

Average Pre-Tax Income for All Households, by Household Income Category, 1979-2006

Year	Lowest Quintile	Second Quintile	Middle Quintile	Fourth Quintile	Highest Quintile	All Quintiles	Top 10%	Top 5%	Top 1%
Average Income (2006 Dollars)									
<i>Pretax Income</i>									
1979	16,200	35,100	52,700	71,200	136,400	61,600	177,800	241,900	534,800
1980	15,500	33,700	50,900	69,100	132,000	59,600	171,800	230,400	504,200
1981	15,200	33,300	50,200	69,400	131,000	59,400	169,700	226,300	500,700
1982	14,700	32,500	49,200	68,600	131,000	59,200	171,200	231,400	522,300
1983	14,200	31,300	48,400	68,100	135,400	59,600	179,300	243,700	571,700
1984	14,700	33,100	50,400	71,000	144,800	62,200	194,200	267,100	629,400
1985	14,800	33,200	51,200	71,700	148,700	63,800	200,700	278,000	675,900
1986	14,800	34,100	52,500	74,300	167,800	68,500	232,000	334,800	879,900
1987	14,500	32,800	52,100	74,500	158,000	66,100	213,900	296,800	711,200
1988	14,800	33,500	52,900	75,300	170,000	69,100	234,900	337,000	895,700
1989	15,300	34,100	53,500	76,200	169,100	69,600	232,400	328,800	833,600
1990	15,800	35,000	53,300	75,300	164,200	68,900	224,100	315,500	799,900
1991	15,800	34,400	52,400	74,500	158,400	67,100	214,000	296,300	721,100
1992	15,500	34,200	52,800	75,200	165,400	68,900	226,600	321,200	817,700
1993	15,800	34,400	53,000	75,800	165,500	69,100	225,000	314,900	785,600
1994	15,700	34,700	53,500	77,100	168,800	70,000	231,100	325,100	810,000
1995	16,500	36,400	55,000	78,300	176,800	72,700	242,900	348,800	892,800
1996	16,200	36,200	55,600	79,600	185,600	75,100	259,700	373,800	984,700
1997	16,600	37,000	56,500	81,100	196,700	78,100	279,600	412,000	1,129,200
1998	17,400	38,600	57,900	84,200	208,800	81,800	300,000	449,200	1,268,300
1999	18,000	39,600	59,100	86,400	221,200	85,400	319,400	478,700	1,380,500
2000	17,100	39,000	58,800	87,200	229,900	86,700	334,900	508,000	1,508,500
2001	16,900	39,200	59,600	85,900	208,000	81,900	294,700	432,100	1,193,900
2002	16,400	38,000	58,200	84,000	197,700	78,400	275,900	395,700	1,057,600
2003	16,200	37,600	57,900	84,700	204,300	79,500	287,700	418,500	1,128,600
2004	16,300	38,500	59,900	87,300	221,600	83,900	317,900	472,400	1,341,900
2005	16,600	39,000	60,400	88,200	239,900	88,100	352,000	540,200	1,614,600
2006	17,200	39,400	60,700	89,500	248,400	90,700	366,400	564,200	1,743,700

Source: Congressional Budget Office.

Notes: Effective tax rates are calculated by dividing taxes by comprehensive household income.

Comprehensive household income equals pretax cash income plus income from other sources. Pretax cash income is the sum of wages, salaries, self-employment income, rents, taxable and nontaxable interest, dividends, realized capital gains, cash transfer payments, and retirement benefits plus taxes paid by businesses (corporate income taxes and the employer's share of Social Security, Medicare, and federal unemployment insurance payroll taxes) and employee contributions to 401(k) retirement plans. Other sources of income include all in-kind benefits (Medicare, Medicaid, employer-paid health insurance premiums, food stamps, school lunches and breakfasts, housing assistance, and energy assistance).

Income categories are defined by ranking all people by their comprehensive household income adjusted for household size—that is, divided by the square root of the household's size. (A household consists of the people who share a housing unit, regardless of their relationships.) Quintiles, or fifths, contain equal numbers of people. Households with negative income (business or investment losses larger than other income) are excluded from the lowest income category but are included in totals.

Individual income taxes are attributed directly to households paying those taxes. Social insurance, or payroll, taxes are attributed to households paying those taxes directly or paying them indirectly through their employers. Corporate income taxes are attributed to households according to their share of capital income. Federal excise taxes are attributed to them according to their consumption of the taxed good or service.