



DATAPOST

Income Inequality

Measuring the Gap

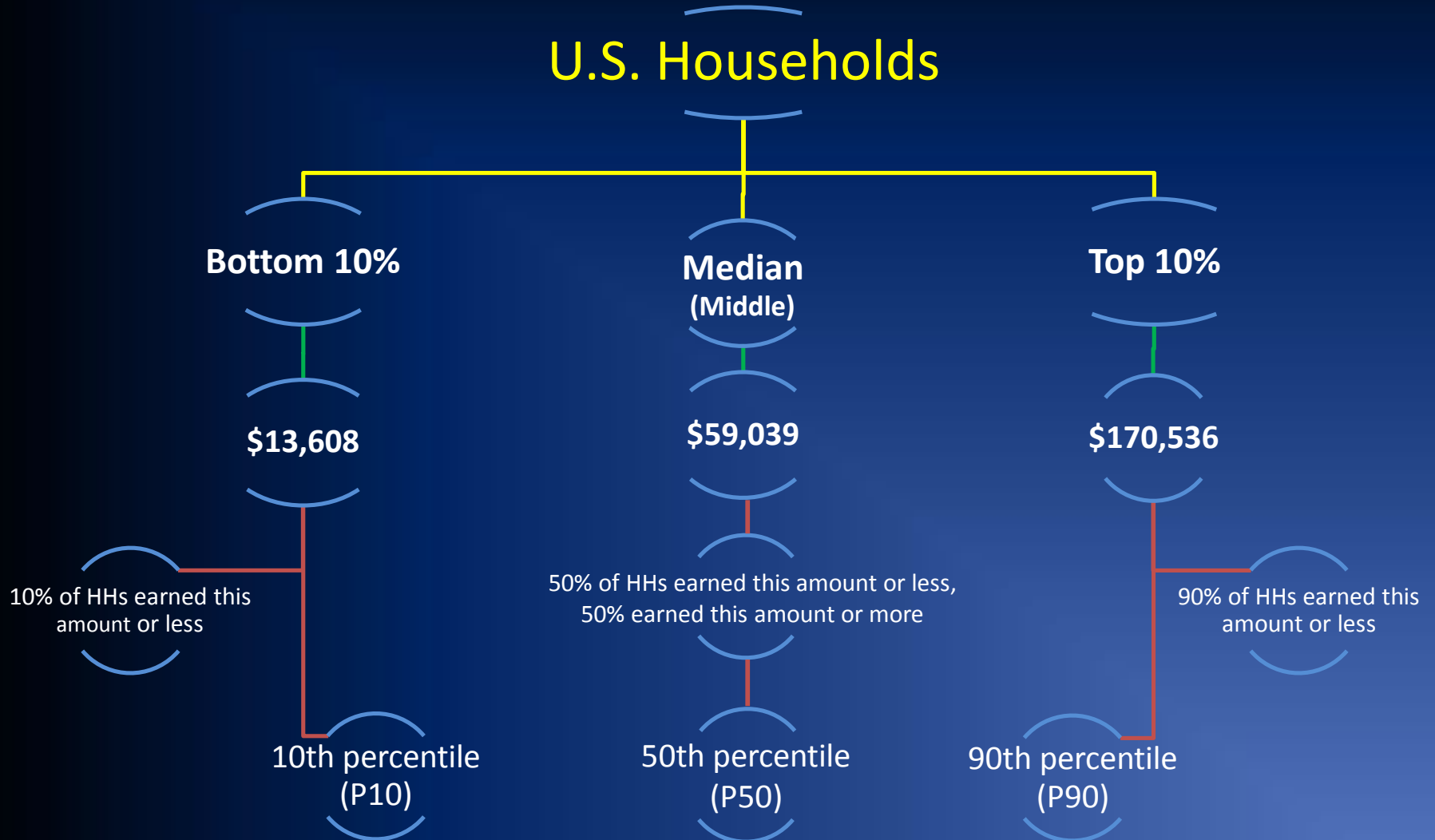
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Federal Reserve Bank of San Francisco
Education & Outreach

Household (HH) Income

A Snapshot of 2016

U.S. Households



The P90/P10 Ratio

A Measure of Income Inequality

U.S. Household Income in 2016



Source: U.S. Census Bureau, pre-tax/transfer HH income in 2016
CPI-U-RS adjusted dollars

One way to highlight the difference between the high end and the low end of the income distribution is to create a ratio of the 90th and 10th percentiles.

