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# Asset ownership, rates of return, and the U.S. working class

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## Abstract

In this paper, we analyze the intersection of asset market participation and inter-class wealth inequality in the United States by showing that working-class households earn lower rates of return on their assets than non-working-class households. We, first, operationalize an empirical definition of working-class status using the Survey of Consumer Finances for 1989-2022. Using this classification, we, second, document that inter-class income and wealth inequality have risen since 1989. Third, we show that, with the exception of business assets, working-class households hold similar asset classes as non-working-class households and receive financial income. However, working-class households receive a 2.5 percentage point lower average rate of return than non-working-class households, conditional on observable demographic and economic differences across classes. This gap reflects differential returns on businesses and real estate. These results suggest that expanded asset market access in the U.S. has conferred unequal benefits by class status and widened inequalities along class lines.

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# 1 Introduction

As financial markets expanded in the late twentieth-century United States, they drew in a widening swath of U.S. households, many of which have traditionally had limited interaction with finance. Wide-scale growth in mass-marketed financial products, for example, supported the growing use of financial instruments not only by high-income or wealthy households, but also by those that are less well off (Erturk, Froud, Johal, Leaver, and Williams, 2007; Fligstein and Goldstein, 2015). The growth of private pensions tying retirement savings to privately managed investment accounts has also linked household interests to financial market performance (Davis, 2009; Langley, 2004; McCarthy, 2020). Concurrently, housing investment came to be seen as an entrepreneurial activity (Fligstein and Goldstein, 2015), and institutional changes in household finance have both raised home ownership rates and driven a secular rise in household debt (Cynamon and Fazzari, 2008). Together, these changes expose rising numbers of households to the ups and downs of both financial and housing markets, thereby linking their economic interests to the performance of these asset markets.

At the same time, theoretical work in economics and sociology suggests a class component to the growth of finance that is distinct from financial markets' growing reach across the personal income and/or wealth distributions. In this view, the widening reach of financial markets has strengthened the privileged position of the dominant class in the economy relative to that of the working class. van der Zwan (2014), for example, characterizes the expansion of finance into everyday life as an "expression of class" and a control mechanism of late twentieth-century capitalism. Lapavitsas (2009) characterizes the period of financialization as one in which financial capital extracts profits from wages and salaries (i.e. from households, rather than from industrial capital). In turn, Lin and Tomaskovic-Devey (2013) show empirically that financialization has reduced the labor share of income in the U.S. by strengthening the position of owners and 'elite' workers while excluding the general workforce from economic gains. The Keynesian literature, similarly, links financialization and, via mortgage debt, housing markets to a lower wage share of income (e.g. Kohler, Guschanski, and Stockhammer, 2019).

Despite this attention to the class-based nature of financialization and to financialization's

impacts on the functional distribution of income, however, there is little household-level empirical work analyzing if and how the broadening reach of asset markets differentially impacts the working and non-working class, or widens inter-class inequalities. In this paper, we speak to this space in the literature by showing that asset ownership yields differential rates of return by class status in the United States. In our narrowest estimates, working-class households receive an average rate of return that is 2.5 percentage points lower than that of non-working-class households. This gap is large in economic terms: it implies that, starting from the same initial stock of wealth, the average non-working-class household's wealth would be *triple* that of the average working-class household in less than fifty years – barely longer than the span of a working life. These results suggest that an inter-class rate of return differential is one mechanism through which widening participation in financial and housing markets aggravates inter-class inequalities in the U.S. context.

More specifically, our analysis has four parts. First, we use household-level data from the Survey of Consumer Finances from 1989-2022 to identify working-class and non-working-class households. We define class status not using personal income or wealth, but instead on the basis of one's position in the ownership and authority relations of their workplace (Wodtke, 2016). Specifically, as in Wodtke (2016) and Addo and Darity (2021), we define the working class to include those who work for someone else in non-managerial and non-professional occupations – i.e. those who are working for a wage or salary and do not have supervisory control over their work (Braverman, 1974; Ehrenreich and Ehrenreich, 1977). By contrast, the non-working class includes owners and managers – i.e. those who direct, supervise, or manage other people's labor.

Using these definitions of class, we, second, document substantive and rising inter-class inequality in both income and wealth. The gap between median working- and non-working-class income grows 25.4% between 1989 and 2022, reflecting a 6.4% *decline* in real median working-class income coupled with 7.6% non-working-class income growth. The result is that, by 2022, median non-working-class income is twice that of the working class. The inter-class income gap, furthermore, grows even at the top of the intra-class income distributions, reflecting that – as non-working-class incomes have grown – working-class incomes are stagnant even at top percentiles of their distribution. Similarly, the median wealth gap between working- and non-working-class wealth grows

28.4% between 1989 and 2022 and, while working-class wealth does grow at its top percentiles, this pace is notably slower than at the top of the non-working class.

Third, we show that working-class households hold substantive portfolio shares of financial and housing assets, and earn financial income. As such, the broadening reach of financial and housing markets is reflected not only in increasingly widespread ownership of these asset classes among households that sit lower in the personal income and wealth distributions, but also extends to the working class. In fact, we show that working- and non-working-class households hold qualitatively similar portfolio shares of financial assets, owner-occupied housing, and (private) pension assets, although non-working-class households hold larger shares of their portfolios in business assets. Working-class households also earn capital income from interest, dividends, and capital gains. Notably, these asset holdings and income streams, even when they constitute small shares of total assets or income, tie working-class interests to asset market performance and thereby manufacture consent for pro-financial-capital policies.

Finally, we document differential rates of return by class status. We draw on the rate of return calculations in Petach and Tavani (2021) to show that working-class households earn an unconditional average rate of return on assets that is 4.4 percentage points lower than that of non-working-class households. This differential remains statistically significant and economically important (equal to 2.5 percentage points) conditional on demographic and economic differences by class status, including in age, race, educational attainment, income, wealth, access to credit, and use of institutions like brokers that offer specialized access to financial markets. Thus, while working-class households invest in most asset classes and earn capital income, they earn persistently lower rates of return from this asset-market participation than non-working-class households. As described above, the magnitude of this gap is large, such that it can explain substantive inter-class wealth inequality. Furthermore, the fact that this gap persists even conditional on both wealth and race – each of which also drives heterogeneity in rates of return (Petach and Tavani, 2021; Kuhn, Schularick, and Steins, 2020; Fagereng, Guiso, Malacrino, and Pistaferri, 2020; Ederer, Mayerhofer, and Rehm, 2021) – isolates an independent role for one’s social class in driving their evolution of wealth over time.

We also analyze inter-class differences in the rates of return on component asset classes such as stocks, bonds, housing, and business assets. We show that, in some cases, working- and non-working-class households experience systematically different returns within the *same* asset class – namely, on business assets and investment real estate.<sup>1</sup> Thus, the aggregate rate of return gap by class status captures not only differences in portfolio composition, wherein working-class households own relatively smaller shares of high-yield asset classes (like business assets) (Kuhn et al., 2020), but also lower working-class returns on the same types of assets. In other words, our results suggest that, even when working-class households are able to access these key asset classes, this access alone is insufficient to narrow the rate of return gap between classes. This result has important policy implications, as it suggests that simply expanding working-class ownership in high-return asset classes is unlikely to narrow inter-class wealth differentials within the current structure of the U.S. economy.

Together, the results in this paper speak to the literature on financialization and class by showing that differential rates of return are one mechanism through which asset ownership privileges non-working-class households in the U.S. economy. Our results also draw attention to the role of business assets (which include sole proprietorships and partnerships, as well as equity in private corporations) in deepening inter-class inequality. In doing so, we speak to evidence documenting the mounting importance of private business assets in both aggregate household wealth (Campbell and Robbins, 2023) and its across-household distribution (Pernell and Wodtke, 2024). Within the corporate sector, too, the weight of privately held firms has risen relative to those listed on public stock markets (Asker, Farre-Mensa, and Ljungqvist, 2011; Davis, 2016; Palladino and Karlewicz, 2024). Thus, our results suggest that these private financial markets embody barriers to entry that working-class households cannot overcome, even with income or wealth, because access is defined either by direct ownership or by the compensation structures of non-working-class occupations (e.g. compensation in the form of private stock). In turn, while the financialization literature has, to date, largely emphasized public stock markets and public firms, our results reinforce calls to also consider the consequences of relative growth in the valuation of private stock and of private firms

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<sup>1</sup>As we discuss in detail below, working-class households *can* hold business assets, for example from second jobs (non-primary occupations).

(Davis, 2016; Palladino and Karlewicz, 2024).

The rest of this paper is organized as follows: In Section 2, we introduce our classification of working- and non-working-class status. In Section 3, we document income and wealth differences by class status and in Section 4, we describe the income and portfolio composition of working- and non-working-class households. In Section 5, we document differential rates of return by class status. Section 6 concludes.

## 2 An empirical classification of class status

### 2.1 Data

We identify class status and measure income, wealth (i.e. net worth, or the difference between assets and liabilities), and gross assets using a merged file of the summary extract and full public data files of the Survey of Consumer Finances (SCF) for twelve waves from 1989 through 2022.<sup>2</sup> The SCF is a triennial cross-sectional survey with household-level information on income and balance sheets, and individual-level information on demographic characteristics, employment relationship, and occupation.<sup>3</sup> Our primary sample includes working- and non-working-class households with non-negative gross assets and non-negative total income.<sup>4</sup> This sample includes 44,864 households (224,320 observations with implicates).

### 2.2 Working- and non-working-class households

We identify class status on the basis of the employment relationship and occupational category of the survey respondent and, when there is one, their partner. We begin by identifying individuals (both respondents and, in households with a central couple, their partners) that may be in

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<sup>2</sup>We define class status using the full public data files, which allow us to describe both the survey respondent and their partner in households with a central couple (whereas the summary files describe only the respondent). We use the summary files for all other economic and demographic variables.

<sup>3</sup>It is well known that the SCF oversamples high-income households. We use SCF sample weights to adjust for the sampling strategy (Kennickell and Woodburn, 1999; Bricker, Dettling, Henriques, Hsu, Jacobs, Moore, Pack, Sabelhaus, Thompson, and Windle, 2017).

<sup>4</sup>The SCF summary extract truncates total income at zero. We identify negative total income using the sum of its components (wages and salaries, business and farm income, interest and dividends, social security and retirement income, transfers and other incomes, and capital gains).

the working class. Like Wodtke (2016) and Addo and Darity (2021), we use two criteria. First, working-class individuals work for pay for someone else – i.e. are working, but not self employed (see also McCormack, 2019). In other words, working-class individuals do not have sufficient wealth to work for themselves or employ others and, instead, sell their ability to perform labor for a wage or salary. Second, we exclude individuals in managerial/professional occupations from the working class (Wodtke, 2016; McCormack, 2019; Addo and Darity, 2021).<sup>5</sup> In the SCF, this managerial/professional category includes, for example, people working as chief executives, managers, judges, and teachers. This definition follows a tradition emphasizing that, albeit forced to sell their labor power, some groups of workers (e.g. managers or university professors) occupy a privileged position that separates them from the working class as they do not face the same subjugation and lack of autonomy as workers (Braverman, 1974; Ehrenreich and Ehrenreich, 1977; Wodtke, 2016; Addo and Darity, 2021). In contrast, non-working-class individuals are either self employed or in managerial/professional occupations. Thus, the non-working class includes, for example, capitalists, independent producers, and the professional managerial class.<sup>6</sup>

Next, we use these individual concepts to identify working- and non-working-class households. In doing so, we extend recent empirical definitions of class using SCF data (e.g. Addo and Darity, 2021; McCormack, 2019), which consider only if the survey respondent is or is not in the working class. We emphasize that, in working-class households *neither* the respondent *nor* their partner (when there is one) is self-employed or in a managerial/professional occupation. For instance, a working-class respondent whose partner is a manager or executive is not in a working-class household. Instead, this household’s class status, income, and assets are inextricably linked to the

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<sup>5</sup>The SCF distinguishes six occupational categories: (1) managerial/professional; (2) sales, office, and administrative support; (3) protective services, armed forces, food preparation services, building and grounds cleaning and maintenance, personal care and service; (4) manufacturing, extraction, and construction; (5) transportation and production; and (6) farming, forestry, and fishing.

