

# Introduction

The United States is experiencing the worst economic downturn in a generation. Incomes are falling, poverty is rising, and net worth has declined. Americans are hurting. As the country adjusts to the new economic reality, it is vital to stay on top of these socioeconomic trends. The seventh edition of *American Incomes: Demographics of Who Has Money*, is your map to the changing consumer landscape.

Almost everywhere you look, the numbers are troubling. The \$50,303 median household income of 2008 was 4 percent lower than the median of 2000, after adjusting for inflation. Men's median income fell by an even larger 6 percent during those years. Men aged 45 to 54—who are the nation's biggest earners—saw their median income decline by a stomach churning 11 percent, a loss of nearly \$6,000. The percentage of people in poverty was higher in 2008 (13.2 percent) than in 2000 (11.3 percent). Although most households still have some discretionary income to spend after paying taxes and buying necessities, many are using that money to pay down debt rather than go out to eat or shop at the mall. The Federal Reserve Board reports that median household net worth reached a peak of \$120,300 in 2007, then fell to \$99,000 in 2008 as the stock and housing markets crashed.

As if the recession alone was not enough trouble, the aging of the enormous baby-boom generation out of the peak earning and spending age groups will dampen any economic recovery. Boomer incomes and spending were a big factor behind the booming economy of the past two decades. Boomer retirees are likely to be a drag on the economy of the next two decades. The demographic trends that had been working in our favor are now working against us, making the determination of the real economic status of Americans much more complex. Researchers, businesses, and government policymakers will need to look beyond the averages to determine the trends. *American Incomes: Demographics of Who Has Money* can help them do just that.

The seventh edition of *American Incomes* explores and explains the economic status of Americans. It looks at household income trends by age, household type, race and ethnicity, education, region of residence, and work status. It examines trends in the incomes of men and women by a variety of demographic characteristics. It includes an analysis of hard-to-get discretionary income figures, produced by New Strategists' statisticians specifically for this book. It provides the latest data on the wealth of American households. The poverty population is also a focus of *American Incomes*.

*American Incomes* reveals the economic consequences of the many social, technological, and global changes that have transformed the workplace, families, the roles of men and women, and life in the United States. It reveals who is staying even and who is falling behind.

The raw ingredients of *American Incomes* are the massive spreadsheets of socio-economic statistics housed on the government's web sites. Navigating these databases and making sense of them is a challenge for researchers who want to explore and analyze the trends. The Internet has made it more time-consuming than ever to get no-nonsense answers to questions about the economic status of Americans. For those with questions, *American Incomes* has the answers. It has the numbers and the stories behind them. Thumbing through these pages, you can gain more insight into the economic well-being of Americans than you could by spending all afternoon surfing databases on the Internet. By having *American Incomes* on your bookshelf or computer, you can get the answers to your questions faster than you can online.

### **How to use this book**

*American Incomes* is designed for easy use. It is divided into six chapters, each of which provides an abundance of data about Americans and their money. The chapters are Household Income, Men's Income, Women's Income, Discretionary Income, Wealth, and Poverty.

- **Household Income** Chapter 1 examines trends in household income over the past 28 years. It also presents current household income statistics by age of householder, race and Hispanic origin of householder, type of household, and other important demographic characteristics.

- **Men's Income** Trends in men's incomes are examined in Chapter 2. Current income statistics for men are also shown by a variety of demographic characteristics.

- **Women's Income** Chapter 3 examines trends and the current status of women's income, which has become increasingly important to family economic well-being.

- **Discretionary Income** Presented only in *American Incomes*, the hard-to-find statistics in Chapter 4 show that even now most American households have money to spend after paying taxes and buying necessities.

- **Wealth** The statistics shown in Chapter 5, most of them from the Federal Reserve's one-of-a-kind Survey of Consumer Finances, provide a comprehensive portrait of the assets, debts, and net worth of American households.

- **Poverty** Poverty is on the rise, and Chapter 6 reveals the demographic characteristics of those who are falling behind.

Most of the tables in *American Incomes* are based on data from the March 2009 Current Population Survey. In this annual survey, the Census Bureau interviews the occupants of about 60,000 households, asking them for their demographic characteristics and their income in the preceding year. The Current Population Survey is the best source of up-to-date, reliable information on the incomes of Americans. While the Census Bureau produces most of the data published here, the tables in *American Incomes* are not reprints of Census Bureau spreadsheets—as is the case in many other reference books. Instead, each has been

individually compiled and created by New Strategist's editors, with calculations designed to reveal the stories behind the statistics. A page of text accompanies most of the tables, analyzing the data and highlighting the trends.

New Strategist's statisticians produced the discretionary income statistics in *American Incomes* using data from the Bureau of Labor Statistics' Consumer Expenditure Survey. These proprietary estimates give researchers a look at how much money households have left over after they pay their bills. The wealth statistics in Chapter 5 are from the Federal Reserve Board's 2007 Survey of Consumer Finances, with some figures updated to 2008. This survey, taken every three years, provides the most comprehensive and reliable portrait of the wealth of Americans at the household level.

*American Incomes* contains a comprehensive list of tables to help you locate the information you need. For a more detailed search, use the index at the back of the book. Also at the back of the book is the glossary, which defines the terms commonly used in the tables and text.

*American Incomes* reveals the reality beneath the business headlines and political clichés, helping you prepare for the economic change that lies ahead.