Top 1% are 288 times richer than you!

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NEED TO KNOW:

- Wealth gap more than doubled over past 50 years
- Great Recession made U.S. economic disparity even worse

The rich just keep getting richer, and the problem for everyone else is how far they've been left behind. The wealth gap in this country between the richest Americans and the typical family has more than doubled over the past 50 years. In 1962, the top 1% of Americans had 125 times the net worth of the median American household. By 2010, the top 1% had 288 times the net worth of a typical family, according to a new report by the left-leaning Economic Policy Institute.

The biggest problem isn't necessarily that the rich are getting richer, but that the middle class is getting poorer. America's middle class has suffered its worst decade in modern history, according to a recent report from the Pew Research Center. Authors of the report say the biggest issue facing the middle class is that their wealth is deteriorating, and a lot of that was caused by the housing crisis. Many middle-income families' wealth was tied to their home and the housing bust wiped out a lot of nest eggs.

The median U.S. household saw its net worth fall to $57,000 in 2010, down from $73,000 in 1983. If wealth had grown equally across households in this country, the median household would have reached $119,000. Between 2000 and 2010, the median income in the United States fell 7%.

The report, the State of Working America, analyzes changes in income, jobs, mobility, poverty, wealth and other areas of the economy in recent decades, including during the Great Recession. The wealth and income gaps have been expanding for decades in this country, but the report shows that the trend was accelerated during the Great Recession, for a variety of reasons. The housing bust and an increasing unemployment rate affected Americans at all levels, but lower-income and middle-class Americans were hit the hardest. A lot of these people's wealth depended on assets such as a home, and the housing crisis wiped it out.

The average wealth of the top 1% of Americans fell 15.6% between 2007 and 2010, while the median net worth of the average American household dropped 47.1% during the same period. That period played a major role in increasing the wealth gap so much.

Many homeowners at the bottom of the nation's wealth distribution are underwater, so they owe more on their mortgage loan than their home is worth. Before the housing crisis, a home is what people could fall back on as an asset, but since the Great Recession, property values don't provide the nest egg they once did.

The Great Recession also wiped out a lot of the wealth in black and Latino households in this country. Between 2007 and 2010, half the wealth of a typical black household was wiped out, dwindling to just a median net worth of $4,900. The median wealth among Latino families in America dropped 86.3% to $1,300 during the same period. Homeownership rates among these two groups spiked during the housing boom, but then plummeted during the bust.

One issue that's hit the forefront of political debate this year is whether the top 1% should face the criticism they have because of the increase in their wealth. Have the top 1% become richer at the expense of the middle class?

Protest against economic inequality is nothing new, but the trend has taken a more prominent role than usual recently, especially regarding debate leading up to the presidential election. Ever since the first wave of the Occupy movement took over Zucotti Park in lower Manhattan about a year ago, the revolt against the rich has become a popular method of expressing frustration about the poor state of the economy. Hundreds of thousands of Americans have since joined in on protests in an attempt to find some sort of sense of relief or accountability. And it is true that today's wealthy are richer than in the past, but analysts and experts question whether attacking them is just a distraction from solving the country's economic disparity.

The Occupy movement formed around the notion that its members represent "the 99%," or those who have been for the most part left out of economic growth this country has seen over the past decade. With a platform centered on the concept that 1% of the population disproportionately controls the wealth in this country, the movement immediately appealed to many Americans who have been struggling economically. There's no doubt Americans from all walks of life are looking for some relief, but the economic downturn, along with a hot presidential campaign season, has provoked a sense of resentment that's left Americans pitted against each other and the perception of any type of wealth looking more like injustice than success.

But is the perception of the 1% even an accurate one? Or is it relative based on a particular subject matter?

The definition of the 1% changes based on who is doing the number crunching. According to the Internal Revenue Service, based on 2009 tax year filing data, an adjusted gross income of $343,927 or more put you in the top 1% of taxpayers. But that's based on the amount of one return, not one taxpayer. So a single filer who made $343,927 or more in 2009 was in the top 1 percentile, while a married couple whose combined earnings of $343,927 or more would have also been among the top 1% in the country.

For many Americans, $340,000 a year is a lot of money, but for families living in high-cost areas, that income isn't all that unusual, especially for a dual-income household. And in places such as New York where tax rates can hit 50%, even $340k a year doesn't go as far as it does in lower-cost cities and rural areas.

The 1.4 million Americans in the top taxpayer category in 2009 earned nearly 17% of the country's income and they paid about 37% of its income tax.

The idea of the 1% can get really complicated when you factor in various definitions of what qualifies members of that group. Data from one model from the Tax Policy Center in Washington, D.C., defined the top 1% in 2009 as those who made $503,086 or more.

The richest 1% of households in New York saw their share of income in the city jump from 12% in 1980 to 44% in 2007, according to a study by the Fiscal Policy Institute. New York houses a lot of executives, doctors, lawyers and managers in a variety of industries and increases in their incomes have contributed to the changing income inequality there.

There's no doubt that economic disparity has become a huge problem in this country; the debate is over how to fix it. There's a lot of anger and a lot of frustration out there, and creating opportunities for the 23 million Americans who are unemployed or underemployed would be a step in the right direction.

"Our history suggests it's better to open the road to riches for those Americans than to raid the gold pot at the end of it," wrote author Nina Easton, in the September 24, 2012 issue of Fortune Magazine.

Link: http://www.hlntv.com/article/2012/09/11/top-1-288-times-typical-american-household.