<sup>6</sup>Some self-employed workers (e.g. gig workers) likely face economic circumstances similar to the working class (Albelda, Bell-Pasht, and Konstantinidis, 2020). We cannot identify self-employed individuals with precarious work arrangements in the SCF. However, households in which either the respondent and/or partner (when there is one) are self-employed have high average income and wealth. Specifically, these households have average incomes of \$219,562 in 2022 dollars (versus \$69,849 for the working class and \$179,432 for the non-working class) and average net worth of \$2,119,767 (versus \$184,881 for the working class and \$1,149,564 for the non-working class). In addition, insofar as gig workers *should* be in the working class, their exclusion works against our findings of class-based inequalities below. Along similar lines, while one could argue that a food service manager at a fast-food restaurant, who is excluded from our definition of the working class, is much closer to a worker than to an executive, this potential misclassification also works against our findings of inter-class inequality.



non-working-class status of one of the two people in the central couple. This point is particularly salient with SCF data given, first, that the SCF describes *household* income and balance sheets and, second, that the survey respondent (or reference person) need not be the household head. In fact, for households with a central couple, “the reference person is taken to be either the male in a mixed-sex couple or the older individual in the case of a same-sex couple” (Federal Reserve Board, 2019). Thus, the reference person’s class designation need not describe the household’s class status more accurately than that of their partner.

Thus, working-class households are those in which (1) the respondent is working class and they do not have a partner; (2) the respondent and partner are both working class; or (3) the respondent *or* the partner is working class, and the other person in the central couple is not working (i.e. unemployed or not in the labor force, whether because they are retired, disabled, or choose not to participate). In non-working-class households, (1) the respondent is non-working class and they do not have a partner; or (2) either the respondent or partner are non-working class. The remaining households are ‘no work’ households, in which the respondent (and the partner in households with a central couple) is out of the labor force or unemployed. Table 1 summarizes this aggregation to the household level for households with a central couple. Based on these definitions, 39.2% of non-retired households in the SCF with non-negative income or assets are working class, 49.2% are non-working class, and 11.6% are ‘no work’ households.<sup>7</sup> Thus, our primary sample that excludes ‘no work’ households is 44.3% working class and 55.7% non-working class. In Appendix A.1, we also show these shares for alternative conceptualizations of working-class status that, first, exclude state workers and that, second, limit the working class to the Marxian concept of productive workers.<sup>8</sup>

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<sup>7</sup>We consider an individual retired if they report being retired and not currently working at any job, or if they are out of the labor force and over the age of 65 (Bucks, Kennickell, Mach, and Moore, 2009). We consider a household retired if both the respondent and partner, when there is one, are retired.

<sup>8</sup>In Appendix A.1 we, first, exclude state workers such as police and firefighters from the working class, thereby limiting the working class to those whose work directly produces profits. Table A1 shows that the difference in working-class size relative to our primary definition is small, reflecting that many state workers, like managers and (public school) teachers, are already excluded from the working class because of their occupation. Second, we limit the working class to the Marxian concept of productive workers, i.e. those who directly produce surplus value (see, e.g., Poulantzas, 1975). Sales workers, financial workers, and state workers (who, conditional on occupation, are included in our baseline working class) are ‘unproductive’ workers, i.e. they do not directly produce surplus value, even though their labor is necessary for merchant and financial capitalists to capture profits (in the case of sales and financial workers) or for the reproduction of capital (in the case of state workers). We approximate productive workers by excluding public administration and sales workers from the working class. In this case, the size of the working class shrinks markedly but, as we show in, Appendix A.1 the main patterns we show below persist.

Table 1: Household classifications for households with a central couple

	Working class respondent	Non-working class respondent	Not in labor force respondent	Unemployed respondent
Working class partner	Working class	Non-working class	Working class	Working class
Non-working class partner	Non-working class	Non-working class	Non-working class	Non-working class
Not in labor force partner	Working class	Non-working class	No work	No work
Unemployed partner	Working class	Non-working class	No work	No work

*Notes:* This table summarizes the aggregation from individual- to household-level classifications for households with a central couple. The class status of households without a central couple is based on the respondent’s status. See Section 2.2 for details.

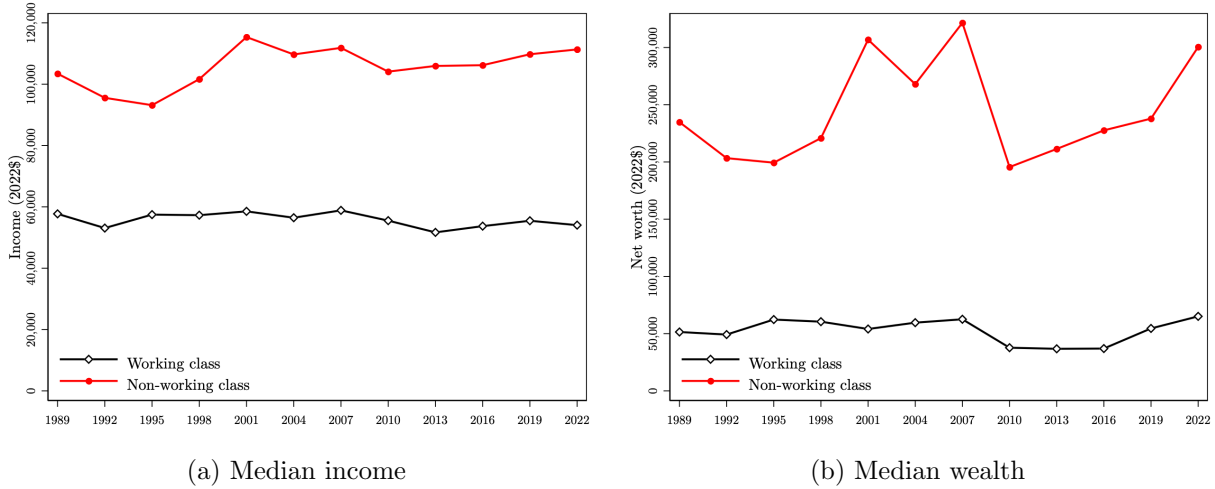
Finally, note that we do not condition class status on either income or wealth. Instead, we consider income and wealth to be outcomes of interest. In doing so, we depart from work that equates class with one’s position in the personal income distribution (e.g. McCloud and Dwyer, 2011; Saez and Zucman, 2020; Ederer et al., 2021; Scott, Mitchell, and Patten, 2022) or that identifies class via an intersection of occupation and income (McCormack, 2019). By describing intersections between class status and both income and wealth, however, our results also speak to this previous work on income, wealth, and socio-economic status.

### 3 Inter-class income and wealth inequality

We first document substantive and widening inequality in both income and wealth between the U.S. working and non-working classes. To begin, Figure 1a plots median income by class status between 1989 and 2022 in constant 2022 dollars and shows that median non-working-class income consistently exceeds that of the working class. This inter-class income gap, which averages \$49,844 since 1989 and reaches \$57,288 by 2022, is not only persistent, but also large: its magnitude in 2022, for example, implies that median non-working-class income (\$111,334) is approximately twice that of the working class (\$54,046).

The inter-class income gap also rises over time due to a fall in working-class income after the early 2000s coupled with non-working-class income growth that is particularly rapid during the 1990s. In Table 2 we report working- and non-working class income at their medians, as well as their 75th, 90th, and 95th percentiles, averaged over periods that roughly correspond to decades

Figure 1: Median income and wealth by class status



*Notes:* This figure shows median working- and non-working-class income and wealth (assets less liabilities) between 1989 and 2022 in constant 2022 dollars, calculated using SCF sample weights. See Section 2 for details on the sample and class definitions.

Table 2: Incomes in top half of the income distribution over time by class status

p	Working class					Non-working class				
	1989-98	2001-10	2013-19	2022	% $\Delta$	1989-98	2001-10	2013-19	2022	% $\Delta$
50	56,396	57,347	53,625	54,046	-4.2	98,447	110,250	107,302	111,334	13.1
75	87,464	88,909	85,828	86,473	-1.1	158,101	177,542	183,140	194,564	23.1
90	125,757	128,111	127,053	124,305	-1.2	250,656	295,454	313,832	362,105	44.5
95	152,433	158,445	158,626	158,894	4.2	369,123	460,619	491,521	570,721	54.6

*Notes:* The table shows income in 2022 dollars across the top halves of the working and non-working classes, calculated using SCF sample weights and averaged over subperiods approximately corresponding to decades. The table also shows the percent change in income at each quantile between 1989-1998 and 2022 by class status in % terms. See Section 2 for details on the sample and class definitions.

(1989-1998, 2001-2010, and 2013-2019), also in constant 2022 dollars. We record 2022 separately to isolate the post-Covid recovery. We also report the total percent change at each quantile between the first period, which covers the 1990s, and 2022. These calculations show that, while median working-class income is largely stable between the 1990s and the first decade of the 2000s (averaging \$56,396 and \$57,347, respectively), it declines to average \$53,625 in the 2010s before rising mildly during the post-pandemic recovery to reach \$54,046 in 2022. Even with its post-pandemic rise, median working-class income therefore falls 4.2% in real terms between the 1990s and 2022. At the same time, real median non-working-class income grows 13.1%.

Table 2 also shows that the inter-class income gap widens across the top of the intra-class income distributions. Between the 1990s and 2022, the 75th percentile of working-class income falls 1.1% and the 90th percentile falls 1.2%. In fact, one has to look to the 95th percentile to see – still tepid – real working-class income growth, equal to only 4.2% over this more than thirty year period. Thus, even top working-class incomes are largely stagnant since 1990 (see also Wodtke, 2016). Non-working-class incomes, in contrast, grow 23.1% at their 75th percentile, 44.5% at their 90th percentile, and 54.6% at their 95th percentile. As such, working-class incomes in the post-1990 U.S. economy have consistently fallen behind those of the non-working class, with the wedge widening most substantively at top quantiles.

In turn, Figure 1b and Table 3 show that there is also a large and growing inter-class wealth gap. First, Figure 1b, which plots median working- and non-working-class wealth, demonstrates that this gap is both persistent and large: on average since 1989, median non-working-class wealth is nearly five times that of the working class—a gap of \$191,400 in 2022 dollars. Furthermore, this gap has risen markedly over time. At the median, it rises almost fifty percent between the 1990s and 2022, averaging \$158,732 in 1989-1998, \$172,127 in 2001-2010, and \$182,840 in 2013-2019, before jumping sharply after the pandemic to reach \$235,390 in 2022.

Table 3: Wealth in top half of the wealth distribution over time by class status

p	Working class					Non-working class				
	1989-98	2001-10	2013-19	2022	% $\Delta$	1989-98	2001-10	2013-19	2022	% $\Delta$
50	55,868	53,500	42,787	65,120	16.6	214,600	272,992	225,627	300,510	40.0
75	183,608	207,127	172,757	237,680	29.4	579,097	808,993	795,565	976,400	68.6
90	381,686	488,738	428,302	563,600	47.7	1,484,252	2,163,553	2,247,601	2,846,100	91.8
95	545,293	796,583	681,999	914,500	67.7	2,635,610	4,311,610	4,866,278	5,930,000	125.0

*Notes:* The table shows wealth in 2022 dollars across the top halves of the working and non-working classes, calculated using SCF sample weights and averaged over subperiods approximately corresponding to decades. The table also shows the percent change in wealth at each quantile between 1989-1998 and 2022 by class status in % terms. See Section 2 for details on the sample and class definitions.

The widening wealth gap reflects that modest growth in working-class wealth is consistently outpaced by the wealth growth of the non-working-class. Like Table 2, Table 3 reports real working- and non-working-class wealth over time for the top halves of their distributions. These calculations show, for example, that median working-class wealth increases 16.6% between the 1990s and 2022

and, in fact, that positive growth only emerges in the 2022 survey, with median working-class wealth *falling* between the 1990s and the 2010s from an average of \$55,868 to an average of \$42,787. At the same time, and notwithstanding a large drop following the 2008 housing crash, median non-working-class wealth grows 40%. Like working-class wealth, non-working-class wealth growth is also propped up by the 2022 survey wave; however, median non-working-class wealth also grew moderately prior to 2022.

The wealth gap widens even more dramatically at higher quantiles of working- and non-working-class wealth. At their 75th percentiles, working-class wealth rises 29.4% between the 1990s and 2002, while non-working-class wealth grows 68.6%. At their 90th percentiles, working-class wealth rises almost fifty percent, while non-working-class wealth almost doubles. At their 95th percentiles, these rates of change rise to 67.7% and a stunning 125% for the working- and non-working class, respectively. Each of these differential rates of change are, furthermore, on top of initial level differences in wealth by class status that are also larger at higher quantiles of the distributions. Thus, in both income and wealth, working-class households are falling behind their non-working-class counterparts in the post-1990 United States.

## **4 Income and portfolio composition by class status**

Next, we unpack income and portfolio composition by class status. In doing so, we describe the asset market participation of working- and non-working-class households, and thereby demonstrate that working-class households both receive financial income and hold notable portfolio shares of assets whose values are linked to financial and housing market performance. Differential asset and income composition can also widen inequalities by class status: if working-class households hold smaller portfolio shares of high-return assets than non-working-class households, or receive lower income streams on similar asset classes, then these differences will generate heterogeneous rates of return that widen the inter-class wealth gap described above.