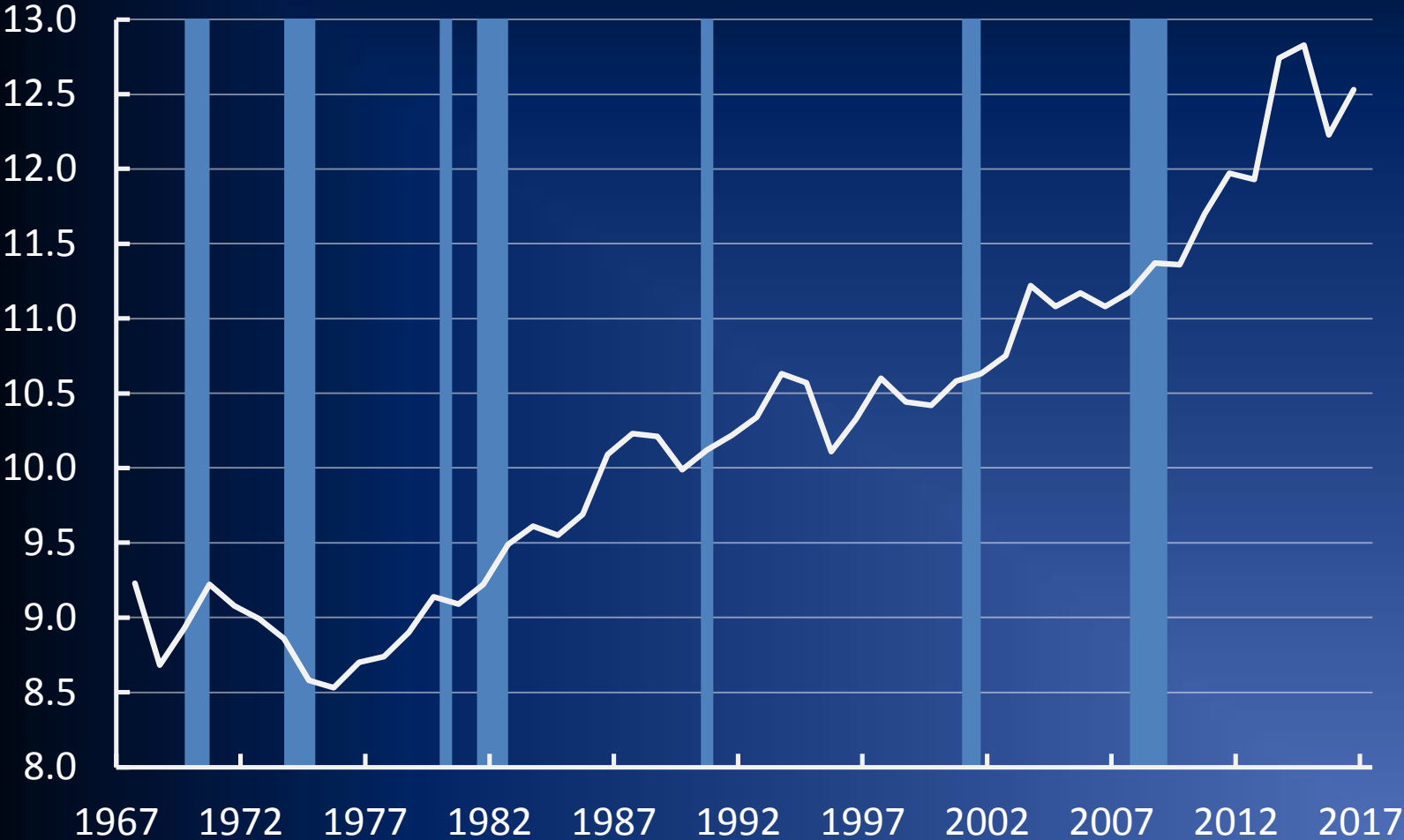
$$\frac{P90}{P10} = \frac{\$170,536}{\$13,608} = 12.53$$

This means that household income at the 90th percentile is **over 12 times** household income at the 10th percentile.

In 1990, the P90/P10 ratio was 10.12.

