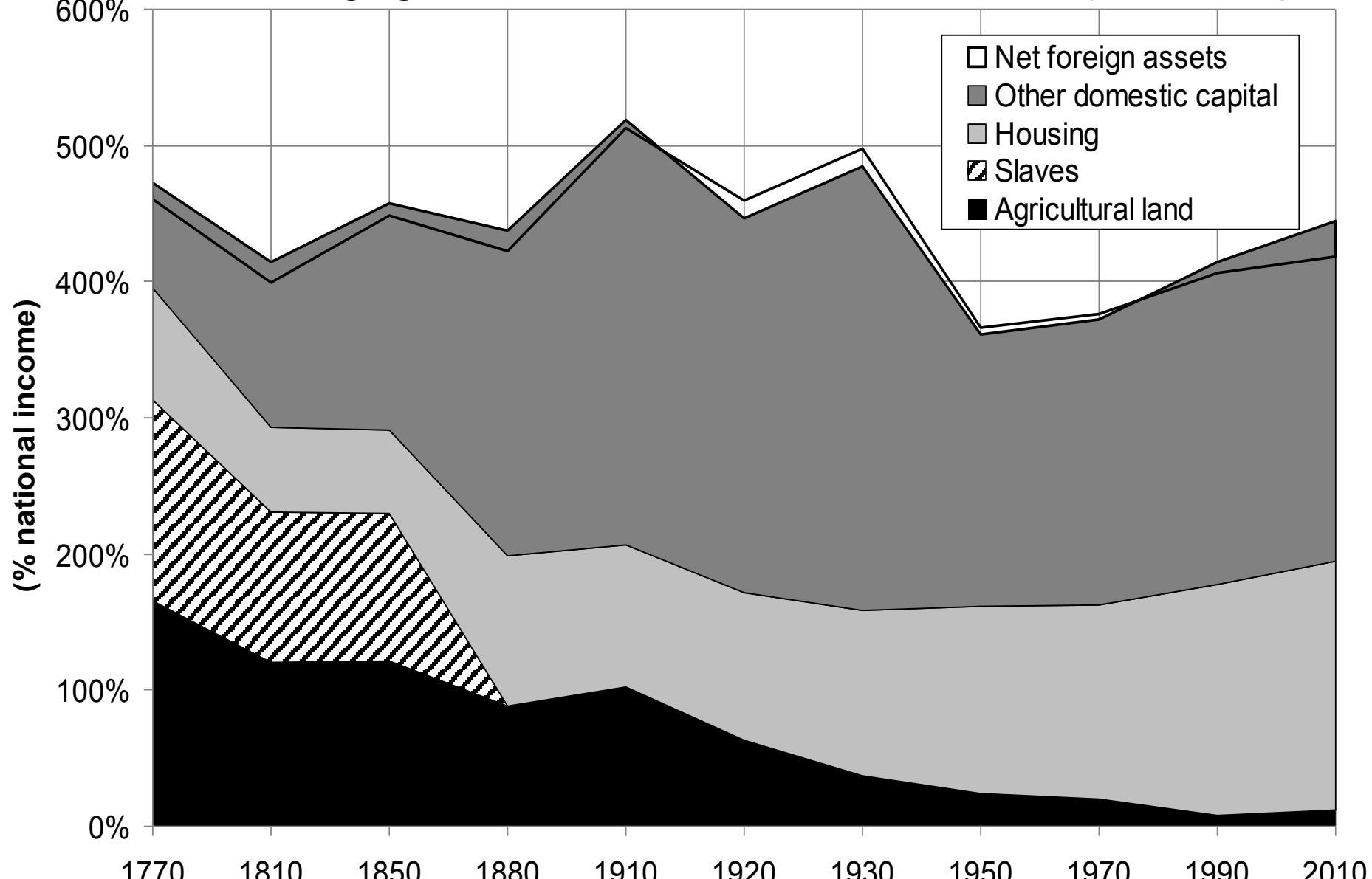
Authors' computations using country national accounts. Private wealth = non-financial assets + financial assets - financial liabilities (household & non-profit sectors)

Source: Piketty and Zucman '13



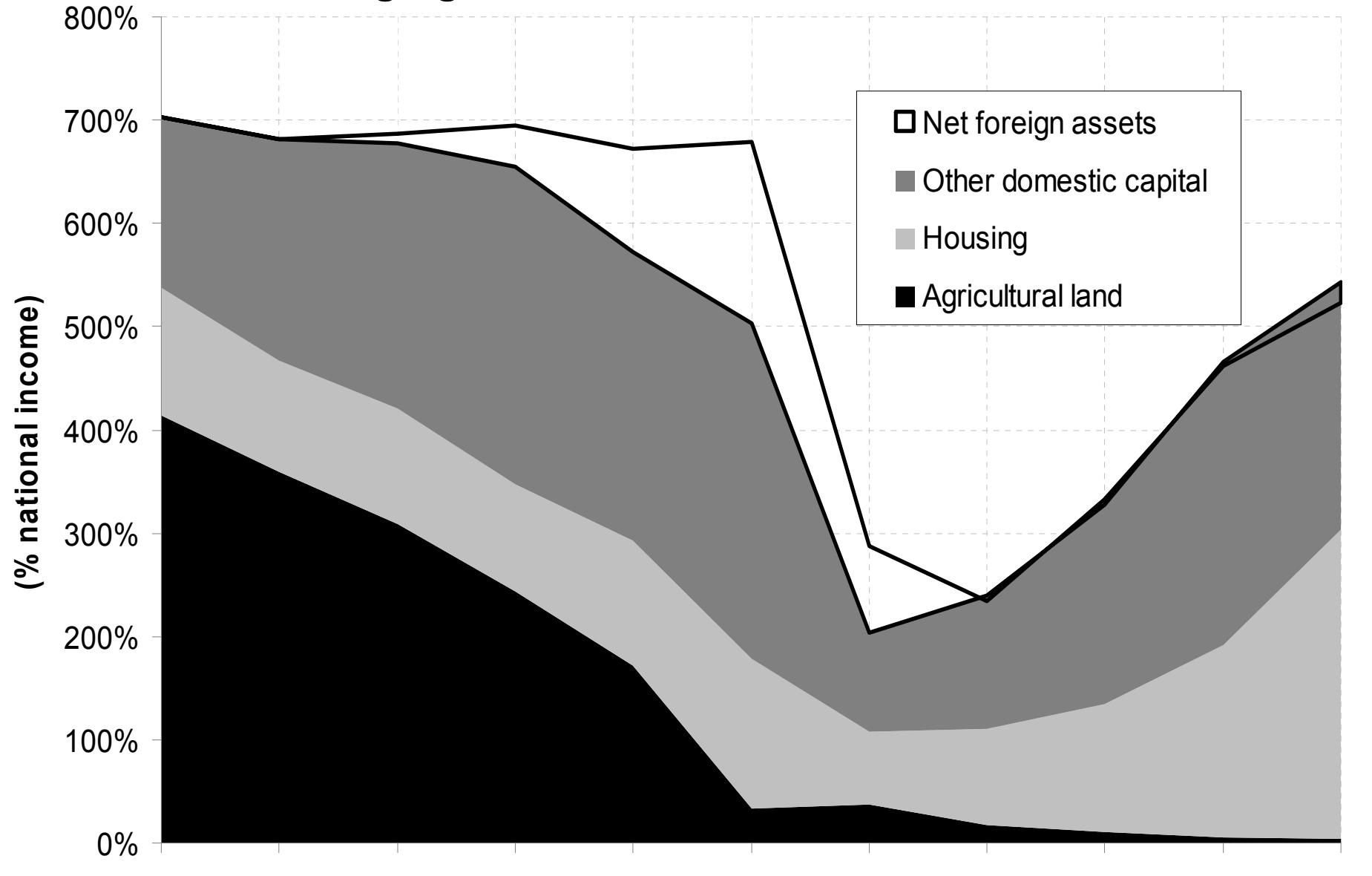
Authors' computations using country national accounts. Private wealth = non-financial assets + financial assets - financial liabilities (household & non-profit sectors)

The changing nature of national wealth, US 1770-2010 (incl. slaves)



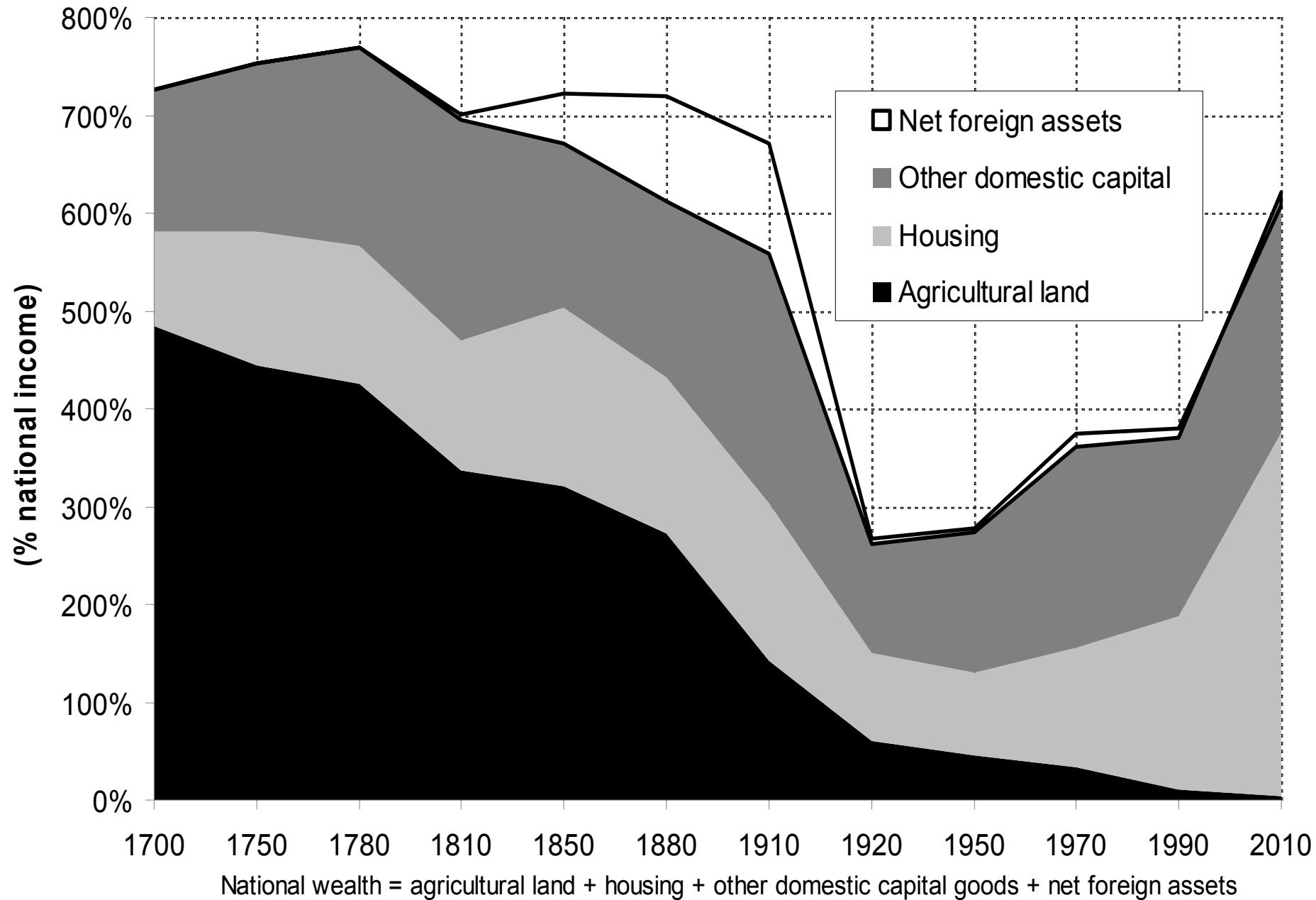
National wealth = agricultural land + housing + other domestic capital goods + net foreign assets

