

is based on all 3,906 observations in the 1992 Survey, which consists of a standard area-probability sample and a high-income sample. (For a general overview of the SCF, see Kennickell and Starr-McCluer [1994].) We create a measure of non-housing wealth that matches the household-level concept in the Flow of Funds Accounts (FFA). This task was made easier because of the reconciliation between the SCF and FFA in Antoniewicz [1996].

The Current Population Survey-Statistics of Income (CPS-SOI) file used here underlies the extensive research on income distribution at the Congressional Budget Office (CBO) in the last decade. (See, for example, CBO [1987] or Kasten and Sammartino [1990]). The file is constructed by adjusting income values in the March CPS so that the distribution of (taxable) incomes in the resulting file matches the distribution in the SOI, which reflects amounts reported on tax returns. The bottom, non-filer part of the income distribution is based on CPS data, and the rest of the distribution, including the high-income families whose incomes are top-coded on the CPS, is consistent with the taxable values on the SOI. To construct the file, CBO splits CPS families into tax-filing units comparable to those on the SOI. After the tax-unit data are adjusted, we reassemble families to match the unit of observation in the other data sets.

Table 1

## Alternative Measures of Consumption-Income Ratios

Income Decile	Ratio of Average Consumption to Average Income		Median Consumption-Income Ratio	Ratio of Average Consumption to Average Income by Age of Head		
	Total Consumption	Excluding Durables		Age < 40	Age 40-60	Age 60+
1	2.30	2.18	1.86	1.91	3.06	2.44
2	1.37	1.30	1.22	1.33	1.30	1.46
3	1.34	1.23	1.19	1.33	1.32	1.34
4	1.12	1.02	1.02	1.08	1.10	1.21
5	1.00	0.92	0.93	1.02	1.00	0.98
6	0.95	0.86	0.89	0.89	1.00	0.98
7	0.90	0.81	0.84	0.88	0.88	0.95
8	0.81	0.74	0.75	0.87	0.78	0.76
9	0.74	0.67	0.70	0.73	0.74	0.73
10	0.64	0.59	0.64	0.65	0.64	0.61
All Incomes	0.88	0.81	0.92	0.90	0.82	0.95

Notes: Data are from 1992 Consumer Expenditure Survey. Decile rankings are based on Adjusted Family Income (AFI) measure, which adjusts for economies of scale implicit in Census poverty thresholds across family size. Non-Durables measure excludes furniture and motor vehicle purchases. Sample excludes topcoded observations. See data appendix for details.

**Table 2**  
**Adjusted Decile Breaks and Average Incomes in the PSID**

Income Decile	Lower Bound of Adjusted Income Deciles		Average Adjusted Income Across Income Deciles	
	Permanent Income	Annual Income	Permanent Income	Annual Income
1	na	na	\$5,317	\$3,623
2	\$7,660	\$6,420	9,668	8,322
3	11,750	10,330	13,588	12,305
4	15,470	14,240	17,433	16,198
5	19,350	18,090	21,190	20,093
6	23,080	22,100	25,039	24,201
7	27,070	26,540	29,502	29,153
8	32,070	32,010	35,039	35,467
9	38,360	39,400	43,335	44,971
10	50,360	52,470	77,067	82,918
All Incomes	na	na	27,729	27,730

Notes: Data are from the Panel Survey of Income Dynamics, 1982-91. All measures are adjusted for family-size using the implicit scale economies in the Census poverty thresholds across family-size groups. See the data appendix for a complete description of the PSID sample used here.

Table 3

**Cross-Tabulation of Permanent and Annual Income Status in the PSID**  
 (All Values are In Percents)

Annual Income Decile	Permanent Income Decile									
	1	2	3	4	5	6	7	8	9	10
1	<b>69.6</b>	17.1	6.7	2.7	1.6	0.9	0.4	0.4	0.2	0.3
2	23.8	<b>46.2</b>	17.5	6.3	3.1	1.5	0.8	0.5	0.3	0.3
3	4.2	25.8	<b>35.5</b>	17.7	8.6	4.2	2.1	1.0	0.5	0.3
4	0.9	7.8	26.0	<b>32.1</b>	17.9	8.0	4.5	2.2	0.7	0.1
5	0.5	1.8	8.9	24.4	<b>29.0</b>	19.8	9.5	3.8	1.8	0.4
6	0.2	1.1	3.5	10.6	22.5	<b>28.9</b>	19.7	8.9	3.5	1.0
7	0.2	0.3	1.4	4.0	10.5	22.3	<b>29.1</b>	20.8	9.7	1.9
8	0.0	0.1	0.6	1.4	4.1	10.2	22.3	<b>35.6</b>	21.2	4.4
9	0.1	0.1	0.2	0.7	2.2	3.7	9.4	22.2	<b>42.3</b>	19.3
10	0.0	0.0	0.1	0.1	0.3	0.8	1.8	5.0	20.0	<b>72.1</b>

Notes: Data are from the Panel Survey of Income Dynamics, 1982-91. Annual and permanent decile rankings are based on Adjusted Family Income (AFI), which adjusts for economies of scale implicit in Census poverty thresholds across family size. See the data appendix for a complete description of the PSID sample used here. Diagonal elements are in **bold**.