Table 4: Income composition by class status

Category	Wages	Int/Div	Cap.Gain	Business	SS/Ret.	Transf./Oth.
Working Class	85.7	0.6	0.2	1.2	6.6	5.7
Non-Working Class	77.4	1.7	1.0	10.9	6.2	2.9
<b>Working Class</b>						
Below median	83.0	0.3	-0.0	0.9	7.0	8.9
50-90th percentile	89.2	0.6	0.1	1.2	6.4	2.4
Top 10 pct	86.4	1.5	1.5	3.2	5.5	2.0
Top 5 pct	82.9	2.2	2.4	4.4	5.7	2.3
Top 1 pct	76.3	4.0	6.2	6.4	3.9	3.2
<b>Non-Working Class</b>						
Below median	75.5	1.1	0.1	10.6	8.2	4.5
50-90th percentile	83.1	1.6	0.9	8.8	4.4	1.2
Top 10 pct	64.3	5.2	5.7	20.4	3.1	1.2
Top 5 pct	58.0	6.5	7.3	24.4	2.4	1.3
Top 1 pct	43.9	7.7	13.1	32.4	1.5	1.3

*Notes:* The table shows income composition by class status at the mean and on average within quantiles of the intra-class income distribution, calculated using SCF sample weights. Total income is the sum of six categories: (i) wages and salaries; (ii) interest and dividends; (iii) capital gains or losses; (iv) business income, including rental and other investment income; (v) Social Security/retirement income; and (vi) transfers and other income (including unemployment, alimony, child support, food stamps, and Supplemental Security Income). See Section 2 for details on the sample and class definitions.

## 4.1 Income composition

In Table 4, we begin by describing income composition by class status at the mean and averaged within quantiles of the intra-class income distributions. We disaggregate total income into six components: wages and salaries, interest and dividends, capital gains, business income, retirement income, and ‘other’ (including transfer) income. Interest and dividend income includes annual before-tax income from non-taxable bonds (e.g. municipal bonds) and from dividends. Capital gains are realized annual gains or losses from sales of stocks, bonds, or real estate, or from mutual funds. Retirement income includes both private pensions and Social Security. Business income includes earnings from business ownership and sole proprietorships, as well as rental income, farm income, and income from contingent jobs like driving for Uber or Lyft. Finally, ‘other’ income includes items such as unemployment benefits, alimony, child support, Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) benefits, and Supplemental Security Income (SSI).

Table 4 describes three main patterns. First, it shows that wages and salaries are the majority of average income regardless of class status, and that the wage and salary share of income tends to decline within both classes as income rises.<sup>9</sup> Nonetheless, wages and salaries are a larger share of working-class income than of non-working-class income across their distributions, and the wage and salary share decays more rapidly as income rises in the non-working class. For example, between their 50th and 90th percentiles, wages and salaries are an average of 89.2% of working-class income and 83.1% of non-working class income. This share declines only moderately among households in the top ten percent of the working-class income distribution (to 86.4%), but drops markedly (to 64.3%) in the top ten percent of the non-working class. Even the top percentile of the working class receives, on average, more than three quarters of income from wages and salaries, whereas this share is less than half of income among the top percentile of the non-working class.

Second, Table 4 shows that businesses generate a substantial share of non-working-class income, particularly at high percentiles. On average, 10.9% of non-working-class households' income is from businesses, versus 1.2% for the working class. As non-working-class incomes rise, the business income share of total income rises dramatically, averaging 20.4% of income among its top ten percent, 24.4% among its top five percent, and 32.4% among its top one percent. In contrast, the top ten percent of the working class receives 3.2% of income from businesses and this share reaches only 6.4% in its top percentile.

Here, it is important to recognize why working-class households can receive business income, even though we condition working-class status on working for someone else. First, business income in the SCF includes income from contingent and alternative jobs (like driving for Uber). Thus, while we base class status on primary occupation, multiple jobholders may earn business income, for instance by supplementing their income through gig work (Katz and Krueger, 2017). Second, business income in the SCF includes rental income. Third, aside from the respondent and partner, other income earners (e.g. children) can contribute business income to household income. For these same reasons, the working class holds non-zero business assets, although, as we show in Section 4.2, the portfolio share of business assets is very small.

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<sup>9</sup>The exception to this pattern is working-class households with below-median income, which instead receive a comparatively high share of other income, which includes transfers.

Third, Table 4 makes clear that working-class economic interests are tied to asset market performance via both capital income (interest, dividends, and capital gains) and retirement income. To begin, consider capital income. While capital income is a small share of income irrespective of class status (equal to 0.8% of average working-class income and 2.7% of average non-working-class income), it is nonetheless non-zero across the distribution of working-class incomes.<sup>10</sup> Furthermore, capital income comprises a sizable share of income for high-income working-class households, reaching approximately ten percent of income in the working class' top one percent. Retirement income, in turn, is on average an additional 6.6% of working-class income, and this share is relatively stable across the working-class income distribution. While the SCF summary extract does not distinguish Social Security from private retirement receipts, we show below that private retirement assets comprise substantive portions of working-class portfolios. The expansion of private defined-contribution funds over this period (McCarthy, 2014; Braun, 2022) also suggests that retirement income is (increasingly) derived from the stock market.

As such, a substantive share of working-class income is tied to financial markets and, via capital gains from real estate, to housing markets. On average, interest, dividends, capital gains, and retirement constitute 7.4% of working-class income. This share of income derived from financial and housing markets is steady through the 90th percentile of working-class incomes (averaging 7.3% for below-median working-class households and 7.1% in the 50-90th percentile), such that working-class households derive a notable share of income from asset markets, regardless of their income *level*. At the same time, ties to asset markets deepen at the top of the working class: capital and retirement income account for an average of 8.8% of income in its top ten percent, 10.3% in its top five percent, and reach 14.1% in its top one percent. Thus, Table 4 establishes that working-class households participate in asset markets and suggests that, via this participation, working-class households are also invested in these markets' performance.

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<sup>10</sup>Low average capital-income shares reflect both low interest rates over much of this period and that direct stock holdings are concentrated among wealthy U.S. households (Kuhn et al., 2020; Wolff, 2022).



## 4.2 Asset composition

Next, Table 5 reports portfolio composition by class status, again at both the mean and averaged within quantiles of the intra-class income distributions. Total assets are comprised (exhaustively) of liquid financial assets, non-liquid financial assets, quasi-liquid retirement accounts, other financial assets, the value of the household’s primary residence, other residential and non-residential real estate, business assets, vehicles, and all other nonfinancial assets. Liquid financial assets include certificates of deposit and liquid transaction accounts (e.g. money market accounts, checking and savings accounts, and prepaid cards). Non-liquid financial assets are those with yield, such as directly held stocks and bonds, pooled investment funds, and other managed assets. Other financial assets include items such as loans from the household to someone else and the total cash value of life insurance. Business assets include the value of both actively and non-actively managed privately held business assets calculated as net equity if they were to be sold today. Such businesses can take various legal forms, including subchapter S or C corporations, sole proprietorships, Limited Liability Companies (LLCs) and partnerships (see also Pernell and Wodtke, 2024). Note that business assets, therefore, include the value of stock in privately held (rather than publicly traded) corporations. Finally, other nonfinancial assets include items like gold, silver, jewelry, and baseball card collections.

To begin, Table 5 shows that, on the one hand, vehicles comprise a substantively larger average share of working-class portfolios than of non-working-class portfolios (28.9% versus 15.1%, respectively).<sup>11</sup> On the other hand, non-working-class households hold relatively larger shares of non-liquid financial assets and of business assets. For business assets, in particular, the discrepancy by class status is wide: on average, 7.3% of non-working-class households’ portfolios lie in business assets, versus 0.8% for the working class. This wedge also widens at higher income quantiles. The top ten percent of the non-working class, for instance, holds 16.2% of their assets in businesses, versus only 1.8% in the top ten percent of the working class. High income non-working-class

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<sup>11</sup>The other main patterns in Table 5 hold if, following Wolff (2022), we treat vehicles as expenditures rather than savings and exclude them from total assets. In fact, the high vehicle share of the average working-class household’s assets reflects that Table 5 reports simple averages, and the working class includes a sizable share of asset-poor households for which vehicles are a primary asset. In contrast, the average *asset-weighted* working-class portfolio share of vehicles is much smaller (8%).

Table 5: Share of assets by working class status

Category	Liquid	Non-Liquid	Ret.	Other Fin.	Housing	Other RE	Business	Vehicles	Other Non-Fin.
Working Class	11.5	2.8	10.5	3.9	37.4	3.3	0.8	28.9	0.9
Non-Working Class	9.4	5.6	14.2	2.8	39.2	5.6	7.3	15.1	0.9
<b>Working Class</b>									
Below median	14.8	2.0	6.8	4.5	29.6	1.9	0.6	38.7	1.1
50-90th percentile	8.6	3.1	13.1	3.4	44.7	4.2	1.0	21.3	0.7
Top 10 pct	6.6	5.7	18.3	2.8	47.2	6.2	1.8	10.6	0.7
Top 5 pct	6.9	7.6	19.5	2.6	44.6	7.1	2.4	8.6	0.7
Top 1 pct	7.1	12.1	20.5	2.0	36.7	9.6	4.7	6.2	1.0
<b>Non-Working Class</b>									
Below median	11.8	3.3	10.1	3.4	36.7	4.1	6.6	22.9	1.0
50-90th percentile	6.9	6.0	18.3	2.3	45.0	6.3	6.0	8.5	0.7
Top 10 pct	6.8	14.9	17.9	2.0	28.8	9.9	16.2	2.7	0.8
Top 5 pct	6.8	19.6	15.4	2.2	22.4	10.7	20.2	1.9	0.8
Top 1 pct	7.1	24.6	10.6	2.5	15.9	10.5	26.8	1.1	0.8

*Notes:* The table shows asset composition by class status at the mean and on average within quantiles of the intra-class income distribution, calculated using SCF sample weights. Total assets are the sum of nine categories: (i) liquid financial assets, including certificate of deposits, money market accounts, checking and savings accounts, and prepaid cards; (ii) non-liquid financial assets, including directly-held stocks and bonds, savings bonds, directly-held pooled investment funds, and other managed assets; (iii) quasi-liquid retirement accounts; (iv) other financial assets, including loans from the household, and cash value of whole life insurance; (v) the value of owner-occupied primary residences; (vi) other real estate assets; (vii) businesses (the value of actively and non-actively managed privately held business assets, calculated as net equity if sold today); (viii) vehicles; and (ix) other non-financial assets, including gold, silver, jewelry, and other items. See Section 2 for details on the sample and class definitions.

households, similarly, have large portfolio shares of non-liquid financial assets, equal in its top ten percent, for instance, to 14.9%, versus only 5.7% in the top ten percent of the working class. Thus, reinforcing the income categories discussed in Section 4.1, Table 5 shows that businesses, as well as stocks, bonds, and investment funds, are central to the portfolios of – in particular, high-income – non-working-class households.

Nonetheless, Table 5 also makes clear that working-class households are deeply embedded in asset markets: not only does the average working-class household participate in all asset classes, but it also holds substantive portfolio shares of assets whose values are tied to stock market and housing market performance. In fact, the average working-class and the average non-working-class household have very similar and substantive portfolio shares of total financial assets (the sum of liquid financial assets, non-liquid financial assets, retirement assets, and other financial assets), which equal 28.7% for working- and 32.0% for non-working class households. They also have

similar portfolio shares of owner-occupied housing (37.4% for working- and 39.2% for non-working-class households).<sup>12</sup> Thus, financial assets and owner-occupied housing account for two thirds of the average working-class households’ portfolio, with their combined share rising as working-class incomes rise. Hence, working-class households’ portfolios again capture direct links between working-class interests and both housing and stock prices.

## 5 Rates of return

Finally, we link the differences in income and asset composition by class status in Section 4 to rates of return, and show that working-class households earn lower average rates of return on their assets than non-working-class households. We, first, document a large inter-class gap in the rate of return on gross assets, which persists conditional on observable demographic and economic characteristics like race, income, wealth, and access to credit that also drive rates of return. Second, we show that this gap lies, more specifically, in differential rates of return on real estate and business assets by class status. Thus, the inter-class rate of return gap arises not only because portfolio composition differs, but also because working- and non-working-class households sometimes experience systematically different rates of return on the *same asset classes*. These results suggest that, even as working-class households enter new asset classes and acquire larger portfolio shares of high-return assets (real estate and businesses), inter-class inequality in the U.S. may continue to widen.