The changing nature of national wealth, UK 1700-2010



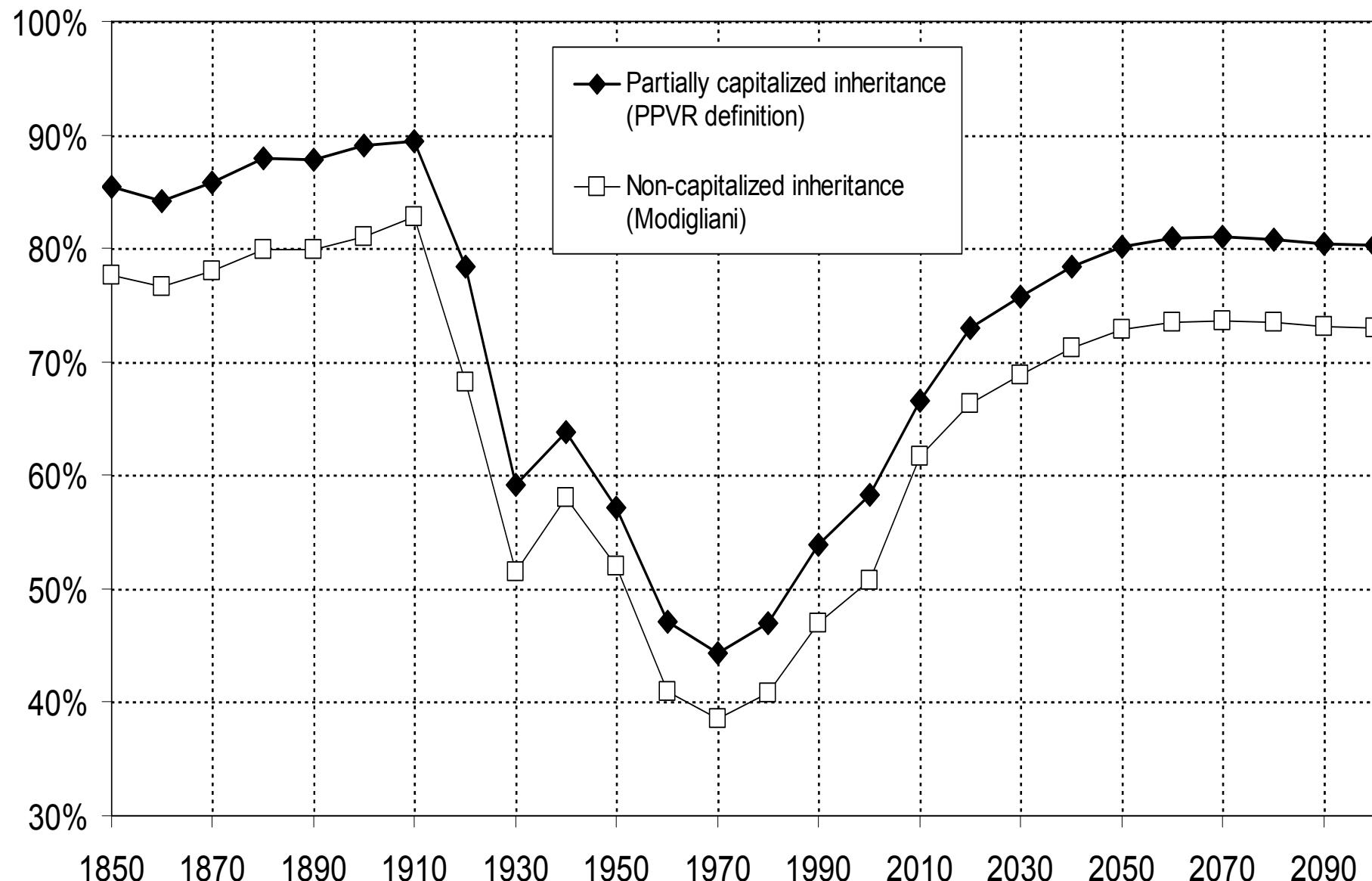
National wealth = agricultural land + housing + other domestic capital goods + net foreign assets

The changing nature of national wealth, France 1700-2010



Source: Piketty, Handbook chapter, 2014

**Figure S11.3. The share of inherited wealth in aggregate wealth,
France 1850-2100 (2010-2100: $g=1,7\%$, $r=3,0\%$)**



**Figure S11.4. The share of inherited wealth in aggregate wealth,
France 1850-2100 (2010-2100: $g=1.7\%$, $r=3.0\%$)**

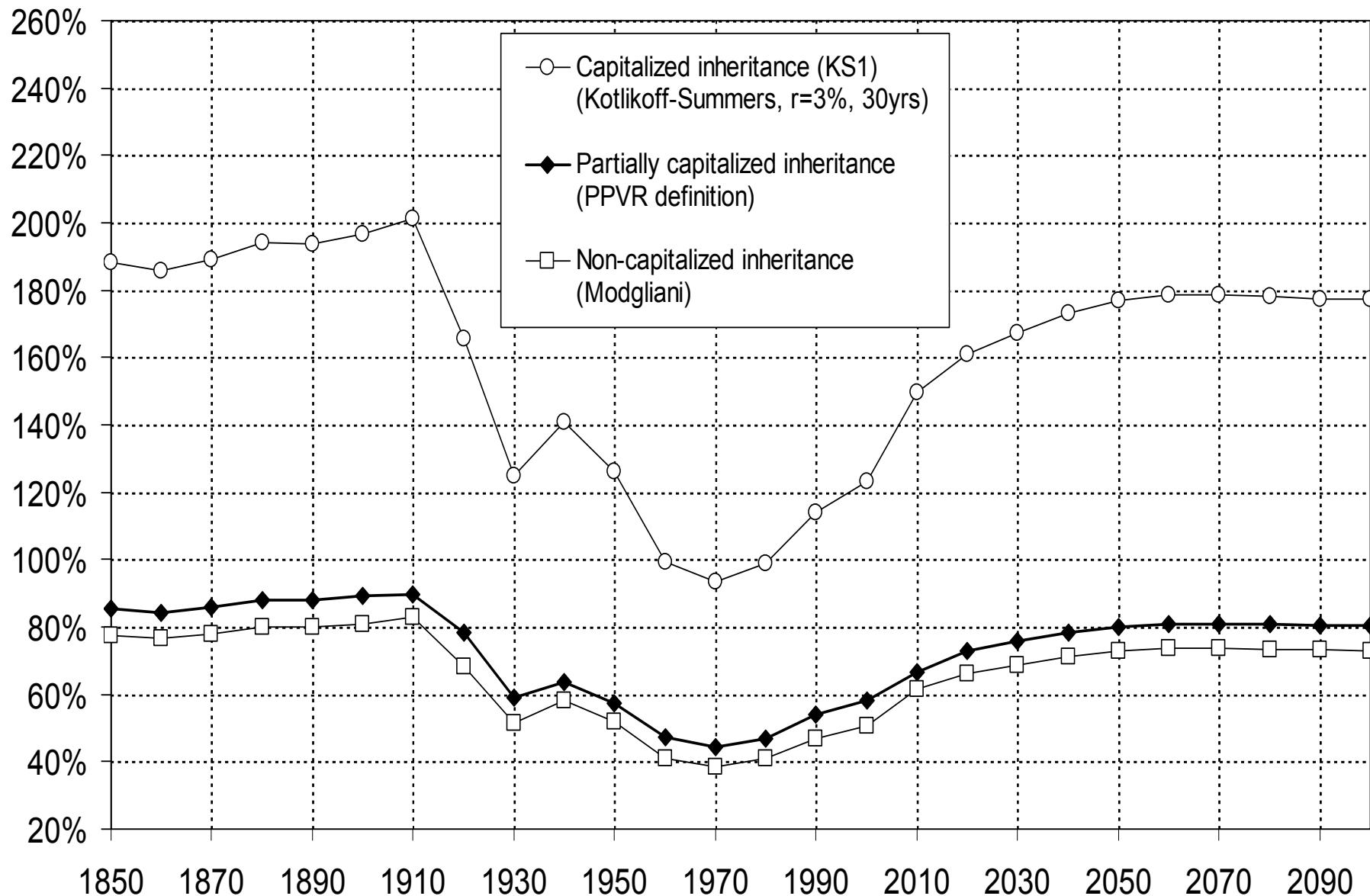
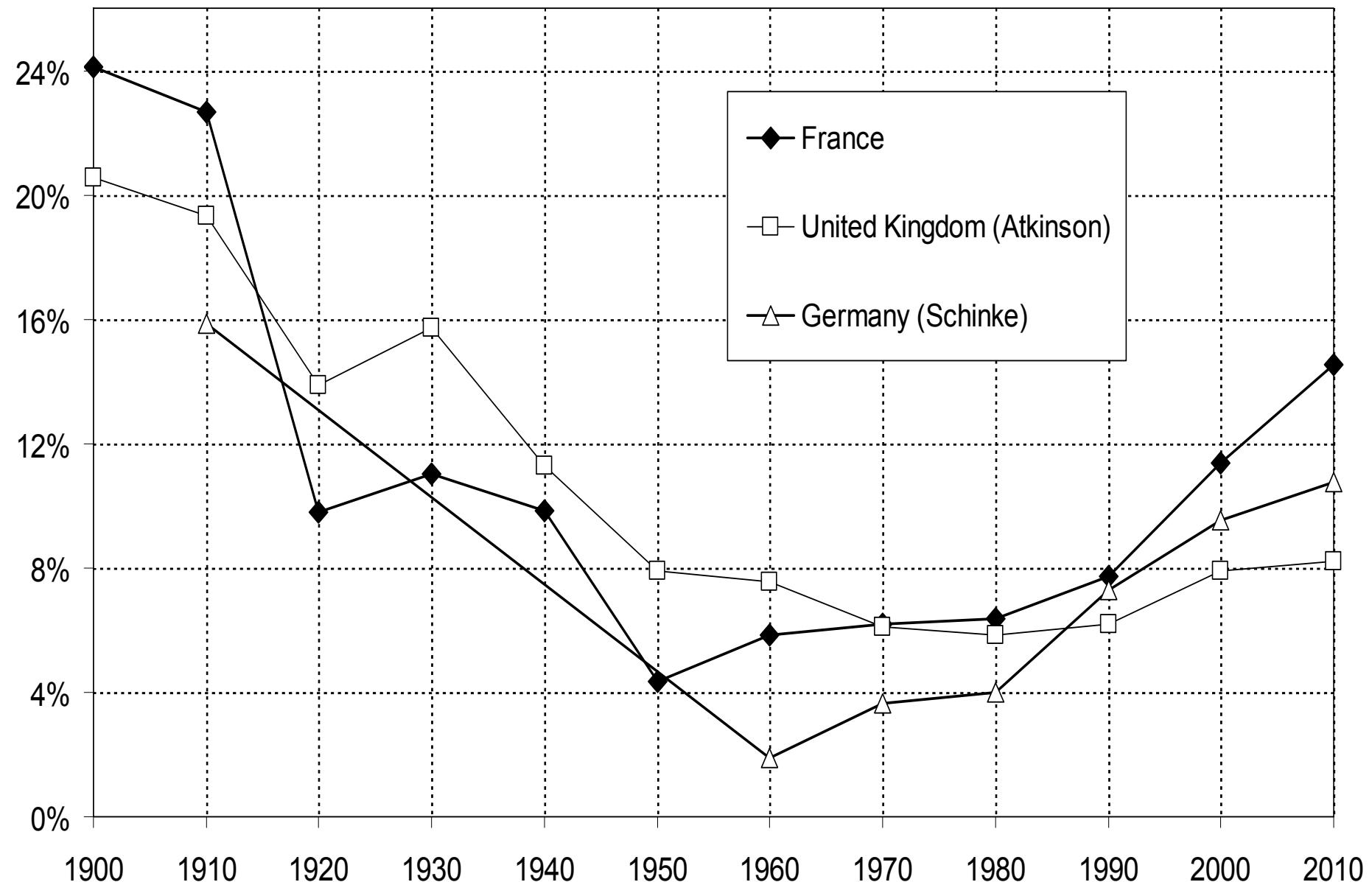
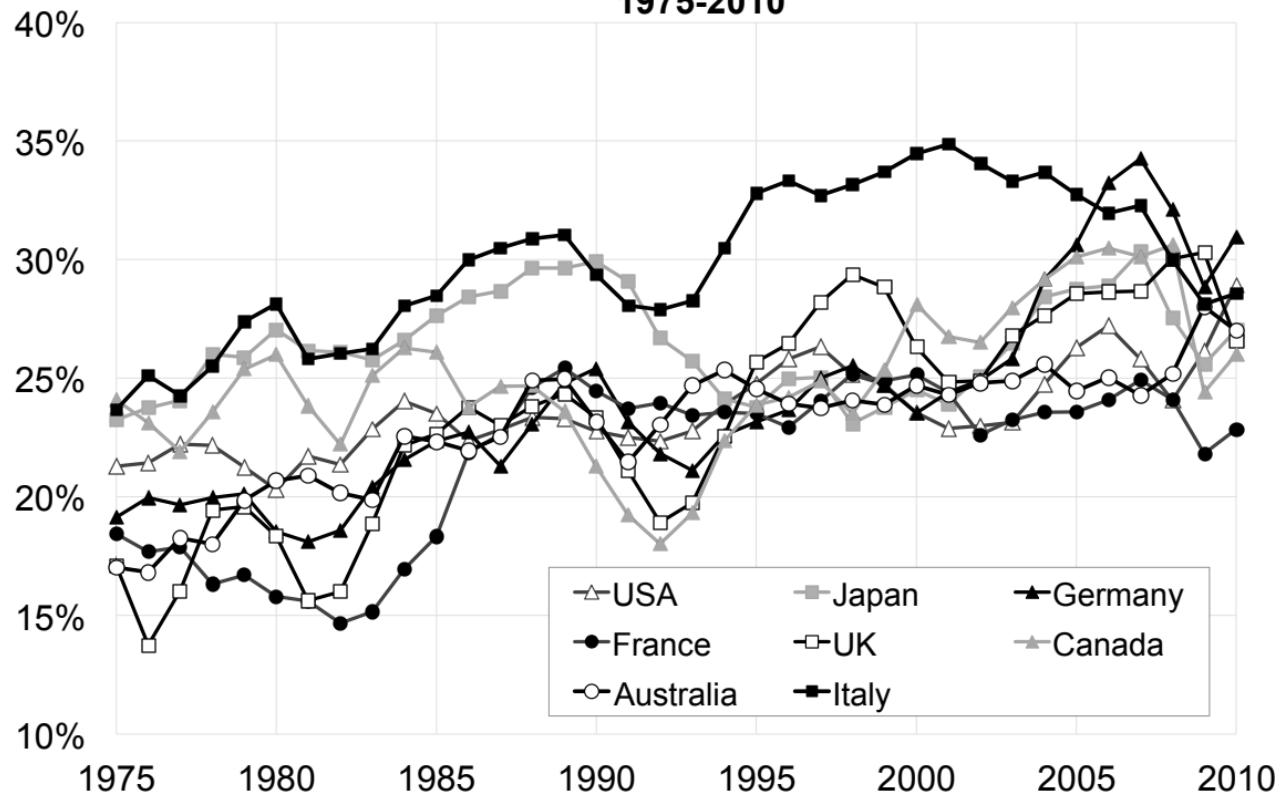