**Table 4**  
**Actual and Simulated Consumption-Income Ratios  
 Across Adjusted Family Income Deciles**

Income Decile			Simulated (PSID)	
	Actual (CEX)		Simple PIH	50% Transitory Offset
1	2.30		1.67	1.22
2	1.37		1.16	1.00
3	1.34		1.03	0.94
4	1.12		0.96	0.91
5	1.00		0.96	0.91
6	0.95		0.90	0.89
7	0.90		0.90	0.89
8	0.81		0.85	0.87
9	0.74		0.84	0.86
10	0.64		0.76	0.83
All Incomes	0.88		0.88	0.88

Notes: The actual ratios are from 1992 Consumer Expenditure Survey (CEX), and the simulated ratios are based on the PSID, 1982-91. Decile rankings are based on the Adjusted Family Income (AFI) measure, which adjusts for economies of scale implicit in Census poverty thresholds across family size groups. See data appendix for a complete description of the data used here.

**Table 5**  
**Ratios of Permanent to Annual Income and**  
**Consumption to Permanent Income**  
**Across Annual Income Deciles**

Income Decile	<u>Ratio of Average Permanent Income to Average Annual Income</u>	<u>Ratio of Average Consumption to Average Permanent Income</u>
1	1.90	1.21
2	1.32	1.04
3	1.17	1.15
4	1.09	1.03
5	1.09	0.92
6	1.02	0.93
7	1.02	0.88
8	0.97	0.84
9	0.95	0.78
10	0.86	0.74
All Incomes	1.00	0.88

Notes: Permanent income for any given annual income decile is computed using the PSID for 1982-91, and consumption values are from 1992 Consumer Expenditure Survey (CEX). Decile rankings are based on the Adjusted Family Income (AFI) measure, which adjusts for economies of scale implicit in Census poverty thresholds across family size groups. See data appendix for a complete description of the data used here.

**Table 6**

**Actual and Simulated Consumption-Income Ratios  
Using Fitted Propensities to Consume Out of Permanent Income**

Income Decile	<u>Ratio of Average Annual Consumption to Average Annual Income</u>		Fitted Propensity to Consume Out Of Permanent Income
	Actual	Simulated	
1	2.30	2.33	1.27
2	1.37	1.40	1.17
3	1.34	1.24	1.10
4	1.12	1.09	1.03
5	1.00	1.04	0.98
6	0.95	0.94	0.93
7	0.90	0.90	0.89
8	0.81	0.82	0.82
9	0.74	0.79	0.77
10	0.64	0.60	0.73
All Incomes	0.88	0.88	0.88

Notes: The actual ratios are from 1992 Consumer Expenditure Survey (CEX), and the calculated ratios are based on the 1982-91 PSID using a fitted (quadratic) propensity to consume out of permanent income. Decile rankings are based on the Adjusted Family Income (AFI) measure, which adjusts for economies of scale implicit in Census poverty thresholds. See data appendix for a complete description of the the data used here.

Table 7

**The Distribution of Non-Housing Wealth Within Adjusted Income Groups**  
 (All Values are Ratios of Wealth to Average Income Within Group)

Income Decile	Average Non-Housing Wealth	Percentiles of the Non-Housing Wealth Distribution						
		10th	20th	30th	40th	50th	60th	70th
1	2.5	-1.0	-0.3	-0.1	0.0	0.0	0.1	0.1
2	0.7	-0.6	-0.2	-0.1	0.0	0.0	0.1	0.4
3	1.1	-0.5	-0.2	-0.1	0.0	0.0	0.2	1.1
4	1.5	-0.5	-0.2	-0.1	0.0	0.0	0.1	0.3
5	1.5	-0.3	-0.2	0.0	0.0	0.0	0.2	0.6
6	1.6	-0.4	-0.2	-0.1	0.0	0.1	0.4	1.0
7	2.0	-0.2	-0.1	0.0	0.1	0.2	0.5	1.2
8	2.0	-0.2	-0.1	0.0	0.1	0.2	0.4	1.0
9	1.9	-0.1	0.0	0.1	0.3	0.5	0.8	1.5
10	4.6	0.0	0.1	0.4	0.6	1.0	1.6	2.7
All Incomes	2.8	-0.2	-0.1	0.0	0.0	0.1	0.3	0.7
								1.8
								4.9

Notes: Data are from 1992 Survey of Consumer Finances. Decile rankings are based on the Adjusted Family Income (AFI) measure, which adjusts for economies of scale implicit in Census poverty thresholds across family size. See the data appendix for a complete description of the SCF sample used here.

**Table 8**  
**Comparison of Survey-Level Incomes Across Income Deciles**

Income Decile	Average Income			
	CPS-SOI	CEX	PSID	SCF
1	\$5,033	\$4,937	\$3,751	\$3,827
2	10,481	9,358	9,172	8,492
3	15,627	13,603	14,590	12,433
4	21,275	18,457	20,442	16,761
5	27,082	24,025	26,378	22,562
6	33,736	30,526	32,666	28,950
7	41,472	37,997	40,406	36,703
8	51,471	48,013	50,148	46,671
9	65,817	62,181	65,621	62,727
10	143,471	95,510	121,352	144,213
All Incomes	41,547	34,447	38,500	38,775

Notes: See data appendix for a description of the data sets used here. The CPS-SOI data set is the result of merging micro data from the Current Population Survey (CPS) with data from individual tax returns in the Statistics of Income (SOI) data set, as described in CBO (1987) and Kasten and Sammartino (1990). The PSID distribution comes from the cross-section file for 1992.