

**Income Category Minimums 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%
<b>Minimum Adjusted Income (2006 dollars)</b>									
1979	0	16,900	26,800	36,800	51,300	NA	65,600	83,300	162,900
1980	0	16,200	25,900	35,800	50,100	NA	64,800	81,400	158,000
1981	0	16,000	25,800	36,000	50,500	NA	64,800	82,100	155,600
1982	0	15,500	25,100	35,500	50,500	NA	65,100	81,600	156,100
1983	0	14,900	24,900	35,500	50,800	NA	65,900	83,400	162,900
1984	0	15,800	25,900	37,000	52,900	NA	69,400	88,000	174,000
1985	0	15,900	26,400	37,600	53,700	NA	70,500	90,100	180,800
1986	0	16,000	27,100	38,800	56,000	NA	73,800	95,800	210,000
1987	0	15,500	27,000	39,100	56,800	NA	74,900	95,700	197,000
1988	0	15,900	27,600	39,900	57,900	NA	76,700	98,400	211,900
1989	0	16,300	28,000	40,300	58,700	NA	77,800	100,800	214,900
1990	0	16,600	28,000	40,100	57,900	NA	76,400	99,200	204,900
1991	0	16,600	27,500	39,700	57,000	NA	75,300	97,500	201,000
1992	0	16,200	27,600	40,000	57,700	NA	76,600	100,500	212,600
1993	0	16,400	27,700	39,900	58,200	NA	77,100	100,200	209,200
1994	0	16,600	28,100	40,900	59,100	NA	78,200	102,400	215,500
1995	0	17,400	29,100	41,600	60,600	NA	81,000	106,500	229,200
1996	0	17,100	29,300	42,200	61,800	NA	83,200	109,700	242,000
1997	0	17,600	29,700	42,900	63,300	NA	85,700	115,100	256,800
1998	0	18,400	30,900	44,400	65,700	NA	89,400	120,000	274,000
1999	0	18,900	31,500	45,300	67,600	NA	92,100	123,700	292,400
2000	0	18,500	31,300	45,600	68,300	NA	93,700	126,800	300,500
2001	0	18,700	31,500	45,800	67,800	NA	91,400	122,200	271,000
2002	0	18,200	30,700	44,800	66,200	NA	89,500	118,800	257,700
2003	0	18,000	30,500	44,800	67,100	NA	90,200	120,300	261,900
2004	0	18,300	31,200	46,000	68,700	NA	93,300	124,800	285,300
2005	0	18,600	31,700	46,800	69,800	NA	95,900	131,500	318,800
2006	0	18,900	32,100	47,400	71,200	NA	98,100	134,400	332,300

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.

The minimum adjusted income is the lower income boundary for each quintile. Because incomes are adjusted by dividing income by the square root of household size, an adjusted income range implies different unadjusted income for different size households. To compute the unadjusted income range for a particular size household, the adjusted income must be multiplied by the square root of the household size: 1.414 for a two-person household, 1.732 for a three-person household; 2.0 for a four-person household, 2.236 for a five-person household. For example, in 2006, the highest quintile had adjusted income above \$71,200. A two-person household would need income above \$100,700 to fall in that quintile, while a four-person household would need income in excess of \$142,400.