Figure 11.12. The inheritance flow in Europe 1900-2010



**Figure 12: Capital shares in factor-price national income
1975-2010**



Source: Piketty and Zucman (2014)

Figure 10.5. Wealth inequality in the U.S., 1810-2010

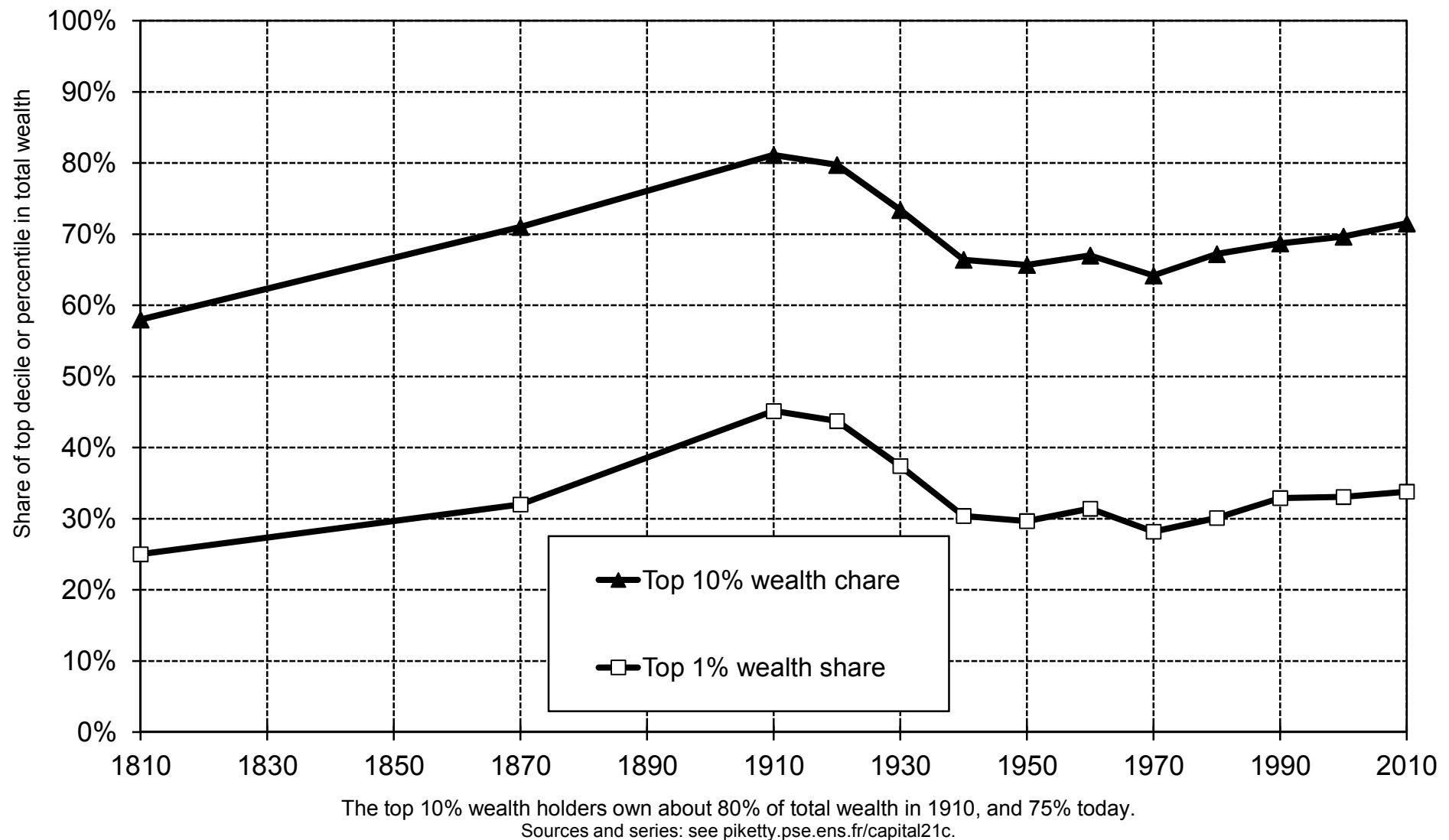


Figure 10.6. Wealth inequality: Europe and the U.S., 1810-2010

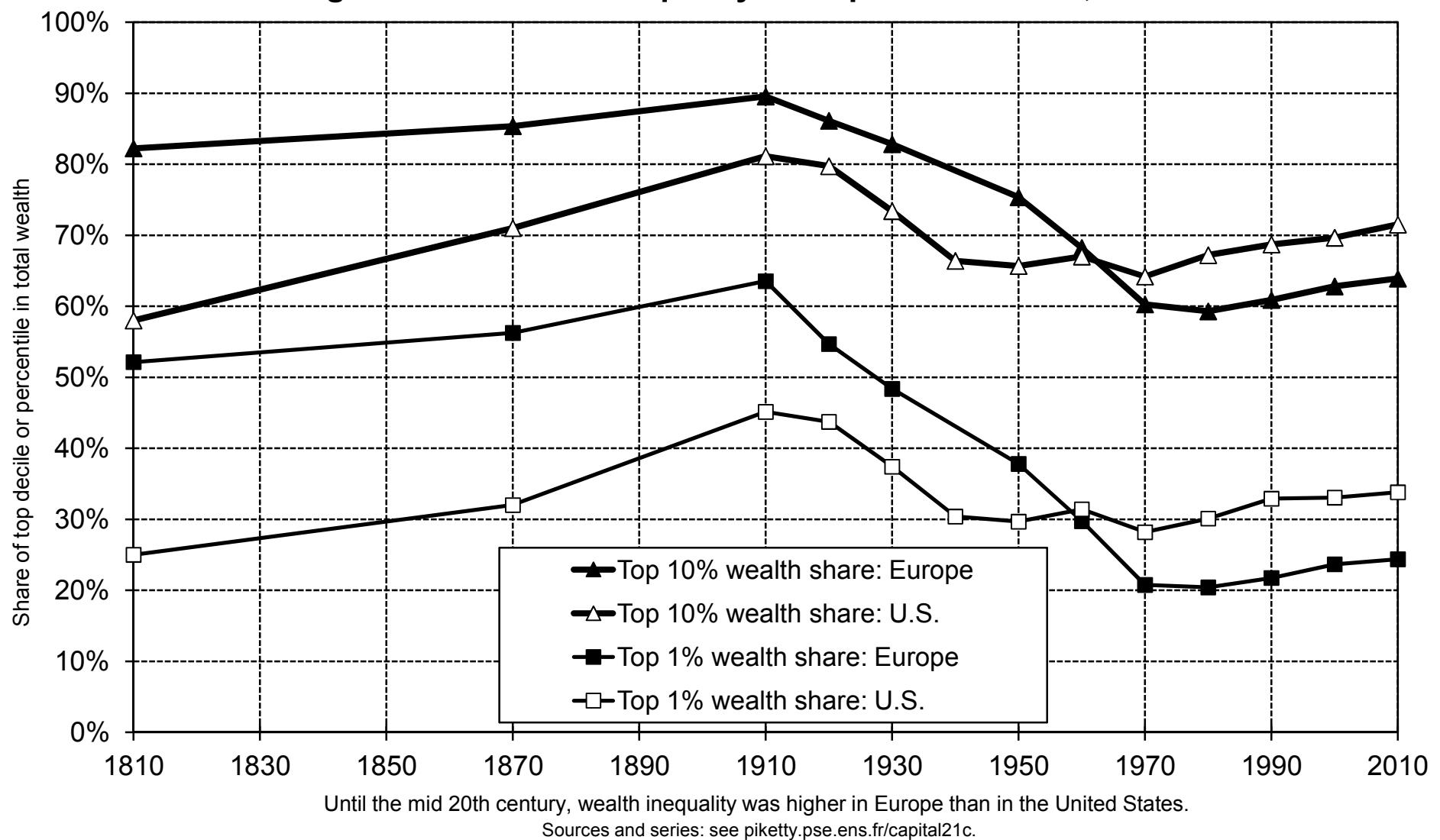


Figure 10.10. After tax rate of return vs. growth rate at the world level, from Antiquity until 2100

