

Top 10% of Earners Account for Half of All Spending - Demographics Overview

Consumers in the top 10%, earning an average of \$250,000 or greater per year, account for roughly 50% of all consumer spending nationwide. These consumers are spending on everything from vacations to furniture to automobiles, as lower income consumers are spending less across the board.

Rising home values and elevated stock portfolios have helped propel spending among higher income earners. Economists attribute this to what is known as the wealth effect, essentially the confidence among consumers to spend more as asset values rise.

Such a disparity is also concern among economists, since any sudden retreat in spending by the top 10% of earners could lead to a retraction of consumer expenditures and economic expansion.

Sources: Federal Reserve, Dept. of Labor

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