### 5.1 Rates of return by class status

Following Petach and Tavani (2021), we measure the rate of return by comparing capital income to assets for each household  $i$  in each survey wave:

$$R_i = \frac{\text{Interest and Dividend Income}_i + \text{Capital Gains}_i + \text{Unrealized Capital Gains}_i}{\text{Assets}_i} \quad (1)$$

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<sup>12</sup>Homeownership *rates* are lower in the working class than in the non-working class, but still substantial: 56.5% of working-class and 74.2% of non-working-class households own their primary residence. Even 39.4% of below-median-income working-class households hold some housing assets, with an average (gross) value of \$141,719.

Equation 1 measures the household-level rate of return on gross assets, allowing for across-household heterogeneity both from portfolio differences and from differential returns received across households on the same asset classes.

The numerator of Equation 1 measures capital income, which includes interest and dividends, realized capital gains, and unrealized capital gains. As we describe in Section 4.1, interest and dividends are annual before-tax income from non-taxable bonds and dividends, and capital gains are total (realized) annual gains or losses from mutual funds or from sales of stocks, bonds, or real estate. Unrealized capital gains are still-unrealized price gains on primary residences, other real estate, businesses, stocks, and pooled investment funds. Following Petach and Tavani (2021), we adjust for the fact that the SCF measures unrealized capital gains by comparing an asset’s current price to its purchase price (i.e. on a total, rather than on an annual, basis) by dividing total unrealized gains or losses by the number of years a household has owned an asset. This adjustment constructs an average annual measure of unrealized gains. Note that we can make this adjustment for real estate (for which the SCF includes purchase date), but not for business assets, stocks, or pooled investment funds; we return to this issue when we analyze component rates of return in Section 5.3, below. Finally, we account for outliers by winsorizing household-level rates of return at the 1st and 99th percentiles.

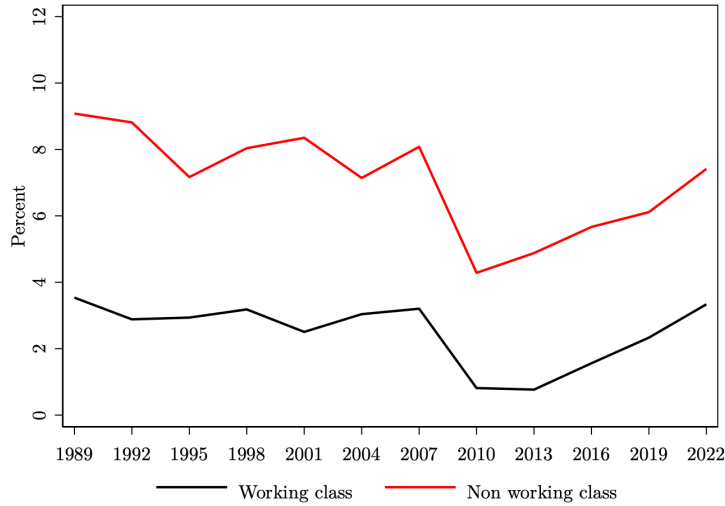
Figure 2, which plots the average rate of return by class status over time, shows that non-working-class households earn persistently higher rates of return on their assets than working-class households.<sup>13</sup> The inter-class rate of return gap peaks at 5.9 percentage points in 1992; declines moderately after both the Dot Com bust (as shown by the 2004 survey) and the Great Recession (shown by the 2010 survey); and then rises again after the Great Recession, averaging 4 percentage points since 2010. On average across all survey waves, this gap equals 4.4 percentage points, with working- and non-working-class households experiencing 2.5% and 6.9% average rates of return on their assets, respectively.<sup>14</sup> As such, Figure 2 suggests that an inter-class rate of return gap may

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<sup>13</sup>We show that this rate of return gap is robust to the alternative definitions of class introduced in Appendix A.1 in Table A5.

<sup>14</sup>This gap is not a simple artifact of the large vehicles share of working-class portfolios. If we exclude vehicles from total assets in the denominator of Equation 1, thereby treating vehicles as expenditures rather than savings, working- and non-working-class households experience 2.9% and 7.6% average returns on their assets, respectively.

Figure 2: Average rates of return by class status



*Notes:* This figure shows mean rates of return by class status measured for households with non-zero assets. See Section 2 for details on the sample and class definitions.

be one mechanism perpetuating class-based wealth differences in the U.S. context.

## 5.2 Conditional rates of return

While the unconditional rate of return gap in Figure 2 is large, working- and non-working-class households also differ along a series of important demographic and economic dimensions, including – but not limited to – the differences in income and wealth that we document in Section 3 above. These economic and demographic differences raise the question of whether the unconditional gap in Figure 2 reflects class, or if it really captures differential rates of return across other household attributes that also happen to be correlated with class status.

Table 6 describes household-level income and wealth (net worth), demographic characteristics of the survey respondent, and household-level economic characteristics like access to credit and homeownership rates by class status. Column 1 shows means and standard deviations for the full sample; Columns 2 and 3 show these statistics for working- and non-working-class households; and Column 4 reports the difference in means by class status and whether this difference is statistically significant. Income and wealth are in 2022 dollars, age is in years, and all other variables are percent shares.

Table 6: Sample means of demographic variables and indicators of financial position

Variable	(1) Full sample	(2) Working class	(3) Non-working class	(4) Difference
Income (2022 dollars)	132,220.02 (517,310.41)	70,940.52 (89,243.34)	180,016.59 (681,846.94)	-109,076.09*** (2,199.91)
Wealth (2022 dollars)	731,184.88 (5,294,132.00)	189,282.12 (895,190.94)	1,153,856.25 (6,989,725.00)	-964,574.12*** (22,545.27)
Age	44.61 (13.79)	43.08 (14.10)	45.80 (13.42)	-2.73*** (0.06)
White (%)	72.67 (44.56)	66.16 (47.32)	77.76 (41.59)	-11.60*** (0.19)
Black (%)	12.32 (32.87)	15.49 (36.18)	9.85 (29.80)	5.64*** (0.14)
Hispanic (%)	10.16 (30.21)	14.43 (35.14)	6.82 (25.21)	7.61*** (0.13)
Has bachelor's degree (%)	35.08 (47.72)	13.43 (34.10)	51.96 (49.96)	-38.53*** (0.19)
Has graduate degree (%)	13.69 (34.37)	2.91 (16.80)	22.10 (41.49)	-19.19*** (0.14)
Fear being denied credit (%)	16.26 (36.90)	21.25 (40.91)	12.37 (32.92)	8.88*** (0.16)
Denied credit (%)	18.61 (38.92)	22.30 (41.62)	15.74 (36.42)	6.56*** (0.17)
Has a brokerage account (%)	16.89 (37.47)	7.34 (26.07)	24.34 (42.91)	-17.00*** (0.16)
Observations	222,159	73,378	148,781	222,159

*Notes:* The table shows means calculated using SCF sample weights for SCF waves from 1989 to 2022. Dollar values are in 2022 dollars, age is in years, and all other variables are shown as a % of households. Individual-level variables (age, race, and education) describe the survey respondent. Sample restricted to households with non-zero assets. See Section 2 for details on the sample and class definitions. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1 percent levels, respectively.

Table 6 shows that – in addition to large inter-class gaps in average income and wealth – working- and non-working-class households differ along demographic lines. Working-class respondents are 5.6 percentage points more likely to be Black and 7.6 percentage points more likely to be Hispanic than non-working-class respondents. Relative to the unconditional mean shares of households with Black and Hispanic respondents of 12.3% and 10.2%, these differences are large. Non-working-class respondents are also four times more likely to hold a bachelor’s degree (13.4% of working-class households’ respondents versus 52% of those in non-working-class households), and approximately eight times more likely to hold a graduate degree. Finally, and in contrast to large differences in race and educational attainment, Table 6 shows that the average working-class respondent is 2.7 years younger than the average non-working-class respondent—a gap that is statistically significant, but small in magnitude. Working-class households also tend to be in a more precarious economic position than non-working-class households. In addition to lower average income and wealth, working-class households are, on average, nine percentage points more likely to have feared being denied credit and almost seven percentage points more likely to have actually been denied credit in the past five years than non-working-class households. Working-class households are also, on average, 17 percentage points less likely to have a brokerage account. Each of these differences is statistically significant.

The factors in Table 6 could explain the unconditional inter-class rate of return gap in Figure 2. Petach and Tavani (2021), for example, establish that non-white households, which Table 6 shows are also more likely to be working class, earn lower average rates of return than white households. The fact that working-class households also tend to be younger than non-working-class households raises the possibility that non-working-class households experience higher rates of return because economic outcomes improve with age, rather than because of their class position. A recent literature on heterogeneous rates of return also shows that richer households may capture higher rates of return. For example, wealth may facilitate access to higher-return opportunities through the scale of assets invested (Piketty, 2014, 430-431). Wealth may also provide access to better financial information (Fagereng et al., 2020): for instance, brokers, which are more prevalent among the non-working class, may provide superior financial services. The fact that high-wealth households’

Table 7: Conditional rates of return

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
WC household	-4.522*** (0.062)	-4.350*** (0.063)	-4.143*** (0.064)	-4.157*** (0.073)	-3.115*** (0.075)	-3.071*** (0.075)	-2.493*** (0.077)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Age	No	Yes	Yes	Yes	Yes	Yes	Yes
Race	No	No	Yes	Yes	Yes	Yes	Yes
Education	No	No	No	Yes	Yes	Yes	Yes
Income	No	No	No	No	Yes	Yes	Yes
Fin. Situation	No	No	No	No	No	Yes	Yes
Wealth	No	No	No	No	No	No	Yes
N	222,159	222,159	222,159	222,159	220,996	220,996	204,720
R-squared	0.04	0.04	0.04	0.04	0.07	0.07	0.12

*Notes:* This table regresses the rate of return on working-class (WC) status. FE denotes fixed effects. Age, race, and education describe the survey respondent. The education controls describe if the respondent has less than a bachelor's, a bachelor's, or a graduate degree. Income is the natural logarithm of income. The financial situation controls include (a) whether the respondent has feared being denied credit in the past five years, (b) whether they have been denied credit in the past five years, and (c) whether they have a brokerage account. Wealth (net worth) is defined by the natural logarithm of wealth. Robust standard errors are in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1 percent levels, respectively.

portfolios are skewed towards higher-yield assets (Kuhn et al., 2020; Ederer et al., 2021; Fagereng et al., 2020; Wolff, 2022) also translates into a higher overall rate of return.

We, therefore, ask if the inter-class rate of return gap persists conditional on demographic and economic correlates of class by regressing the rate of return on class status while controlling for a progressively wider set of covariates. In these regressions, the independent variable of interest is a binary variable equal to one if a household is working class, and the dependent variable is the household-level rate of return. Thus, the coefficient on working-class status in an unconditional regression equals the unconditional rate of return gap (-4.4 percentage points) above. This exercise shows that the negative correlation between working-class status and the rate of return remains economically and statistically significant conditional on other characteristics that are also correlated with rates of return.

We show results in Table 7.<sup>15</sup> Column 1 shows that, conditional on year fixed effects, working-class households have a 4.5 percentage point lower average rate of return than non-working-class households. Columns 2-4 add demographic controls for age, race, and education. Column 2 shows that controlling for age leaves the correlation between working-class status and the rate of return

<sup>15</sup>We report the coefficients on control variables in Appendix Table A7. We show robustness to the alternative definitions of class introduced Appendix A.1 in Table A5 and discuss these results in Appendix A.1.



largely unchanged. Thus, the inter-class rate of return gap does not reflect lifecycle differences between classes. Column 3 shows that, when also including controls for Black, Hispanic, and other race respondents, the negative correlation between working-class status and the rate of return shrinks to 4.1 percentage points. Thus, non-white households earn lower rates of return (Petach and Tavani, 2021), but we also find a substantive independent relationship between a household’s rate of return and its class status.<sup>16</sup> Column 4 shows that the correlation between class status and the rate of return also persists conditional on if the respondent has a bachelor’s or graduate degree. Together, Columns 2-4 show that, notwithstanding the importance of demographic factors and especially race for explaining across-household heterogeneity in rates of return, there is an independent role for class: conditional on age, race, and education, working-class households receive a 4.1 percentage point lower average rate of return than non-working-class households.