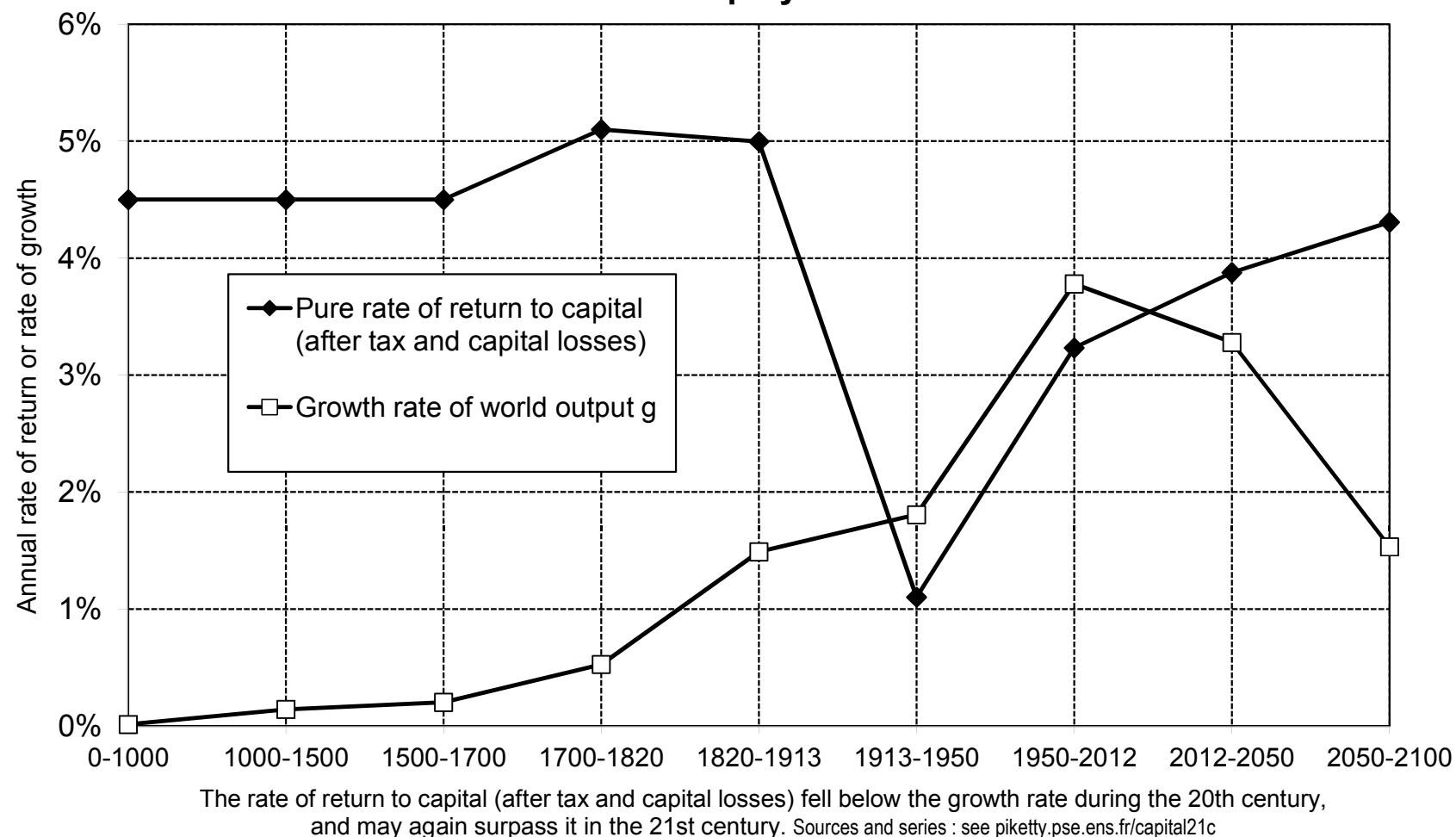
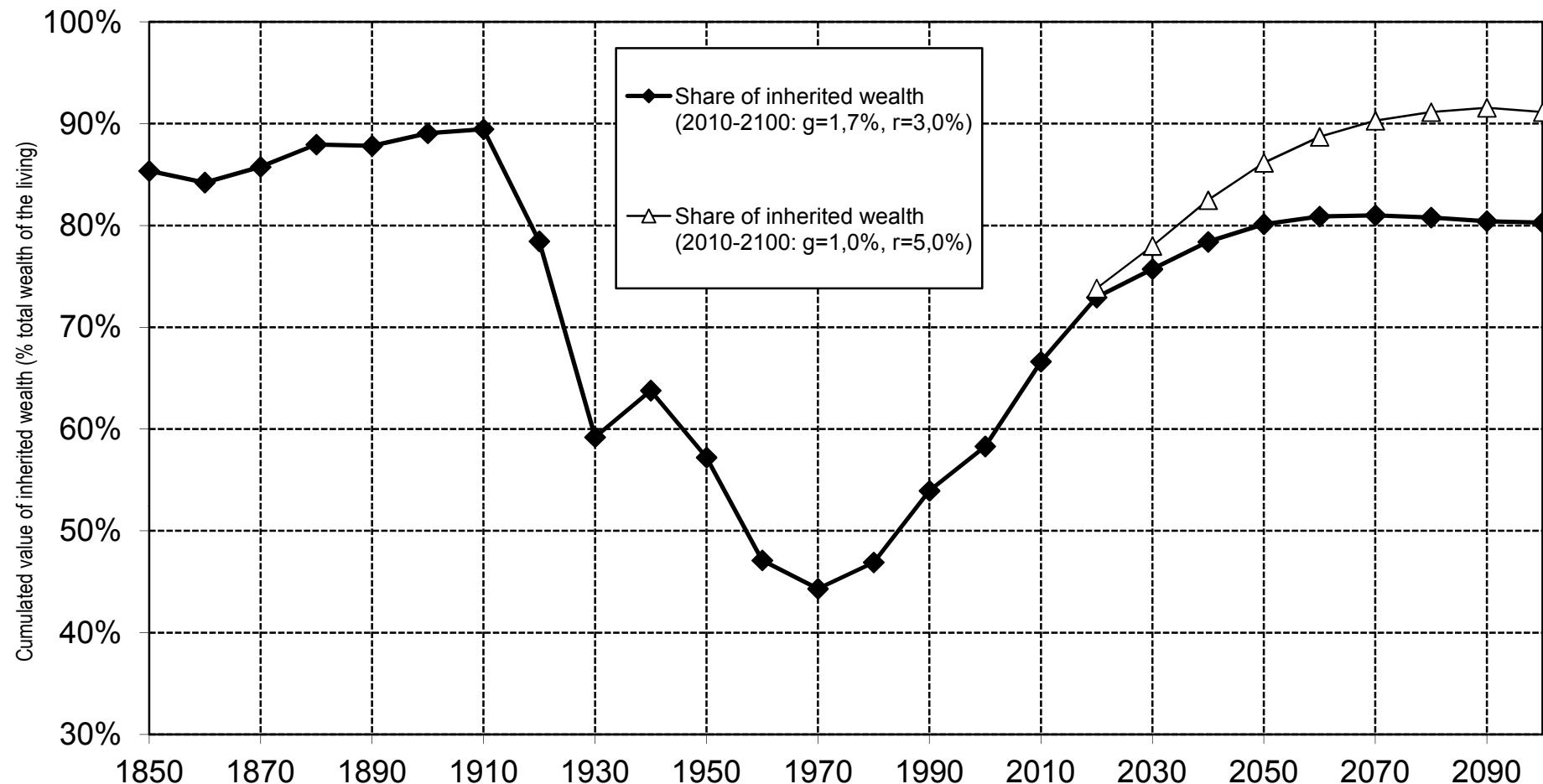


Figure 11.7. The share of inherited wealth in total wealth, France 1850-2100



Inherited wealth represents 80-90% of total wealth in France in the 19th century; this share fell to 40%-50% during the 20th century, and might return to 80%-90% during the 21st century. Sources and series: see piketty.pse.ens.fr/capital21c

Treatment example: Information about the Estate Tax

Besides the income tax, the government can also level the playing field with the **federal estate tax**.

The **Federal Estate Tax** (also known as the **Death Tax**) applies when a deceased person leaves **more than \$5 million** in wealth to his or her heirs. Wealth left to a spouse or charitable organizations is exempt from estate tax.



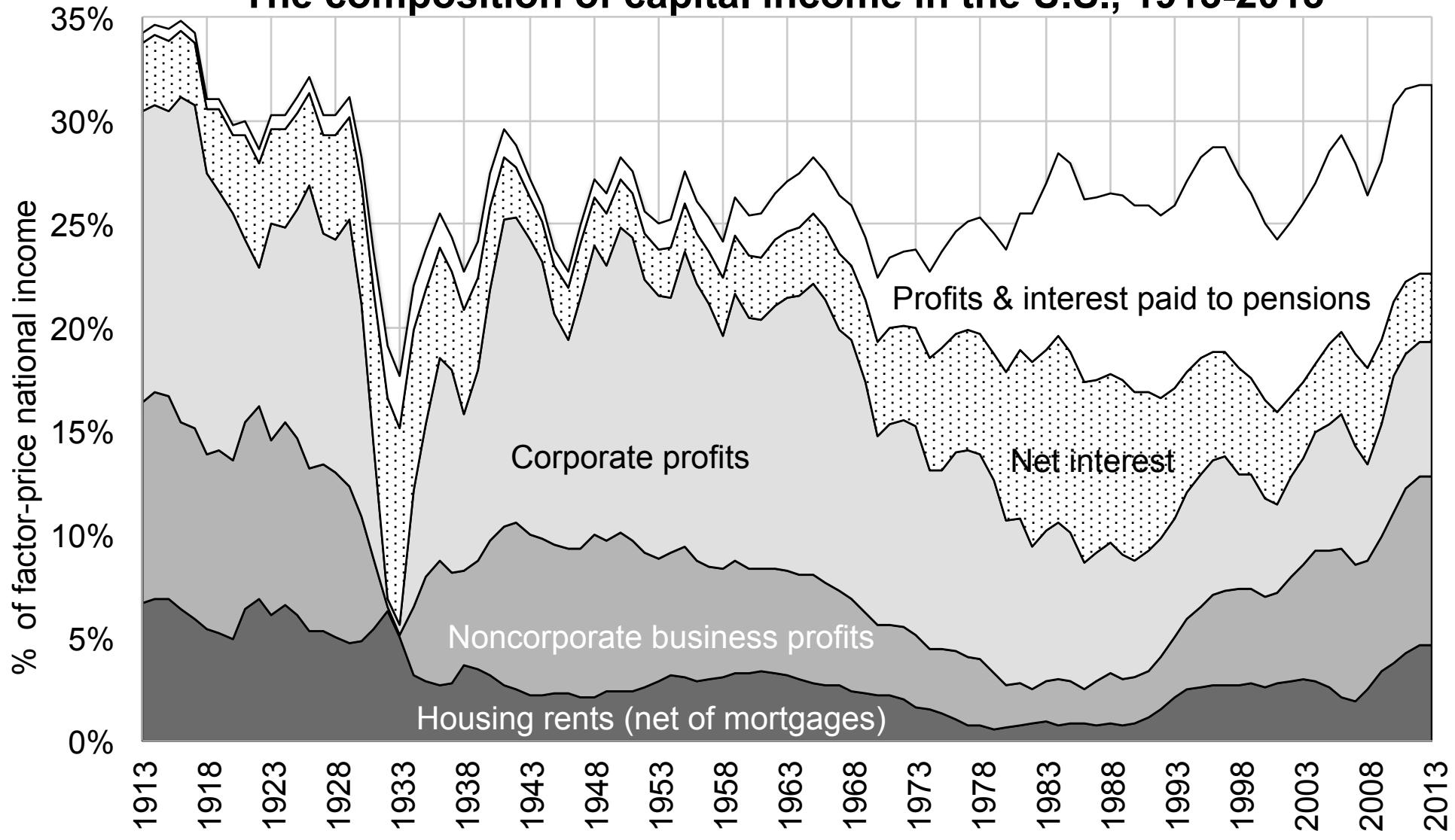
Only 1 person out of 1000 is wealthy enough to face the estate tax.