Inequality in Household Incomes

P90/P10 Ratio (1967–2016)

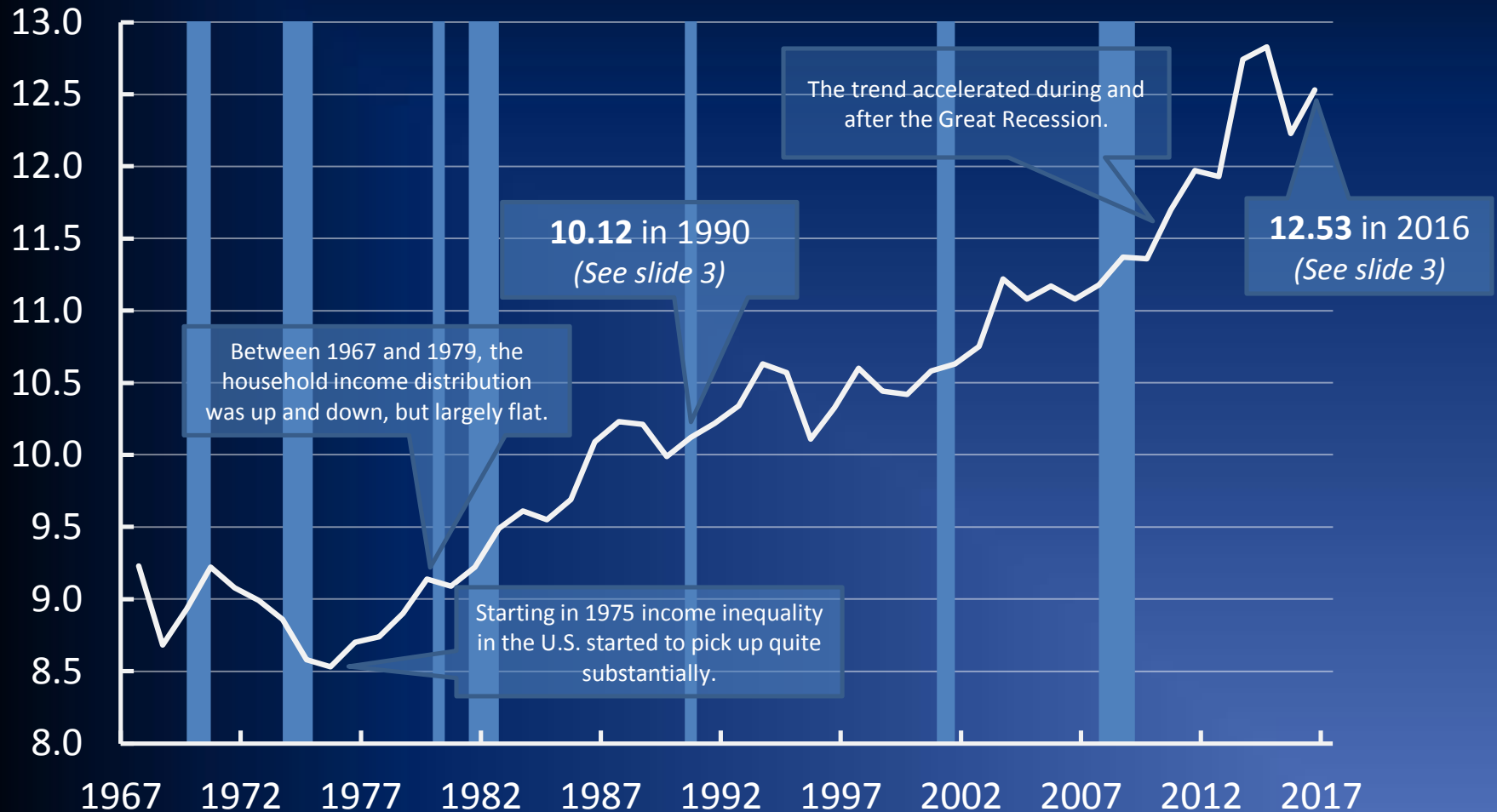


Source: U.S. Census Bureau, pre-tax/transfer HH income

Annotated Chart Notes

Inequality in Household Incomes

P90/P10 Ratio (1967–2016)



Source: U.S. Census Bureau, pre-tax/transfer HH income

What are the Facts?

1. In 2016, what percentage of U.S. households earned \$170,536 or more?
(See slides 2 or 3)
2. In 2016, what income level was at the 10th percentile?
(See slides 2 or 3)
3. What was the P90/P10 ratio in the year you were born?
(See slide 4)
4. In which year was the P90/P10 ratio the lowest? The highest?
(See slide 4)
5. What has been the trend in the P90/P10 ratio since 1975?
(See slide 4)
6. What does the P90/P10 ratio tell us about household incomes?

View [in-depth talks on income inequality](#) by visiting the FRBSF *Economics in Person* [video series](#)