In turn, Columns 5-7 control for the natural log of income, variables describing access to credit markets and use of brokerage accounts, and the natural log of wealth. Column 5 shows that over a percentage point of the coefficient on working-class status is absorbed by class-based income differentials, such that controlling for income shrinks the conditional inter-class rate of return gap to -3.1 percentage points.<sup>17</sup> Thus, while high-income households tend to earn higher rates of return than lower-income households, class retains explanatory power. In turn, Column 6 also controls for if a respondent has feared they would be denied credit in the last five years; if they *have* been denied credit in the last five years; and if they use a brokerage account. Conditional on these factors, the inter-class rate of return gap remains 3.1 percentage points. Finally, Column 7 shows that controlling for wealth further shrinks the coefficient on working-class status to -2.5 percentage points.<sup>18</sup> This result is consistent with previous evidence of heterogeneous rates of return by wealth

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<sup>16</sup>Households with Black respondents receive a 2.2 percentage point lower rate of return than white households, conditional on working-class status, age, and year. Households with Hispanic or other race respondents have 1 percentage point lower average rates of return than white households (see Table A7).

<sup>17</sup>The SCF records income in the survey year, such that income in Column 5 is inclusive of the interest, dividends, and realized capital gains used to calculate the rate of return. In Appendix Table A8, we show this result is robust to controlling for income *less* interest, dividends, and realized capital gains – i.e. net of current income flows that are determined by the rate of return.

<sup>18</sup>The coefficient on wealth is large, wherein a 1% increase in wealth corresponds to a 2.3% increase in the rate of return. If we control for wealth using quintiles of the wealth distribution, thereby retaining households with zero or negative net worth, the coefficient is -2.3 percentage points (see Column 8 of Appendix Table A7). Note also that, as with income, the SCF records current wealth (i.e. after assets have enjoyed their estimated rate of return). In Section 5.3, we use component rates of return that, when possible, measure wealth exclusive of these returns by

(Kuhn et al., 2020; Ederer et al., 2021; Fagereng et al., 2020), but also establishes an independent role for class status.

Thus, Table 7 shows that, even conditional on demographic and economic characteristics that have explanatory power for rates of return and that differ along class lines, working-class households experience an average rate of return that is 2.5 percentage points lower than that of non-working-class households. This gap is not only statistically significant, but also large in economic terms: starting from the same initial stock of wealth, this conditional rate of return gap would generate non-working-class wealth *triple* that of working-class wealth within just more than the span of one working life – in only 46 years.

### 5.3 Component rates of return

Finally, we turn to rates of returns on individual asset classes. In doing so, we consider if, aside from the portfolio differences we show above, working- and non-working-class households sometimes experience systematically different returns on the *same* asset classes. This exercise speaks to the crux of our overarching question of whether asset market participation yields differential benefits by class status: differential *component* rates of return would indicate that, even as working-class households enter new asset markets and acquire larger portfolio shares of high-return asset classes, expanded asset-market participation may nonetheless widen class-based inequality.

We construct six component rates of return, each of which compares a specific income flow to the stock of assets on which that flow of income is earned.<sup>19</sup> First, we calculate the rate of return on *interest-bearing and dividend-yielding financial assets* by dividing a household’s annual interest and dividend income by its liquid and non-liquid financial assets. Recall that these assets include items like certificates of deposit, directly held stocks and bonds, and pooled investment funds. Second, we calculate households’ *rates of realized capital gains* by dividing total realized annual capital gains by holdings of mutual funds, stocks, bonds, and real estate.

Next, we disaggregate unrealized capital gains into four categories. The first of these four categories, which forms the third component rate of return, measures the rate of return on *primary* 

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excluding the relevant component category of assets.

<sup>19</sup>Since each component rate of return uses a different denominator, they are not additive.

*residences*. The fourth component rate of return measures the rate of return on *other real estate*, which includes both investment properties and recreation properties. Recall that, unlike interest/dividend income or realized capital gains, the SCF records unrealized capital gains as total (not annual) income streams. As described in Section 5.1, we therefore use the purchase price and purchase year of real estate to calculate the average annual change in the value of real estate, and divide that price change by the relevant stock of real estate assets. Fifth, we calculate the *unrealized rate of capital gain on stocks and mutual funds* by dividing unrealized gains on stocks and mutual funds by total holdings of these assets. Sixth and finally, we calculate the rate of return on *business assets* by dividing unrealized capital gains on business assets by their current value. Because we do not know the purchase price or year of stocks and mutual funds or businesses, these final two component rates of return measure the total (rather than the annual) change in value over the years a household owns an asset.

Following Table 7, Table 8 regresses class status on each component rate of return, such that a negative coefficient shows that working-class households have a lower conditional average rate of return on that asset class. Each column in Table 8 uses the widest set of covariates from the final column of Table 7.<sup>20</sup> The only difference between these controls and those in Table 7 lies in the measurement of income and wealth, which we adjust to exclude the income and assets relevant to a component rate of return. For example, Column 1, which analyzes the rate of return on interest-bearing and dividend-yielding financial assets, controls for income exclusive of interest and dividends. As such, we avoid endogeneity from the fact that this component rate of return determines the flow of interest and dividend income and, thus, affects total income. Similarly, the income control in Column 2, which analyzes the rate of realized capital gains, is exclusive of these realized gains. Because Columns 3-8 consider unrealized gains, which do not directly affect current income, each column controls for total (unadjusted) income.

We make similar adjustments to wealth. Column 1 controls for wealth exclusive of liquid and non-liquid yield-bearing financial assets, thereby avoiding endogeneity from the fact that higher

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<sup>20</sup>We report results that sequentially add controls, as in Table 7, as well as the coefficients on control variables in Appendix A.2, Tables A9-A14. We also show robustness to alternative definitions of working-class status in Table A6 and discuss these results in Appendix A.1.

Table 8: Component rates of return

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Int/div	Kgain	Housegain	Housegain	OREgain	OREgain	STMF	Busgain
WC	-0.038 (0.047)	0.024 (0.034)	0.190 (0.162)	-0.318** (0.159)	-0.315 (0.341)	-0.788** (0.339)	0.333 (0.942)	-4.803** (2.023)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Age	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Race	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Education	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Income	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fin. Situation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wealth	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Purch. Price	No	No	No	Yes	No	Yes	No	No
N	193,168	118,519	113,433	113,433	61,815	61,661	81,040	67,320
R-squared	0.05	0.02	0.02	0.05	0.03	0.06	0.04	0.02

*Notes:* This table regresses component rates of return on working-class (WC) status. Column 1 shows the rate of return on interest- and dividend-bearing assets (Int/div). Column 2 shows the rate of realized capital gains from sales of stocks, bonds, mutual funds, real estate, and businesses (Kgain). Columns 3-4 show the rate of unrealized capital gains on primary residences (Housegain). Columns 5-6 show the rate of unrealized capital gains on other real estate (OREgain). Column 7 shows the rate of unrealized capital gains on stocks and mutual funds (STMF). Column 8 shows the rate of unrealized capital gains on business assets (Busgain). FE denotes fixed effects. Age, race, and education describe the survey respondent. The education controls describe if the respondent has less than a bachelor's, a bachelor's, or a graduate degree. Income is the natural log of income, exclusive of the category of income associated with the component rate of return. The financial situation controls include (a) whether the respondent has feared being denied credit in the past five years, (b) whether they have been denied credit in the past five years, and (c) whether they have a brokerage account. Wealth is the natural log of adjusted wealth (net worth), exclusive of the category of assets associated with the component rate of return. Columns 4 and 6 also control for the purchase price of real estate. Robust standard errors are in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1 percent levels, respectively.

returns on interest-bearing and dividend-yielding financial assets raise their value. Adjusted wealth in Column 2 excludes stocks, bonds, mutual funds, real estate, and businesses. Similarly, Columns 3 and 4 exclude the value of a household's primary residence from wealth; Columns 5 and 6 exclude other real estate; Column 7 excludes stock and mutual funds; and Column 8 excludes business assets.<sup>21</sup> For real estate, our preferred specifications are in Columns 4 and 6, which utilize the fact that we know the original purchase price of real estate to also control directly for the possibility that the purchase price of real estate is systematically associated with its rate of return.

We report results in Table 8. Table 8 shows, on the one hand, that working- and non-working-class households experience statistically similar rates of return on interest-bearing and dividend-yielding assets, rates of realized capital gains, and rates of unrealized gains on stocks, bonds and mutual funds. To begin, Column 1 shows an economically and statistically insignificant gap by class

<sup>21</sup>Estimates are robust to instead controlling for total (unadjusted) income and total (unadjusted) wealth.

status in the rate of return received on interest-bearing and dividend-yielding assets.<sup>22</sup> Column 2, similarly, shows an economically and statistically insignificant conditional gap by class status in the rate of realized capital gains.<sup>23</sup> In turn, Column 7 shows that working- and non-working-class households experience statistically similar conditional rates of returns on stocks and mutual funds. Thus, working- and non-working-class households receive similar conditional rates of return on assets like bonds and publicly traded stocks that are bought and sold in thick and active markets.

On the other hand, however, Table 8 captures inter-class gaps in the rate of unrealized gain on business assets and, in our preferred specifications that control for purchase price, on real estate. To begin, Columns 3 and 4 describe the rate of return on owner-occupied primary residences by class status. While Column 3 suggests that working-class households experience modestly higher (albeit statistically insignificant) rates of return on owner-occupied housing, also controlling for original purchase price in Column 4 shows that working-class households experience a conditionally lower rate of return than non-working-class households of -0.3 percentage points. This coefficient is significant at the five percent level.<sup>24</sup> Column 6 shows that the rate of return gap on non-owner-occupied real estate – i.e. including investment properties – is -0.8 percentage points, conditional on age, race, education, income, wealth, other financial characteristics, and purchase price. The unconditional average annual rate of return on non-owner-occupied real estate is 9.6%; thus, this inter-class gap is large in economic terms.

Finally, Column 8 shows that, even conditional on the widest set of controls, working-class households experience a 4.8 percentage points lower average rate of return on business assets than non-working-class households.<sup>25</sup> This result speaks to the growing economic importance of private

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<sup>22</sup>Appendix Table A9 shows that both income and wealth are conditionally positively correlated with the rate of return on interest-bearing and dividend-yielding assets. Table A9 also shows that there is a statistically significant *unconditional* inter-class rate of return gap on interest-yielding and dividend-bearing assets, which is absorbed by income, financial situation, and wealth. Thus, our results are consistent with previous evidence that rich households earn higher interest rates on fixed income than poorer households (Smith, Zidar, and Zwick, 2023), but also distinguish the personal income or wealth distributions from class.

<sup>23</sup>The fact that Table 8 shows that the conditional class-based rate of return gaps lie (only) in real estate and business assets suggests that the null result in Column 2 – which combines realized gains on stocks, bonds, mutual funds, real estate, and businesses – may reflect combining real estate and businesses with assets traded in thick and public markets like stocks, bonds, and mutual funds.

<sup>24</sup>We report the coefficients on controls in Tables A11 and A12. These results are consistent with Wolff (2024), who finds that wealthier households receive a higher rate of return on housing and that non-white households receive lower rates of return.

<sup>25</sup>Households are included in these regressions conditional on having non-zero stocks of the asset class that is in

business assets (Campbell and Robbins, 2023), which Pernell and Wodtke (2024) show to be a central feature of wealth inequality dynamics in the United States. Here, we build on this previous work by documenting an inter-class rate of return differential on business assets, *even conditional on* wealth. In light of the growing weight of privately held (relative to public) corporations in the U.S. economy (Asker et al., 2011; Davis, 2016), this result suggests that working-class exclusion not only from direct business ownership (e.g. of sole proprietorships) but also from occupations that provide access to privately held stock, widens the inter-class wealth gap in the U.S. economy.

Together, the analysis of component rates of return in this section shows that not only do working-class households earn substantively lower average rates of return on their total assets than non-working-class households, but that differentials also exist even within the same broad asset classes. These results suggest that, even when working-class households are able to access key asset classes (namely, private business ownership and real estate), that this access alone is insufficient to yield the rewards experienced by the non-working class. Put differently, simply expanding working-class participation in business ownership or in investment real estate is unlikely to limit inter-class inequality within the current institutional structure of the U.S. economy.

## 6 Conclusion

In this paper, we analyze the intersection between asset market participation and class status in the post-1989 United States by documenting an economically large gap in the average rate of return on assets received by working- and non-working-class households. To do so, we operationalize a household-level definition of class status using SCF data that is defined by one’s relationship to the production process. The working class works for someone else in non-managerial occupations. The non-working class is self employed and/or in managerial occupations and, thus, either enjoys ownership or what Wodtke (2016) calls authority in the workplace. This definition of class draws on a Marxian tradition, which emphasizes that social class, defined by one’s relationship to how production takes place, constitutes a central locus of conflict over economic resources and, as such,

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the denominator of the component rate of return. If we were to impute zeros for households that do not own business assets, whose incidence is larger in the working class, the gap would be larger.

is an alternative lens to income or wealth for understanding across-household inequalities.