Average Americans do not have anything close to \$5 million in wealth, so the estate tax does not affect them and they can pass on their property to their children tax-free.

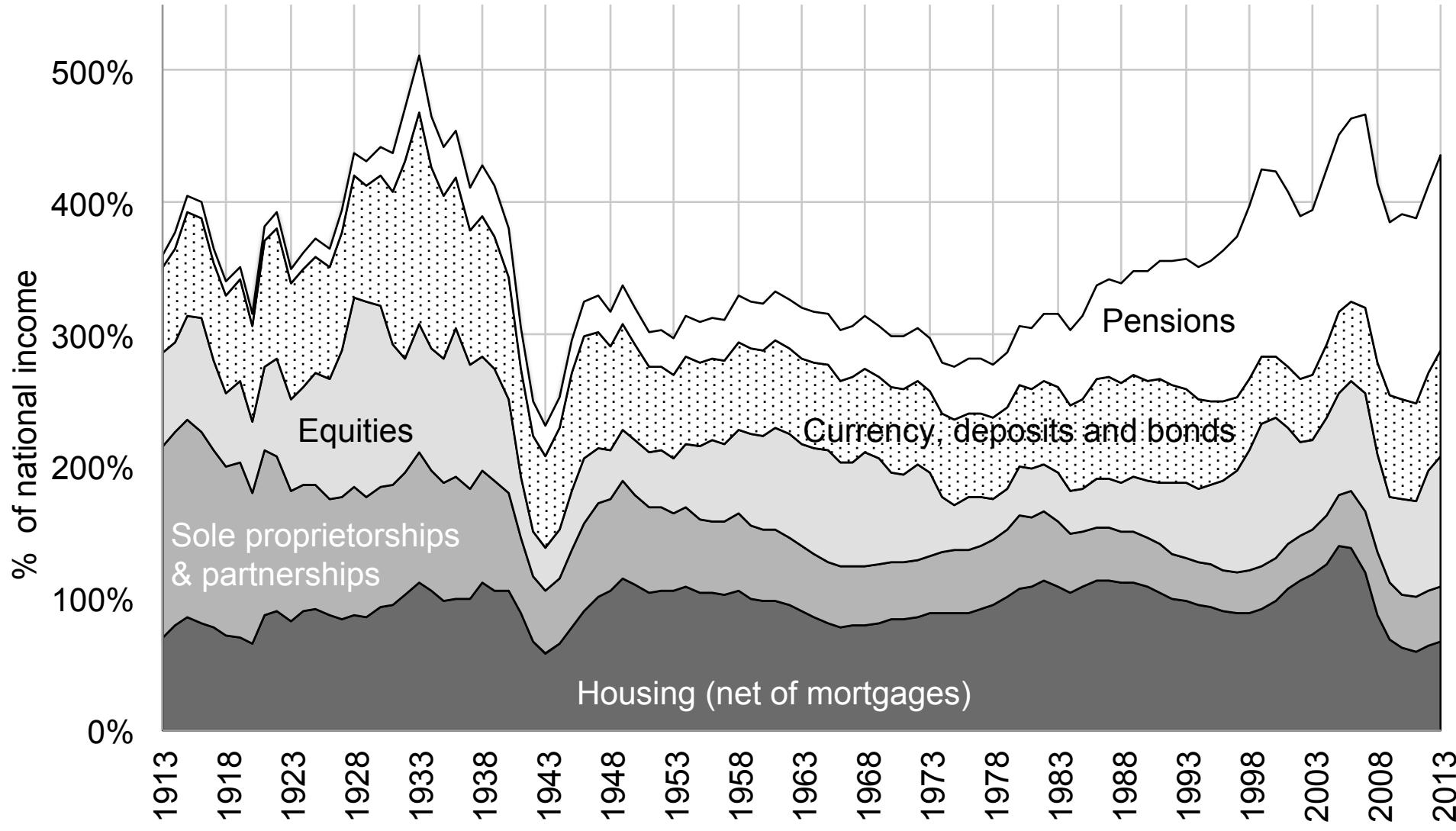
Eliminating the estate tax would allow the very richest families to pass down all of their wealth to their children tax-free. Hence, children of rich people would also start off very rich themselves.

Increasing the estate tax is a way to level the playing field between the children of wealthy parents and children of middle-class parents.

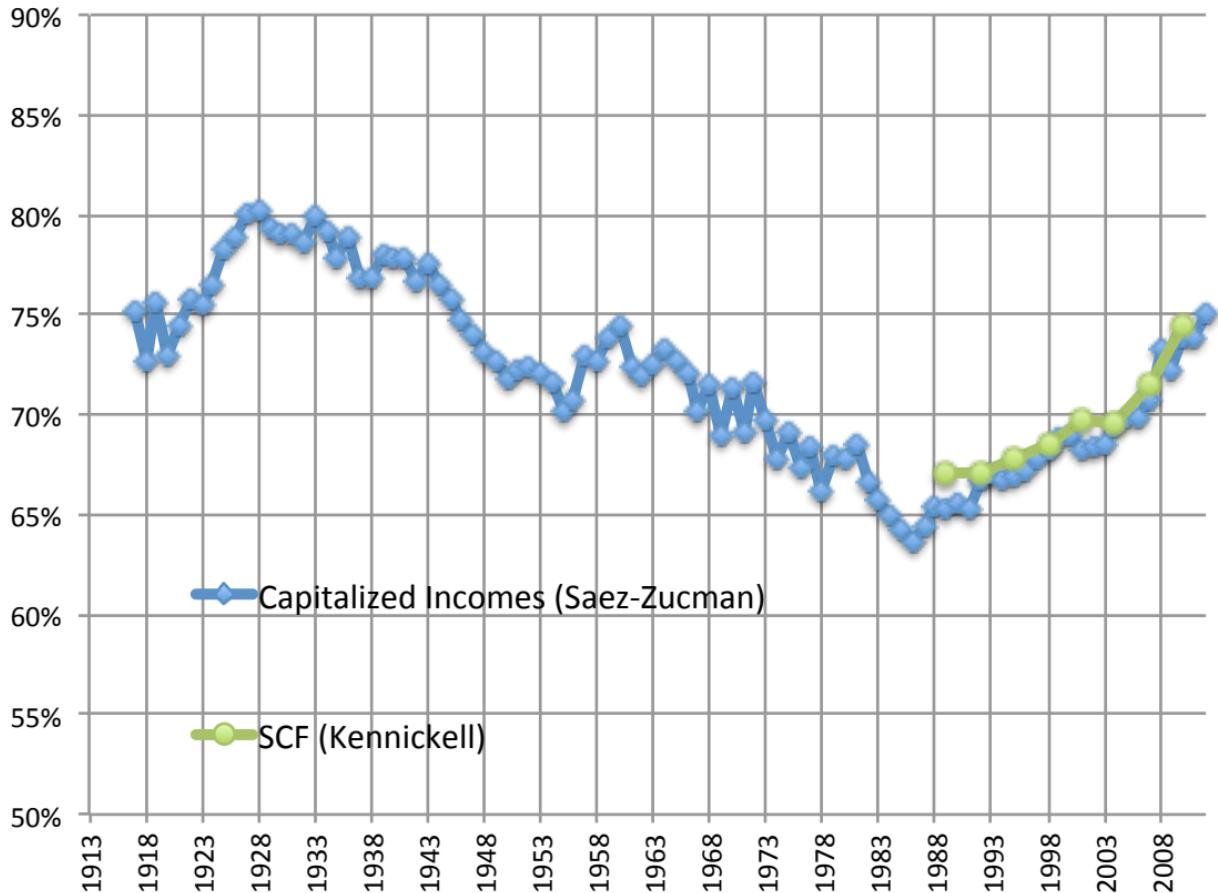
The composition of capital income in the U.S., 1913-2013



The composition of household wealth in the U.S., 1913-2013

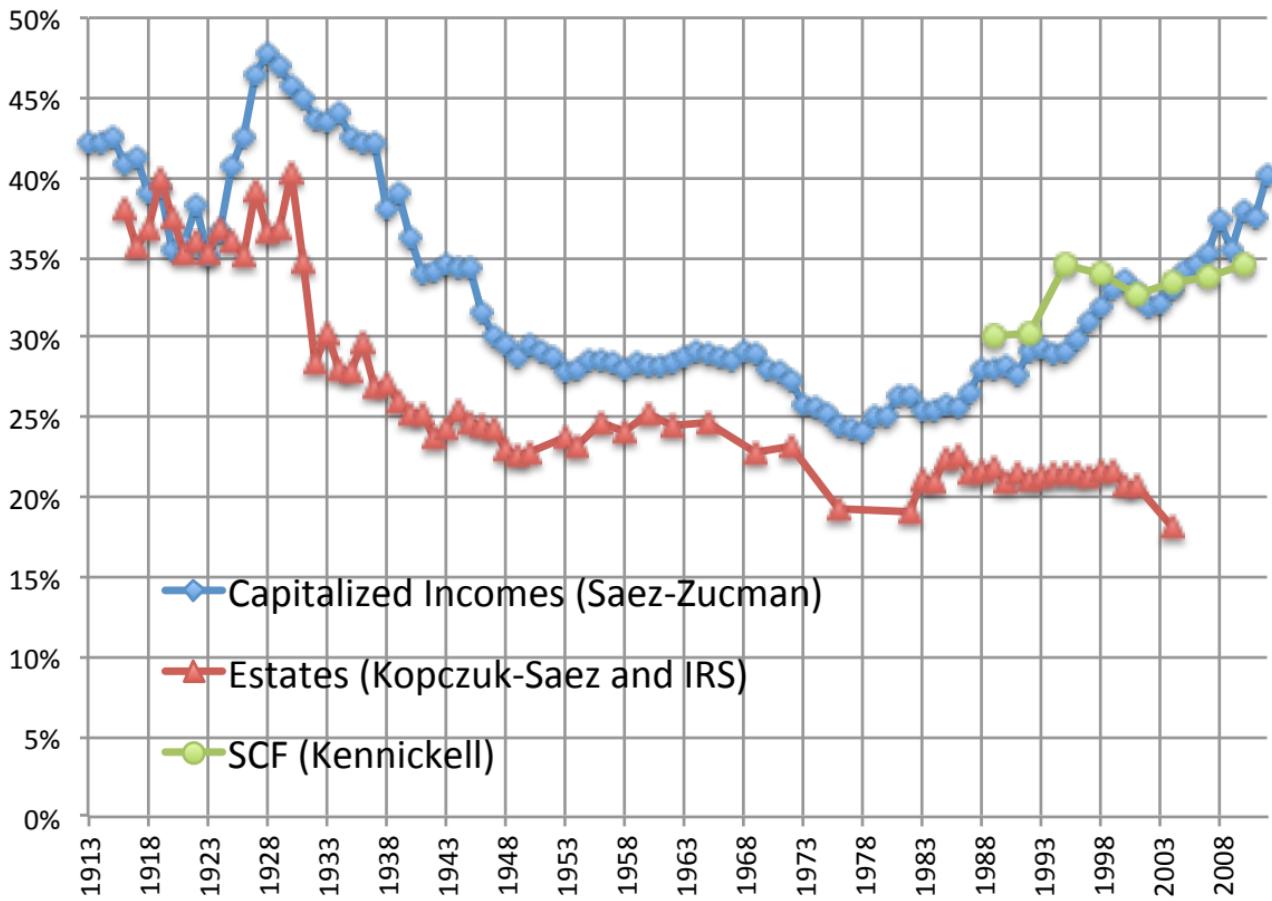


Top 10% Wealth Shares: Comparing Estimates



Source: Saez and Zucman (2014)

Top 1% Wealth Shares: Comparing Estimates



Composition of the bottom 90% wealth share

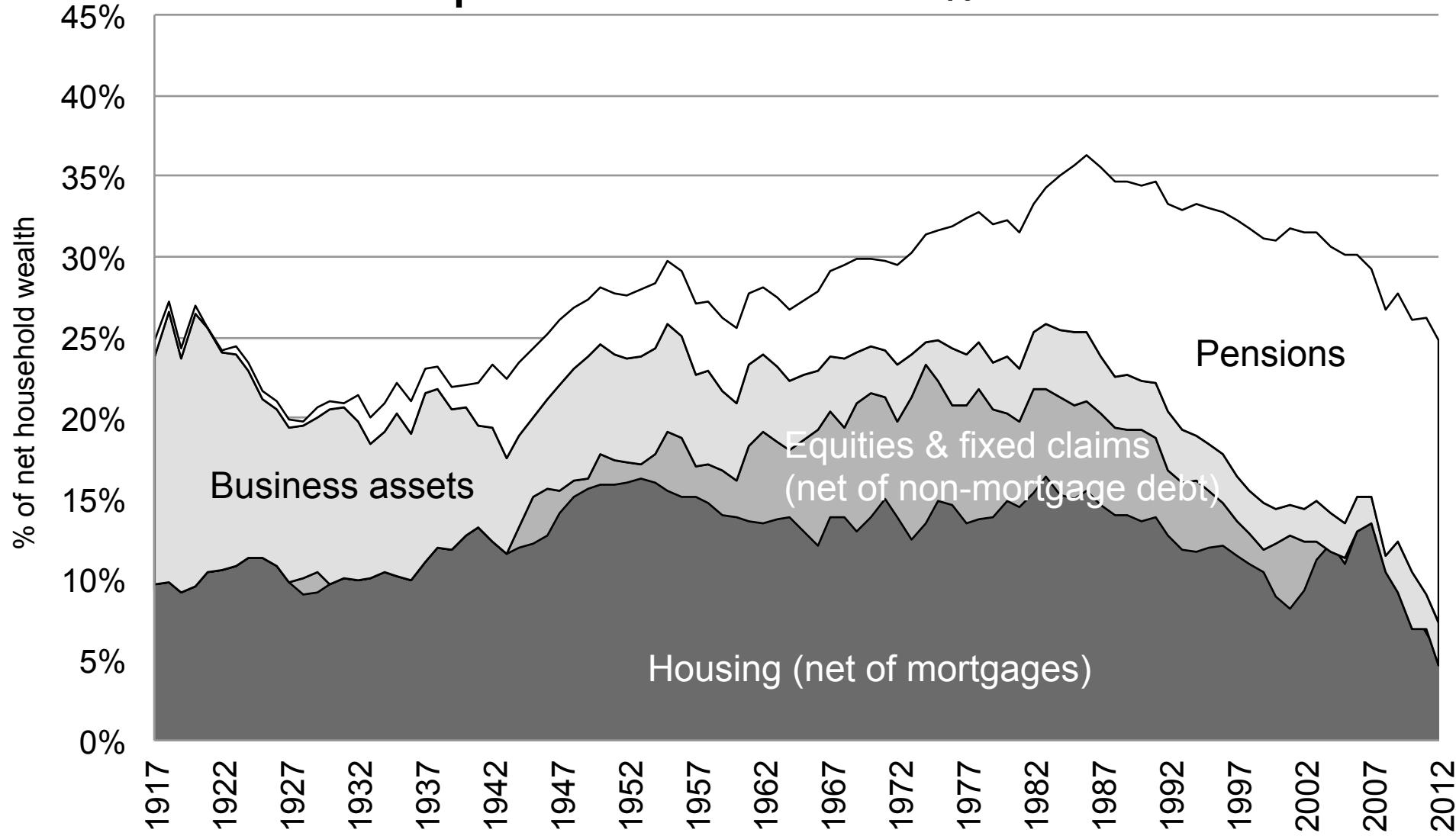


Figure 3.1. Wealth inequality in France, 1810-2010

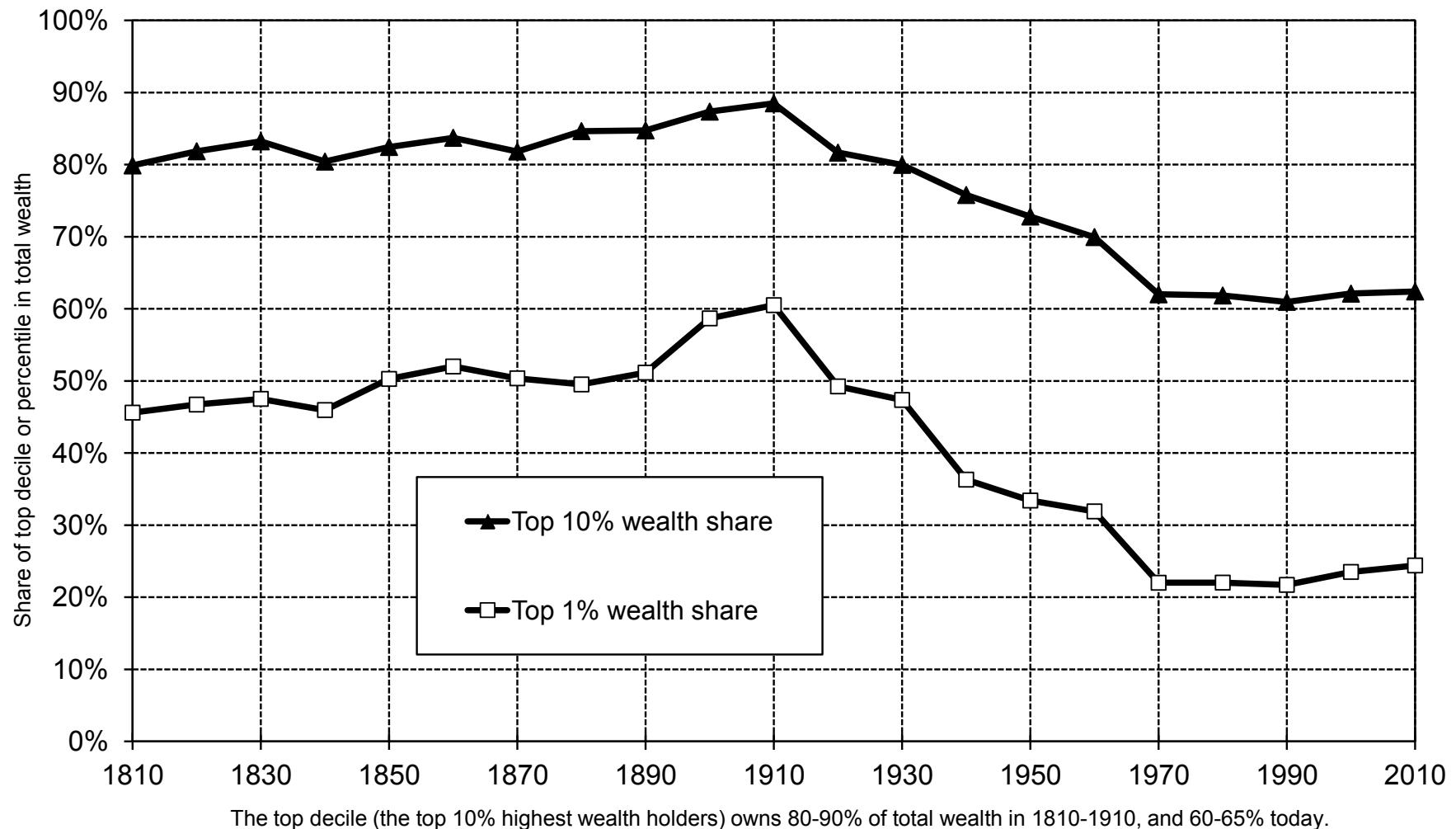