Using these class definitions, we document rising inter-class income and wealth inequality and link widening wealth inequality between working- and non-working-class households to a substantial gap in the rate of return by class status. In particular, we show that working-class households receive an average rate of return on their total assets that is, in our narrowest estimates, 2.5 percentage points lower than that received by non-working-class households. This estimate is conditional on other key correlates of rates of return, including race (Petach and Tavani, 2021), and income and wealth (Ederer et al., 2021; Fagereng et al., 2020; Wolff, 2022; Kuhn et al., 2020). Our results, therefore, build on previous evidence of across-household heterogeneity in rates of return by isolating *class-based* rate of return differentials that can amplify wealth inequality between classes over time. In turn, the fact that class retains explanatory power even conditional on race, income, and wealth highlights a substantive independent role for the organization of production and, thus, social class in explaining inequality – and, specifically, rate of return – dynamics in the U.S. context over these decades.

We also show that working-class households earn lower rates of return than non-working-class households even *within* some of the same asset classes – specifically, real estate and business assets. As such, the inter-class rate of return gap is not only a consequence of differential *access* to high-yield asset classes and widening working-class participation in these asset classes is unlikely to narrow the inter-class wealth gap within the current institutional structure of the U.S. economy. Perhaps most importantly, differential returns on business assets draw attention to rising valuations of privately held equity relative to that of public stock (Asker et al., 2011; Davis, 2016; Campbell and Robbins, 2023; Palladino and Karlewicz, 2024; Pernell and Wodtke, 2024) as a driver of intensifying inter-class inequality in the U.S. context. While working-class households do hold business assets, our results suggest that these business assets are qualitatively different from those held by non-working-class households and, perhaps most importantly, our results suggest that much of the inter-class rate of return gap may reflect working-class exclusion from occupations that tend to offer private stock. From a policy perspective it is also notable that incomes in this paper are measured before taxes. As such, these results also point to the exemption of pass-through income from businesses

from corporate income tax (Saez and Zucman, 2020) as a policy mechanism that may aggravate inter-class disparities.

Our results also raise questions for future research. First, the intersection of class and race is a needed focus for further analysis. Addo and Darity (2021), who analyze the intersection of race and class, show that Black working-class wealth accumulation depends more heavily on savings than on the intergenerational transmission of resources, as compared to white working-class wealth. Our analysis suggests that rate of return differentials may be one mechanism underlying this result, but takes the working- and non-working classes as unified categories and does not explore the intersection with race. These dynamics remain an important focus for additional analysis. Second, while our cross-sectional results cannot tie household-level rates of return to within-household wealth accumulation by class status, they suggest a future role for panel analyses. Third, the central role that we highlight for business assets raises further questions about the role that the expansion of private financial markets has played in exacerbating inequality dynamics in the United States.



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## A Appendix

### A.1 Alternative Definitions of the Working Class

Table A1: Alternative definitions of the working class

WC - Main (%)	44.30 (49.67)
WC - No State (%)	40.96 (49.18)
WC - Productive (%)	22.53 (41.78)

*Notes:* The table shows the average share of working-class households for different definitions of the working class between 1989 and 2022 calculated using SCF sample weights. Standard deviations reported in parentheses. See Section 2 for details on the sample and baseline class definitions. See Appendix A.1 for details on the alternative definitions of the working class, which (a) exclude state employees or (b) limit the working class to productive workers.

We begin by analyzing two alternative definitions of working-class status: the first excludes state employees (namely, public administration) from the working class, and the second restricts the working class to ‘productive’ workers. Industrial workers are productive workers because they produce surplus value, which is appropriated by industrial capitalists and subsequently distributed to a number of uses (industrial profits, payments to the state, rent, merchant profits, and financial profits). Sales and financial workers are ‘unproductive’ workers: even though their labor is necessary for merchant and financial capitalists to capture profits, they do not directly produce surplus value. State employees are generally also considered unproductive: while state workers perform essential functions for the reproduction of capital, with few exceptions (e.g. workers in nationalized industries, state-owned public utilities, or public transportation) they do not directly produce surplus value (Poulantzas, 1975; Resnick and Wolff, 1987). State workers may also be excluded from the working class on the grounds that they do not engage in production for profit (Ehrenreich and Ehrenreich, 1977).

To construct these alternative definitions of class status we, first, use industry classifications to exclude individuals in public administration from the working class.<sup>26</sup> Doing so retains, for example, (private-sector) security guards in the working class, while removing police and firefighters. Note

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<sup>26</sup>The SCF distinguishes seven industries. Public administration is industry 7.

that many state workers (e.g. managers, judges) are already excluded from our baseline definition of the working class because they are in professional/managerial occupations. Thus, Table A1 shows that excluding state workers reduces the share of working-class households only marginally, from 44.3% to 41%. Second, we approximate productive workers by excluding not only workers in public administration, but also sales workers (occupation 2) from the working class. When limited to productive workers, the working class consists of 22.5% of households.

Tables A2-A6 reproduce the main tables in Sections 3-5 for each alternative definition of working-class status. First, Table A2 compares income growth in the top half of the intra-class income distributions for working- and non-working-class households. The top panel reproduces Table 2 for reference and the bottom panels show that, like with our baseline definition, non-working-class incomes rise faster than working-class incomes for each alternative definitions of the working class. Second, Table A3 shows that progressively excluding state and then also sales workers from the working class moves the working-class wealth distribution to the left. While productive workers see relatively larger gains at their 50th and 75th percentiles than those seen by our baseline definition of the working class, non-working-class wealth growth nonetheless outpaces that of the working class for all three definitions of class status.

Tables A4-A6 turn to the rate of return. Table A4 shows that the unconditional inter-class rate of return gap (which equals 4.4 percentage points in the main text) equals 4.3 percentage points when excluding state workers and 3.6 percentage points when restricting the working class to productive workers. Table A4 also shows that shifting state employees and sales workers from the working to the non-working class produces lower average rates of return for both the working and the non-working class. Hence, state workers earn lower rates of return than households who belong to the non-working class per our main definition. In turn, sales workers earn lower rates of return than households who belong to the non-working class per the second definition (which excludes public administration workers).

Table A5 shows that regression results in Table 7 are robust to each definition of class status, even conditional on the widest set of demographic and economic controls used in Table 7. This conditional rate of return gap is the smallest in the bottom panel, which equates working-class

status with productive labor, but still economically significant (-1.0 percentage points). Finally, Table A6 analyzes component rates of return. As in Table 8, inter-class rate of return differentials are concentrated in real estate and business assets for each definition of class status. When class status is defined by the distinction between productive and unproductive labor, there are also small conditional inter-class differentials on interest-yielding and dividend-bearing financial assets and in the rate of realized capital gains. Column 8 also shows that the inter-class rate of return gap on businesses widens when we exclude state employees from the working class, from 4.8 percentage points in our baseline to 7.2 percentage points (significant at the 1% level). The rate of return gap on business assets is also large when the working class is defined by productive workers, but loses statistical significance, likely due to a dramatic drop in the number of working-class households with business gains (from 3,043 to 1,045 observations).

## A.2 Appendix tables

Table A2: Incomes in top half of the income distribution over time by class status, alternative definitions of the working class

Quantile	Working class					Non-working class				
	1989-98	2001-10	2013-19	2022	% $\Delta$	1989-98	2001-10	2013-19	2022	% $\Delta$
<i>Working Class - Main Definition</i>										
50	56,396	57,347	53,625	54,046	-4.2	98,447	110,250	107,302	111,334	13.1
75	87,464	88,909	85,828	86,473	-1.1	158,101	177,542	183,140	194,564	23.1
90	125,757	128,111	127,053	124,305	-1.2	250,656	295,454	313,832	362,105	44.5
95	152,433	158,445	158,626	158,894	4.2	369,123	460,619	491,521	570,721	54.6
<i>Working Class - No State</i>										
50	55,439	55,083	51,968	54,046	-2.5	94,729	108,701	105,237	109,172	15.2
75	86,968	86,646	82,106	85,392	-1.8	152,293	174,056	178,132	189,160	24.2
90	125,226	123,667	123,725	123,224	-1.6	241,484	289,444	305,989	350,215	45.0
95	149,844	152,016	152,933	162,137	8.2	357,650	440,985	479,689	554,508	55.0
<i>Working Class - Productive</i>										
50	46,053	48,458	46,182	48,641	5.6	85,307	95,507	93,248	102,687	20.4
75	71,809	75,444	69,224	74,583	3.9	135,217	156,279	157,525	168,622	24.7
90	104,646	104,402	105,487	104,848	0.2	208,649	254,575	272,546	311,303	49.2
95	123,739	128,943	130,631	129,709	4.8	309,112	374,303	418,722	514,514	66.4

*Notes:* The table shows income in 2022 dollars across the top halves of the working and non-working classes, calculated using SCF sample weights and averaged over subperiods approximately corresponding to decades. The table also shows the percent change in income at each quantile between 1989-1998 and 2022 by class status in % terms. See Section 2 for details on the sample. See Section A.1 for details on the alternative definitions of the working class.



Table A3: Net worth in top half of the net worth distribution over time by class status, alternative definitions of the working class

Quantile	Working class					Non-working class				
	1989-98	2001-10	2013-19	2022	% $\Delta$	1989-98	2001-10	2013-19	2022	% $\Delta$
<i>Working Class - Main Definition</i>										
50	55,868	53,500	42,787	65,120	16.6	214,600	272,992	225,627	300,510	40.0
75	183,608	207,127	172,757	237,680	29.4	579,097	808,993	795,565	976,400	68.6
90	381,686	488,738	428,302	563,600	47.7	1,484,252	2,163,553	2,247,601	2,846,100	91.8
95	545,293	796,583	681,999	914,500	67.7	2,635,610	4,311,610	4,866,278	5,930,000	125.0
<i>Working Class - No State</i>										
50	52,874	49,482	39,195	56,380	6.6	199,712	264,129	213,200	291,700	46.1
75	181,381	192,487	166,157	227,050	25.2	536,277	769,617	749,790	939,800	75.2
90	380,050	471,155	410,793	558,600	47.0	1,362,620	2,077,466	2,145,339	2,742,180	101.2
95	550,901	767,097	665,396	931,700	69.1	2,478,894	4,073,906	4,631,893	5,754,000	132.1
<i>Working Class - Productive</i>										
50	35,161	35,340	25,004	47,410	34.8	158,168	201,090	168,828	239,800	51.6
75	132,186	138,703	118,212	203,000	53.6	421,923	628,121	586,584	820,010	94.4
90	296,551	355,383	317,416	431,350	45.5	1,030,005	1,640,992	1,728,858	2,383,000	131.4
95	433,490	566,232	511,461	736,100	69.8	1,862,106	3,170,410	3,716,839	4,838,700	159.9

*Notes:* The table shows net worth in 2022 dollars across the top halves of the working and non-working classes, calculated using SCF sample weights and averaged over subperiods approximately corresponding to decades. The table also shows the percent change in net worth at each quantile between 1989-1998 and 2022 by class status in % terms. See Section 2 for details on the sample. See Section A.1 for details on the alternative definitions of the working class.

Table A4: Average rates of return by class status, alternative definitions of the working class

Alternative Definition	(1) Full sample	(2) Working class	(3) Non-working class	(4) Difference
Working Class - Main Definition	4.98 (13.17)	2.49 (9.43)	6.91 (15.20)	-4.42*** (0.06)
Working Class - No State	4.98 (13.17)	2.44 (9.51)	6.70 (14.92)	-4.26*** (0.06)
Working Class - Productive	4.98 (13.17)	2.17 (9.80)	5.77 (13.88)	-3.59*** (0.07)

*Notes:* This table reports average rates of return by class status using sample weights. Rates of return are in % terms. For details on the sample and class categories see Section 2. For details on the rates of return calculations see Section 5.1.