Figure 3.3. Wealth inequality in the United Kingdom, 1810-2010

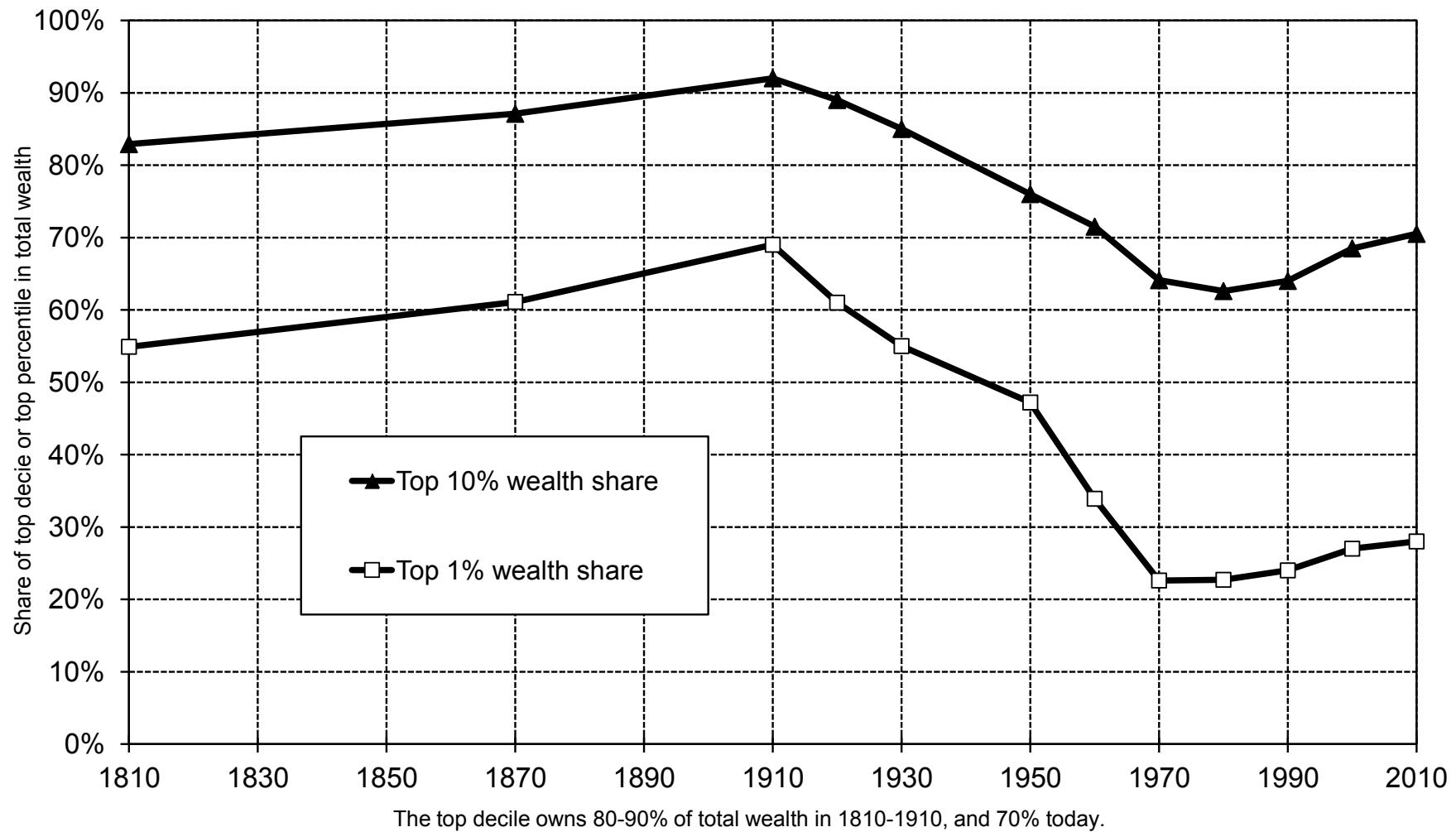


Figure 3.4. Wealth inequality in Sweden, 1810-2010

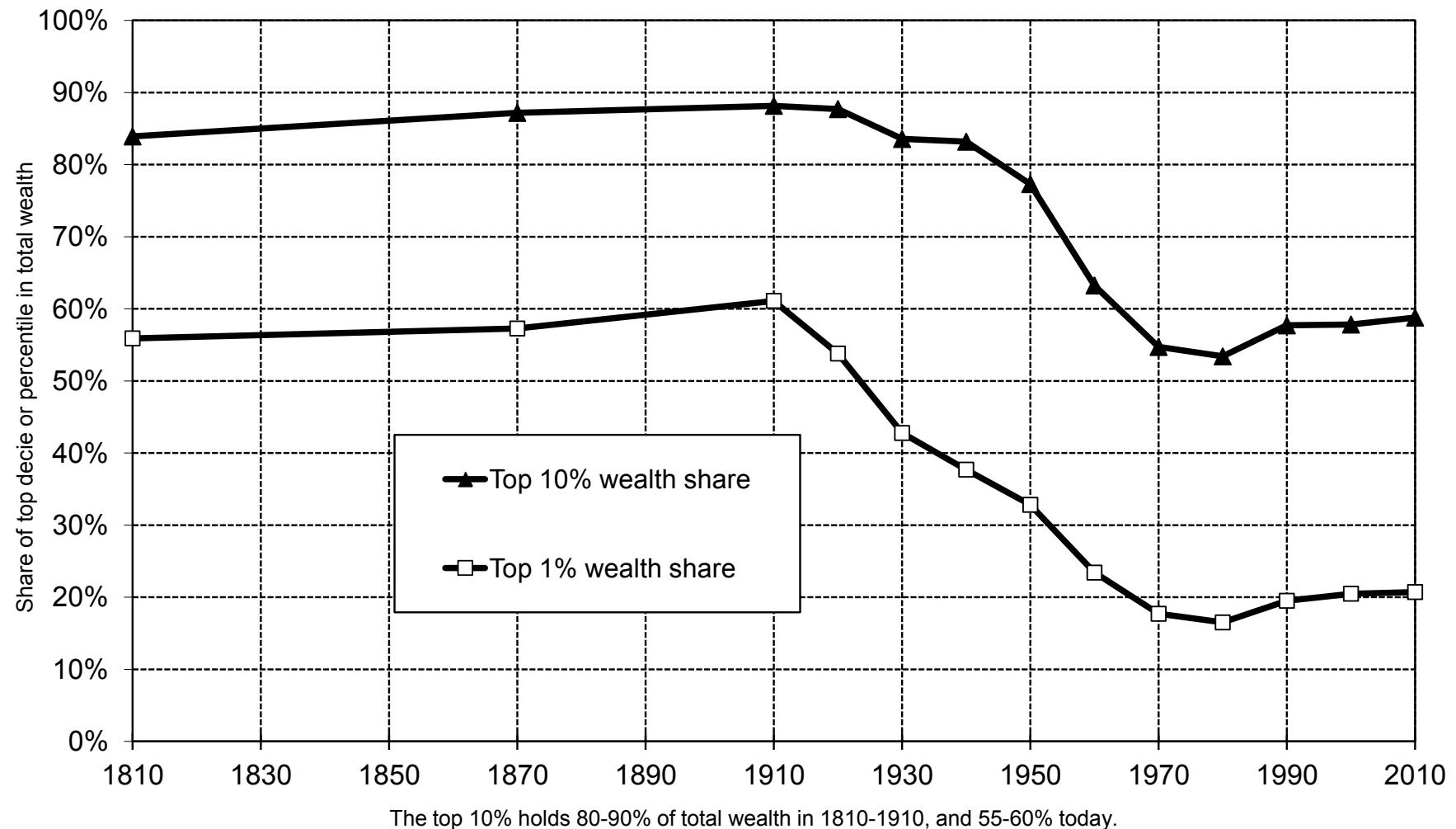
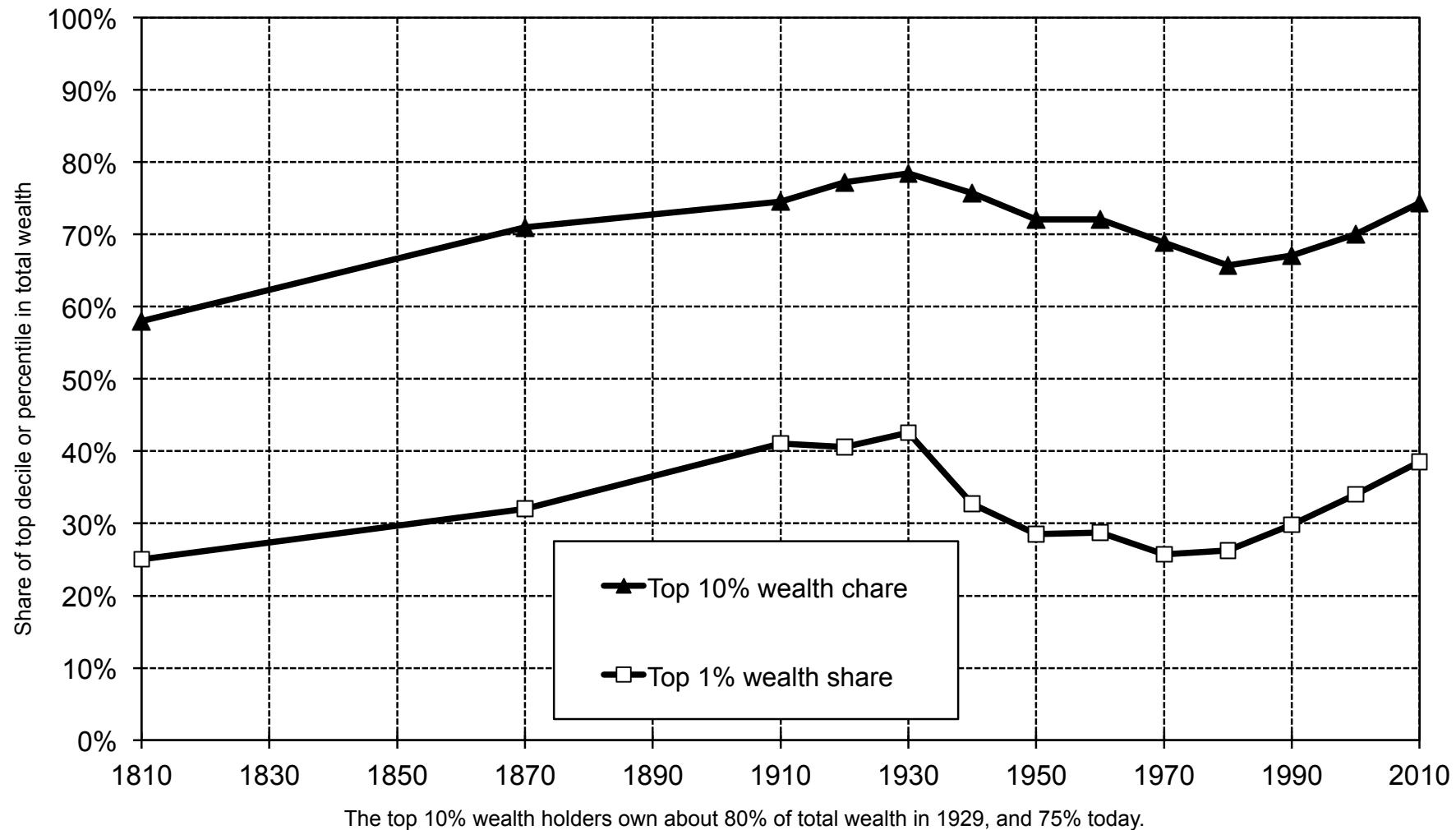
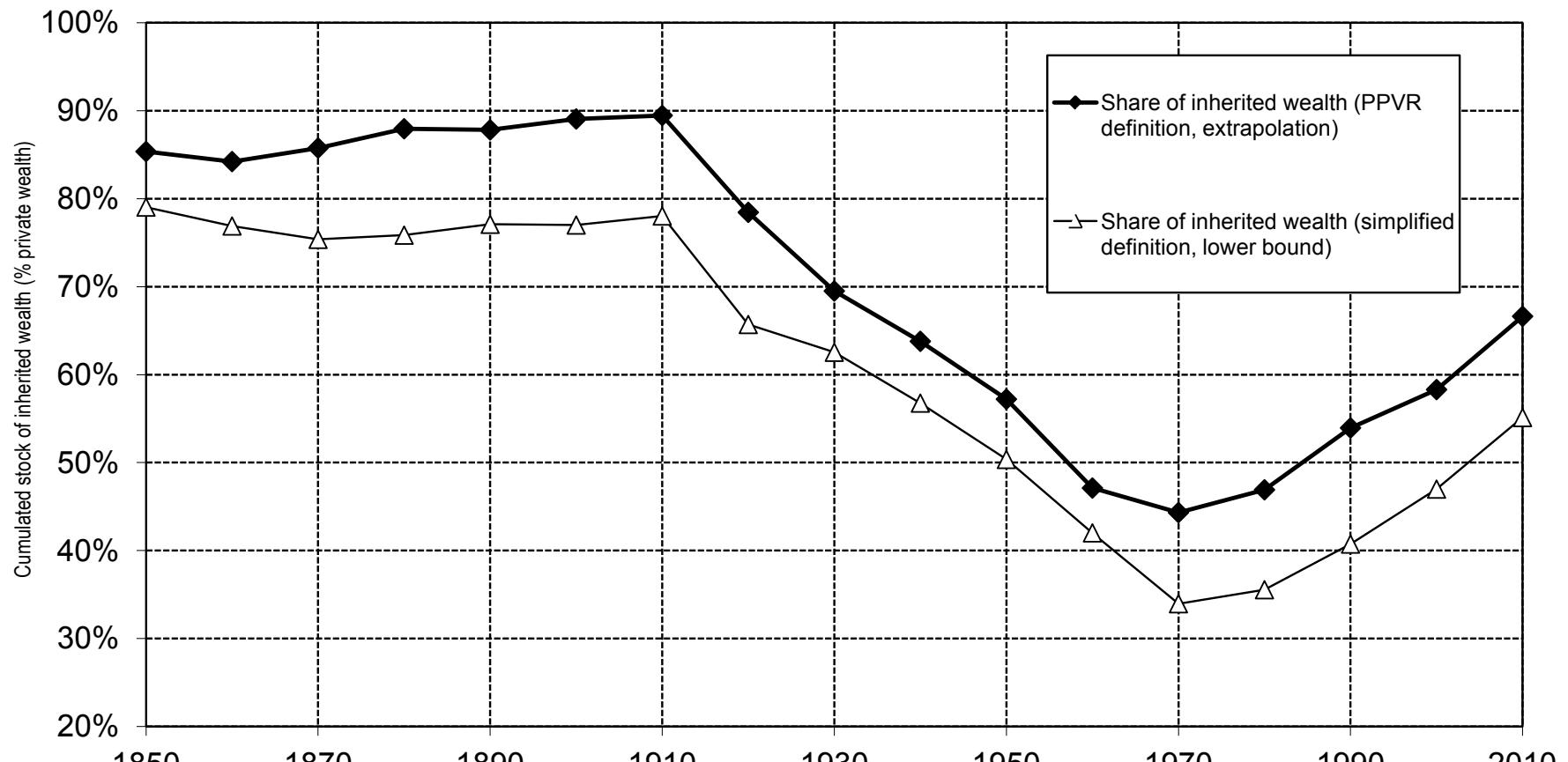


Figure 3.5. Wealth inequality in the U.S., 1810-2010

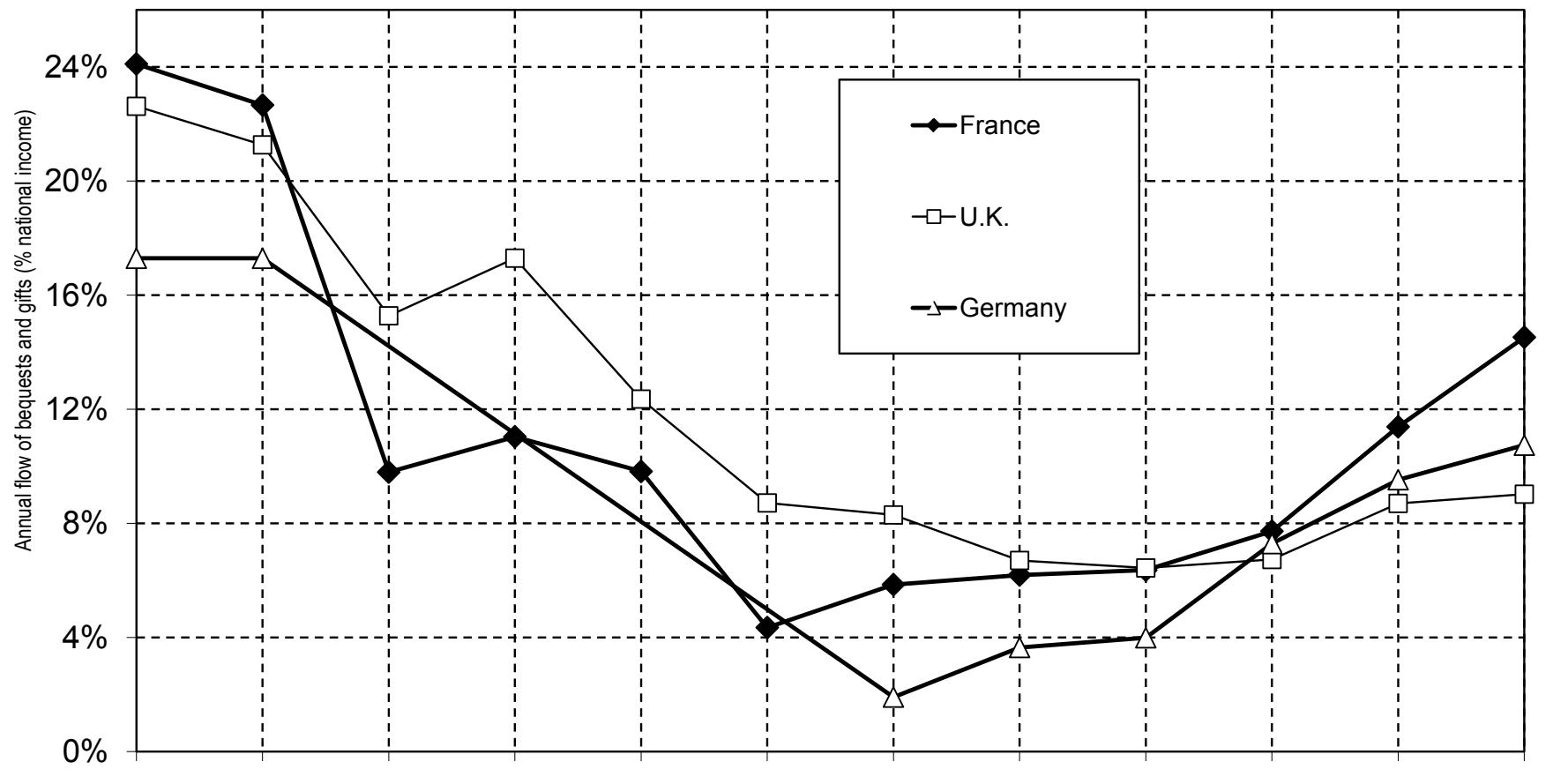


**Figure 4.4. The cumulated stock of inherited wealth
as a fraction of aggregate private wealth, France 1850-2010**



Inherited wealth represents 80-90% of total wealth in France in the 19th century; this share fell to 40%-50% during the 20th century, and is back to about 60-70% in the early 21st century.

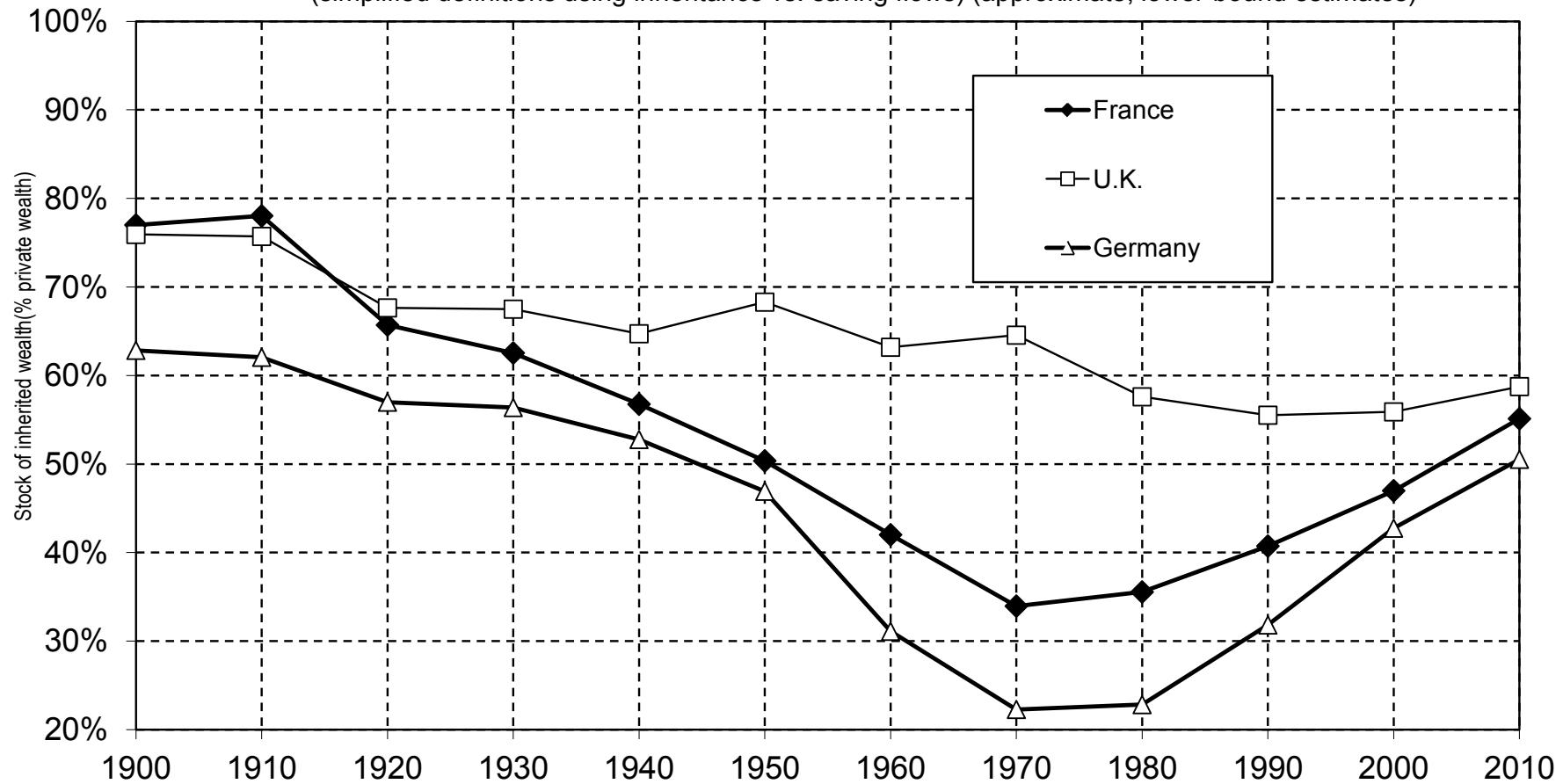
Figure 4.5. The inheritance flow in Europe 1900-2010



The inheritance flow follows a U-shaped curve in France as well as in the U.K. and Germany. It is possible that gifts are underestimated in the U.K. at the end of the period.

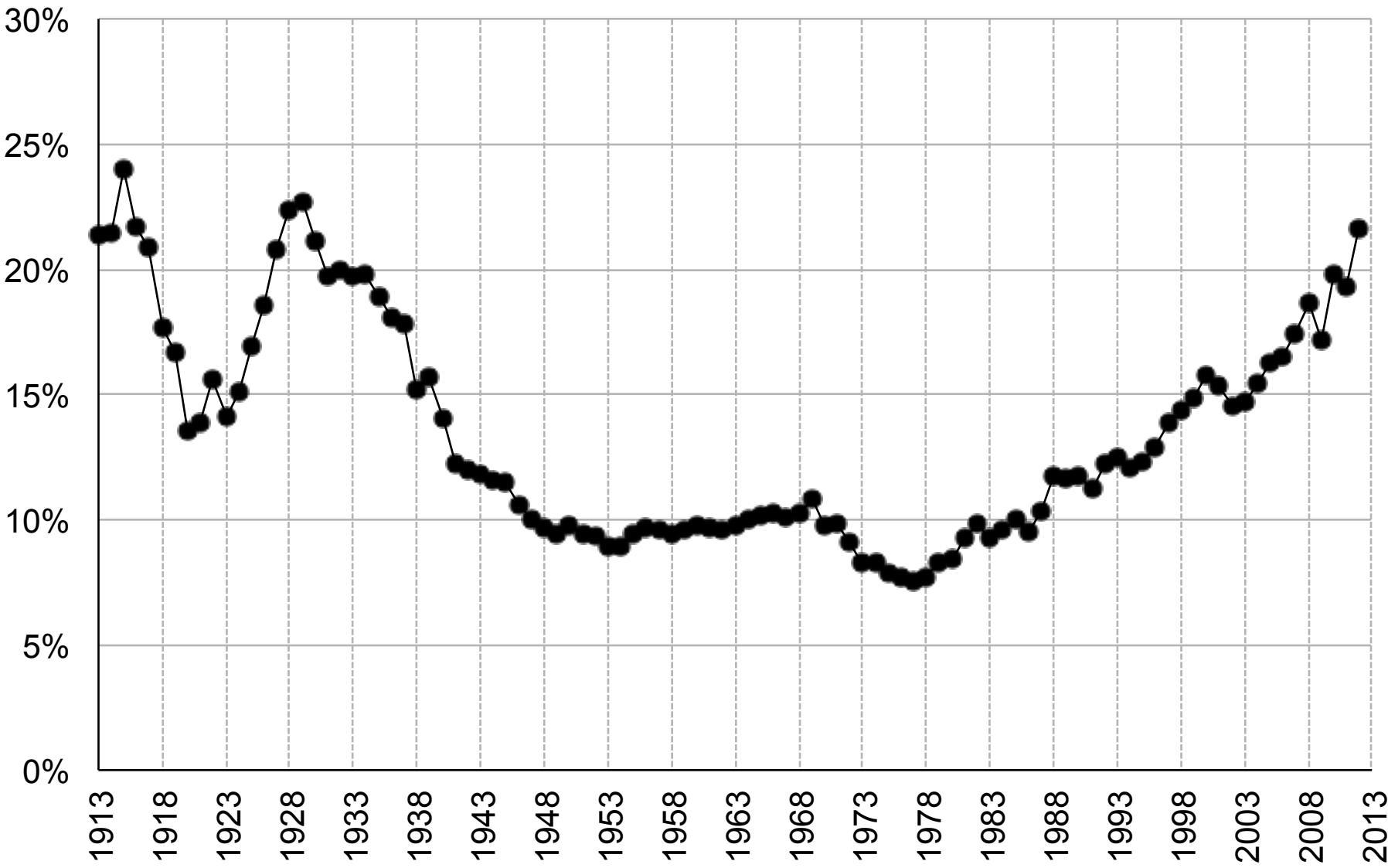
Figure 4.6. The inheritance stock in Europe 1900-2010

(simplified definitions using inheritance vs. saving flows) (approximate, lower-bound estimates)



The inheritance share in aggregate wealth accumulation follows a U-shaped curve in France and Germany (and to a more limited extent in the U.K. and Germany. It is possible that gifts are under-estimated in the U.K. at the end of the period.

Top 0.1% wealth share in the U.S., 1913-2012



Top wealth shares: decomposing the top 1%