Table A5: Conditional rates of return, alternative definitions of the working class

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
WC HH - Main Def.	-4.522*** (0.062)	-4.350*** (0.063)	-4.143*** (0.064)	-4.157*** (0.073)	-3.115*** (0.075)	-3.071*** (0.075)	-2.493*** (0.077)
N	222,159	222,159	222,159	222,159	220,996	220,996	204,720
R-squared	0.04	0.04	0.04	0.04	0.07	0.07	0.12
WC HH - No State	-4.360*** (0.062)	-4.201*** (0.062)	-4.000*** (0.063)	-3.962*** (0.071)	-2.881*** (0.074)	-2.844*** (0.074)	-2.215*** (0.076)
N	222,159	222,159	222,159	222,159	220,996	220,996	204,720
R-squared	0.03	0.04	0.04	0.04	0.06	0.07	0.12
WC HH - Productive	-3.608*** (0.068)	-3.470*** (0.069)	-3.190*** (0.071)	-2.904*** (0.075)	-1.734*** (0.077)	-1.707*** (0.077)	-0.980*** (0.082)
N	222,159	222,159	222,159	222,159	220,996	220,996	204,720
R-squared	0.02	0.03	0.03	0.03	0.06	0.06	0.11
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Age	No	Yes	Yes	Yes	Yes	Yes	Yes
Race	No	No	Yes	Yes	Yes	Yes	Yes
Education	No	No	No	Yes	Yes	Yes	Yes
Income	No	No	No	No	Yes	Yes	Yes
Financial situation	No	No	No	No	No	Yes	Yes
Wealth	No	No	No	No	No	No	Yes

*Notes:* This table regresses the rate of return on working-class (WC) status, using three alternative definitions of the working class. For details on the definitions, see Appendix A.1. FE denotes fixed effects. Age, race, and education describe the survey respondent. The education controls describe if the respondent has less than a bachelor's, a bachelor's, or a graduate degree. Income is the natural logarithm of income. The financial situation controls include (a) whether the respondent has feared being denied credit in the past five years, (b) whether they have been denied credit in the past five years, and (c) whether they have a brokerage account. Wealth (net worth) is defined by the natural logarithm of wealth in Column 7 and by quintiles of its distribution in Column 8. Robust standard errors are in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1 percent levels, respectively.

Table A6: Component rates of return

	(1) Int/div	(2) Kgain	(3) Housegain	(4) Housegain	(5) OREgain	(6) OREgain	(7) STMF	(8) Busgain
WC HH - Main Def.	-0.038 (0.047)	0.024 (0.034)	0.190 (0.162)	-0.318** (0.159)	-0.315 (0.341)	-0.788** (0.339)	0.333 (0.942)	-4.803** (2.023)
N	193,168	118,519	113,433	113,433	61,815	61,661	81,040	67,320
R-squared	0.05	0.02	0.02	0.05	0.03	0.06	0.04	0.02
WC HH - No State	0.032 (0.048)	0.067* (0.035)	0.187 (0.170)	-0.317* (0.166)	0.107 (0.354)	-0.318 (0.351)	0.810 (0.979)	-7.229*** (2.253)
N	193,168	118,519	113,433	113,433	61,815	61,661	81,040	67,320
R-squared	0.05	0.02	0.02	0.05	0.03	0.06	0.04	0.02
WC HH - Productive	-0.104* (0.054)	-0.142*** (0.036)	0.190 (0.251)	-0.489** (0.245)	-0.597 (0.453)	-1.011** (0.452)	0.125 (1.601)	-5.272 (3.812)
N	193,168	118,519	113,433	113,433	61,815	61,661	81,040	67,320
R-squared	0.05	0.02	0.02	0.05	0.03	0.06	0.04	0.02
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Age	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Race	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Education	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Income	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Financial situation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wealth	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Purch. Price	No	No	No	Yes	No	Yes	No	No

*Notes:* This table regresses the component rates of return on working class status, using three alternative definitions of the working class. For details on the definitions, see Appendix A.1. Interest and dividend (column 1), realized capital gains from the sale of stock, bonds, mutual funds, real estate, and businesses (column 2), unrealized capital gains from a household's primary residence (columns 3-4), unrealized capital gains from other real estate (columns 5-6), unrealized capital gains from stock and mutual funds (column 7), and unrealized capital gains from business assets (column 8). Income is captured by the natural logarithm of income. For interest and dividend (column 1), the income control excludes the income generated by interest and dividend. For capital gains (column 2), the income control excludes income generated from capital gains. Wealth is the natural log of adjusted wealth (net worth), exclusive of the category of assets associated with the component rate of return. For interest and dividend (column 1), the wealth control excludes the value of yield-bearing financial assets. For capital gains (column 2), the wealth control excludes the value of stock, bonds, mutual funds, real estate, and businesses. For unrealized capital gains from a household's primary residence, the wealth control excludes the value of a household's primary residence (columns 3-4). For unrealized capital gains from a household's other real estate assets, the wealth control excludes the value of other real estate assets (columns 5-6). For unrealized capital gains from stock and mutual funds (column 7), the wealth control excludes the value of stock and mutual funds. For unrealized capital gains from business assets (column 8), the wealth control excludes the value of business assets. Columns 4 and 6 also control for the purchase price of real estate. A household's financial situation is captured by (a) whether the respondent fears being denied credit, (b) whether they have been denied credit in the past, and (c) whether they have a brokerage account. Robust standard errors in parentheses. Each column also includes year fixed effects. \*, \*\*, and \*\*\* indicate significance at the 0.1, 0.05, and 0.01 percent levels, respectively.

Table A7: Conditional rate of return, full results

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
WC household	-4.522*** (0.062)	-4.350*** (0.063)	-4.143*** (0.064)	-4.157*** (0.073)	-3.115*** (0.075)	-3.071*** (0.075)	-2.493*** (0.077)	-2.313*** (0.071)
Age		0.071*** (0.002)	0.066*** (0.002)	0.066*** (0.003)	0.038*** (0.003)	0.035*** (0.003)	-0.066*** (0.003)	-0.050*** (0.003)
Black			-2.162*** (0.084)	-2.167*** (0.084)	-1.348*** (0.085)	-1.205*** (0.086)	-0.117 (0.096)	-0.363*** (0.084)
Hispanic			-1.002*** (0.097)	-1.011*** (0.098)	-0.410*** (0.099)	-0.299*** (0.099)	0.499*** (0.107)	0.152 (0.097)
Other race			-1.186*** (0.316)	-1.194*** (0.316)	0.127 (0.335)	0.075 (0.336)	0.129 (0.400)	-0.280 (0.321)
Bachelor's degree				-0.088 (0.087)	-1.009*** (0.086)	-1.231*** (0.086)	-1.821*** (0.091)	-1.559*** (0.084)
Graduate degree				0.098 (0.106)	-0.590*** (0.105)	-0.661*** (0.105)	-0.753*** (0.108)	-0.851*** (0.105)
Total income ( $\ln$ )					2.477*** (0.044)	2.294*** (0.045)	-0.006 (0.059)	0.555*** (0.051)
Fear denied credit						-0.135 (0.095)	1.164*** (0.109)	0.560*** (0.094)
Denied credit						-0.196** (0.087)	0.637*** (0.098)	0.613*** (0.085)
Brokerage account						1.619*** (0.098)	-0.109 (0.099)	-0.357*** (0.103)
Wealth ( $\ln$ )							2.292*** (0.030)	
Wealth, 2nd quint								1.615*** (0.079)
Wealth, 3rd quint								4.446*** (0.100)
Wealth, 4th quint								5.918*** (0.115)
Wealth, 5th quint								11.983*** (0.163)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	222,159	222,159	222,159	222,159	220,996	220,996	204,720	220,996
R-squared	0.04	0.04	0.04	0.04	0.07	0.07	0.12	0.11

*Notes:* This table regresses the rate of return on working-class (WC) status. FE denotes fixed effects. Age, race, and education describe the survey respondent. The education controls describe if the respondent has less than a bachelor's, a bachelor's, or a graduate degree. Income is the natural logarithm of income. The financial situation controls include (a) whether the respondent has feared being denied credit in the past five years, (b) whether they have been denied credit in the past five years, and (c) whether they have a brokerage account. Wealth (net worth) is defined by the natural logarithm of wealth in Column 7 and by quintiles of its distribution in Column 8. Robust standard errors are in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1 percent levels, respectively.

Table A8: Conditional correlates of the rate of return, adjusted income

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
WC household	-4.522*** (0.062)	-4.350*** (0.063)	-4.143*** (0.064)	-4.157*** (0.073)	-3.384*** (0.076)	-3.308*** (0.075)	-2.573*** (0.076)
Age		0.071*** (0.002)	0.066*** (0.002)	0.066*** (0.003)	0.048*** (0.003)	0.042*** (0.003)	-0.069*** (0.003)
Black			-2.162*** (0.084)	-2.167*** (0.084)	-1.624*** (0.085)	-1.410*** (0.085)	-0.169* (0.095)
Hispanic			-1.002*** (0.097)	-1.011*** (0.098)	-0.569*** (0.099)	-0.408*** (0.099)	0.486*** (0.106)
Other race			-1.186*** (0.316)	-1.194*** (0.316)	-0.208 (0.328)	-0.247 (0.329)	-0.045 (0.401)
Bachelor's degree				-0.088 (0.087)	-0.720*** (0.087)	-1.030*** (0.087)	-1.736*** (0.091)
Graduate degree				0.098 (0.106)	-0.332*** (0.106)	-0.436*** (0.106)	-0.611*** (0.108)
Adjusted income ( $\ln$ )					1.792*** (0.056)	1.592*** (0.055)	-0.592*** (0.052)
Fear denied credit						-0.285*** (0.095)	1.141*** (0.108)
Denied credit						-0.212** (0.087)	0.655*** (0.097)
Brokerage account						2.082*** (0.099)	-0.027 (0.099)
Wealth ( $\ln$ )							2.428*** (0.028)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	222,159	222,159	222,159	222,159	218,981	218,981	202,710
R-squared	0.04	0.04	0.04	0.04	0.06	0.06	0.12

*Notes:* This table regresses the rate of return on working-class (WC) status. FE denotes fixed effects. Age, race, and education describe the survey respondent. The education controls describe if the respondent has less than a bachelor's, a bachelor's, or a graduate degree. Adjusted income is the natural logarithm of income less interest, dividends, and realized capital gains. The financial situation controls include (a) whether the respondent has feared being denied credit in the past five years, (b) whether they have been denied credit in the past five years, and (c) whether they have a brokerage account. Wealth (net worth) is defined by the natural logarithm of wealth. Robust standard errors are in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1 percent levels, respectively.

Table A9: Component rates of return, interest and dividends

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
WC household	-0.779*** (0.039)	-0.700*** (0.039)	-0.621*** (0.040)	-0.244*** (0.040)	-0.113*** (0.043)	-0.098** (0.043)	-0.038 (0.047)
Age of respondent		0.035*** (0.001)	0.033*** (0.001)	0.033*** (0.001)	0.028*** (0.001)	0.026*** (0.001)	0.021*** (0.002)
Black respondent			-0.660*** (0.052)	-0.572*** (0.052)	-0.488*** (0.052)	-0.414*** (0.054)	-0.439*** (0.060)
Hispanic respondent			-0.641*** (0.051)	-0.483*** (0.051)	-0.412*** (0.051)	-0.363*** (0.051)	-0.313*** (0.059)
Other race respondent			-0.516** (0.236)	-0.362 (0.236)	-0.187 (0.239)	-0.188 (0.239)	-0.142 (0.305)
Bachelor's degree				0.830*** (0.050)	0.715*** (0.052)	0.634*** (0.053)	0.710*** (0.059)
Graduate degree				0.416*** (0.073)	0.324*** (0.074)	0.304*** (0.074)	0.277*** (0.080)
Income excl. int/div ( <i>ln</i> )					0.338*** (0.029)	0.276*** (0.031)	0.107*** (0.038)
Fears denied credit						-0.159*** (0.054)	-0.075 (0.065)
Denied credit						-0.178*** (0.052)	-0.164*** (0.060)
Has a brokerage account						0.477*** (0.058)	0.296*** (0.059)
Wealth excl. yield-bear. assets ( <i>ln</i> )							0.137*** (0.007)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	215,194	215,194	215,194	215,194	213,147	213,147	193,168
R-squared	0.04	0.04	0.05	0.05	0.05	0.05	0.05

Notes: This table regresses the rate of return from interest and dividends on working-class (WC) status. Each column progressively adds possible demographic and socio-economic correlates of the rate of return from interest and dividends. FE denotes fixed effects. Age, race, and education describe the survey respondent. The education controls describe if the respondent has less than a bachelor's, a bachelor's, or a graduate degree. Income is the natural log of income exclusive of interest and dividends. The financial situation controls include (a) whether the respondent has feared being denied credit in the past five years, (b) whether they have been denied credit in the past five years, and (c) whether they have a brokerage account. Wealth is the natural log of wealth (net worth), excluding liquid and non-liquid yield-bearing financial assets. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1 percent levels, respectively.

Table A10: Component rates of return, realized capital gain income

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
WC household	-0.262*** (0.019)	-0.264*** (0.019)	-0.235*** (0.019)	-0.097*** (0.021)	-0.077*** (0.021)	-0.058*** (0.021)	0.024 (0.034)
Age of respondent		-0.002*** (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	-0.004*** (0.001)	-0.014*** (0.001)
Black respondent			-0.264*** (0.025)	-0.241*** (0.025)	-0.216*** (0.025)	-0.169*** (0.025)	-0.095** (0.047)
Hispanic respondent			-0.281*** (0.026)	-0.225*** (0.026)	-0.211*** (0.026)	-0.157*** (0.026)	-0.122** (0.055)
Other race respondent			-0.332*** (0.027)	-0.276*** (0.026)	-0.251*** (0.027)	-0.308*** (0.036)	-0.440*** (0.043)
Bachelor's degree				0.285*** (0.026)	0.246*** (0.026)	0.149*** (0.026)	0.211*** (0.040)
Graduate degree				0.164*** (0.035)	0.193*** (0.034)	0.164*** (0.034)	0.259*** (0.050)
Income excl. cap. gains ( <i>ln</i> )					0.029** (0.014)	-0.042*** (0.015)	-0.167*** (0.023)
Fears denied credit						0.050 (0.035)	0.086 (0.066)
Denied credit						0.114*** (0.032)	0.271*** (0.060)
Has a brokerage account						0.704*** (0.033)	0.678*** (0.044)
Wealth excl. cap-gain-gen assets ( <i>ln</i> )							0.111*** (0.010)
Year FE		Yes	Yes	Yes	Yes	Yes	Yes
N	175,857	175,857	175,857	175,857	174,570	174,570	118,519
R-squared	0.01	0.01	0.01	0.01	0.01	0.02	0.02

Notes: This table regresses the rate of return from realized capital gain income on working-class (WC) status. Each column progressively adds possible demographic and socio-economic correlates of the rate of return from realized capital gain income. FE denotes fixed effects. Age, race, and education describe the survey respondent. The education controls describe if the respondent has less than a bachelor's, a bachelor's, or a graduate degree. Income is the natural log of income exclusive of realized capital gains. The financial situation controls include (a) whether the respondent has feared being denied credit in the past five years, (b) whether they have been denied credit in the past five years, and (c) whether they have a brokerage account. Wealth is the natural log of wealth (net worth), excluding mutual funds, stock, bonds, and real estate. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1 percent levels, respectively.

Table A11: Component rates of return, unrealized gains from primary residence

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
WC household	0.830*** (0.104)	0.819*** (0.103)	0.830*** (0.105)	0.419*** (0.109)	0.251** (0.111)	0.248** (0.111)	0.190 (0.162)	-0.318** (0.159)
Age of respondent		-0.035*** (0.004)	-0.034*** (0.004)	-0.034*** (0.004)	-0.033*** (0.004)	-0.035*** (0.004)	-0.036*** (0.006)	-0.055*** (0.006)
Black respondent			-0.641*** (0.169)	-0.715*** (0.169)	-0.840*** (0.172)	-0.768*** (0.173)	-0.363 (0.286)	-0.833*** (0.283)
Hispanic respondent			0.276 (0.191)	0.111 (0.192)	0.012 (0.192)	0.029 (0.194)	-0.106 (0.364)	-0.145 (0.358)
Other race respondent			-0.531 (1.082)	-0.690 (1.081)	-0.911 (1.072)	-0.845 (1.072)	-0.128 (1.447)	0.029 (1.416)
Bachelor's degree				-0.900*** (0.099)	-0.719*** (0.098)	-0.724*** (0.099)	-1.047*** (0.129)	-0.225* (0.127)
Graduate degree				-0.373*** (0.096)	-0.244** (0.098)	-0.235** (0.097)	-0.097 (0.110)	0.140 (0.111)
Income ( <i>ln</i> )					-0.454*** (0.061)	-0.459*** (0.063)	-0.581*** (0.086)	0.790*** (0.091)
Fears denied credit						-0.594*** (0.208)	-0.680* (0.383)	-1.152*** (0.377)
Denied credit						-0.131 (0.158)	0.512* (0.301)	0.585** (0.295)
Has a brokerage account						-0.177* (0.097)	-0.102 (0.123)	0.563*** (0.126)
Wealth excl. residence ( <i>ln</i> )							0.037 (0.047)	0.223*** (0.046)
House purchase price ( <i>ln</i> )								-2.725*** (0.116)

Year FE  
 N  
 R-squared

	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	158,427	158,427	158,427	158,427	157,534	157,534	113,433	113,433
	0.02	0.02	0.02	0.03	0.03	0.03	0.02	0.05

*Notes:* This table regresses the rate of return from unrealized gains from primary residence on working-class (WC) status. Each column progressively adds possible demographic and socio-economic correlates of the rate of return from unrealized gains from primary residence. FE denotes fixed effects. Age, race, and education describe the survey respondent. The education controls describe if the respondent has less than a bachelor's, a bachelor's, or a graduate degree. Income is the natural log of income. The financial situation controls include (a) whether the respondent has feared being denied credit in the past five years, (b) whether they have been denied credit in the past five years, and (c) whether they have a brokerage account. Wealth is the natural log of wealth (net worth), excluding the value of a household's primary residence. Purchase price refers to the natural log of the purchase price of real estate. Robust standard errors are in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1 percent levels, respectively.



Table A12: Component rates of return, unrealized gains from other real estate

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
WC household	-0.423 (0.301)	-0.649** (0.299)	-0.766*** (0.293)	-1.110*** (0.313)	-0.705** (0.320)	-0.722** (0.321)	-0.315 (0.341)	-0.788** (0.339)
Age of respondent		-0.165*** (0.011)	-0.161** (0.011)	-0.159*** (0.011)	-0.163*** (0.011)	-0.159*** (0.012)	-0.189*** (0.013)	-0.187*** (0.013)
Black respondent		0.885* (0.532)	0.809 (0.532)	0.809 (0.532)	1.233** (0.537)	0.999* (0.528)	0.888 (0.562)	0.308 (0.554)
Hispanic respondent		1.847*** (0.601)	1.847*** (0.601)	1.740*** (0.603)	2.054*** (0.606)	1.919*** (0.610)	1.467** (0.631)	1.676*** (0.623)
Other race respondent		7.110** (3.368)	7.110** (3.368)	6.865** (3.385)	7.830** (3.428)	7.931** (3.454)	6.380* (3.501)	6.303* (3.379)
Bachelor's degree				-0.688** (0.323)	-1.036*** (0.327)	-0.813** (0.328)	-0.961*** (0.341)	-0.436 (0.334)
Graduate degree				-0.392 (0.331)	-0.718** (0.335)	-0.736** (0.335)	-0.720** (0.340)	-0.630* (0.336)
Income ( $\ln$ )					0.988** (0.123)	1.179*** (0.138)	0.672*** (0.168)	1.943*** (0.188)
Fears denied credit						1.602*** (0.618)	1.917*** (0.707)	1.849*** (0.692)
Denied credit						-0.461 (0.442)	-0.581 (0.485)	-0.596 (0.474)
Has a brokerage account						-0.935*** (0.293)	-1.482*** (0.299)	-0.852*** (0.292)
Wealth excl. other RE ( $\ln$ )							0.558*** (0.092)	0.896*** (0.094)
RE purchase price ( $\ln$ )								-2.409*** (0.161)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	65,075	65,075	65,075	65,075	64,468	64,468	61,815	61,661
R-squared	0.02	0.02	0.02	0.03	0.03	0.03	0.03	0.06

Notes: This table regresses the rate of return from unrealized gains from other real estate on working-class (WC) status. Each column progressively adds possible demographic and socio-economic correlates of the rate of return from unrealized gains from other real estate. FE denotes fixed effects. Age, race, and education describe the survey respondent. The education controls describe if the respondent has less than a bachelor's, a bachelor's, or a graduate degree. Income is the natural log of income. The financial situation controls include (a) whether the respondent has feared being denied credit in the past five years, (b) whether they have been denied credit in the past five years, and (c) whether they have a brokerage account. Wealth is the natural log of wealth (net worth), excluding the value of other real estate. Purchase price refers to the natural log of the purchase price of real estate. Robust standard errors are in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1 percent levels, respectively.

Table A13: Component rates of return, unrealized gains from stock and mutual funds

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
WC household	-5.288*** (0.826)	-4.914*** (0.831)	-4.512*** (0.831)	-1.346 (0.897)	0.453 (0.918)	0.344 (0.919)	0.333 (0.942)
Age of respondent		0.223*** (0.025)	0.207*** (0.025)	0.199*** (0.026)	0.151*** (0.026)	0.144*** (0.026)	-0.015 (0.029)
Black respondent			-7.182*** (1.585)	-6.759*** (1.581)	-6.425*** (1.582)	-6.424*** (1.567)	-3.798** (1.504)
Hispanic respondent			-8.310*** (2.127)	-7.632*** (2.118)	-7.617*** (2.118)	-7.727*** (2.112)	-7.772*** (2.191)
Other race respondent			7.793*** (2.254)	9.937*** (2.270)	12.995*** (2.526)	14.392*** (2.497)	12.283*** (2.431)
Bachelor's degree				5.227*** (0.891)	3.659*** (0.896)	4.082*** (0.894)	4.035*** (0.881)
Graduate degree				4.252*** (0.847)	3.308*** (0.851)	3.337*** (0.852)	2.659*** (0.847)
Income ( <i>ln</i> )					4.023*** (0.323)	4.255*** (0.341)	0.906** (0.440)
Fears denied credit						-0.176 (1.675)	1.121 (1.666)
Denied credit						-4.521*** (1.361)	-0.380 (1.306)
Has a brokerage account						-3.893*** (0.772)	-4.693*** (0.767)
Wealth excl. stocks/mut. funds ( <i>ln</i> )							3.593*** (0.363)
Year FE		Yes	Yes	Yes	Yes	Yes	Yes
N	83,148	83,148	83,148	83,148	82,589	82,589	81,040
R-squared	0.03	0.03	0.03	0.04	0.04	0.04	0.04

*Notes:* This table regresses the rate of return from unrealized gains from stock and mutual funds on working-class (WC) status. Each column progressively adds possible demographic and socio-economic correlates of the rate of return from unrealized gains from stock and mutual funds. FE denotes fixed effects. Age, race, and education describe the survey respondent. The education controls describe if the respondent has less than a bachelor's, a bachelor's, or a graduate degree. Income is the natural log of income. The financial situation controls include (a) whether the respondent has feared being denied credit in the past five years, (b) whether they have been denied credit in the past five years, and (c) whether they have a brokerage account. Wealth is the natural log of wealth (net worth), excluding the value of stock and mutual funds. Robust standard errors in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1 percent levels, respectively.

Table A14: Component rates of return, unrealized business gain

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
WC household	-5.005** (1.945)	-4.701** (1.917)	-4.036** (1.927)	-4.643** (1.953)	-3.581* (1.959)	-3.515* (1.943)	-4.803** (2.023)
Age of respondent		0.080** (0.039)	0.063* (0.038)	0.071* (0.038)	0.024 (0.038)	-0.021 (0.040)	-0.064 (0.044)
Black respondent			-9.255** (2.241)	-9.302** (2.238)	-6.672** (2.275)	-5.158** (2.317)	-5.683** (2.502)
Hispanic respondent			-3.068 (2.710)	-3.532 (2.727)	-1.816 (2.716)	-0.890 (2.740)	-1.211 (2.816)
Other race respondent			31.657** (5.641)	30.932** (5.621)	34.858** (5.943)	34.469** (5.496)	36.116** (5.910)
Bachelor's degree				-1.108 (1.032)	-4.750** (1.094)	-5.262** (1.100)	-5.342** (1.108)
Graduate degree				-2.003 (1.286)	-4.181** (1.312)	-4.081** (1.312)	-3.825** (1.338)
Income ( <i>ln</i> )					6.073** (0.449)	5.596** (0.470)	5.421** (0.602)
Fears denied credit						-6.616** (2.034)	-6.058** (2.315)
Denied credit						-5.488** (1.630)	-6.680** (1.756)
Has a brokerage account						0.362 (0.987)	0.105 (1.053)
Wealth excl. businesses ( <i>ln</i> )							-0.034 (0.449)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	69,969	69,969	69,969	69,969	69,095	69,095	67,320
R-squared	0.01	0.01	0.01	0.01	0.02	0.02	0.02

*Notes:* This table regresses the rate of return from unrealized business gain on working-class (WC) status. Each column progressively adds possible demographic and socio-economic correlates of the rate of return from unrealized business gain. FE denotes fixed effects. Age, race, and education describe the survey respondent. The education controls describe if the respondent has less than a bachelor's, a bachelor's, or a graduate degree. Income is the natural log of income. The financial situation controls include (a) whether the respondent has feared being denied credit in the past five years, (b) whether they have been denied credit in the past five years, and (c) whether they have a brokerage account. Wealth is the natural log of wealth (net worth), excluding the value of business assets. Robust standard errors in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1 percent levels, respectively.