

**Table T06-0241**  
**H.R. 4 as Passed by the House and Senate: The Pension Protection Act of 2006**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2011<sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Percent of Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>5</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	2.0	0.0	0.1	1.7	-8	-1.9	0.0	0.5	-0.1	4.3
Second Quintile	10.3	0.1	0.2	7.9	-38	-1.4	0.0	2.9	-0.2	10.5
Middle Quintile	12.1	0.1	0.1	10.3	-49	-0.7	0.0	8.2	-0.1	17.1
Fourth Quintile	9.1	0.0	0.1	12.1	-58	-0.4	0.0	17.7	-0.1	21.4
Top Quintile	21.5	0.0	0.2	68.0	-326	-0.5	0.0	70.6	-0.1	27.7
All	11.0	0.0	0.2	100.0	-96	-0.5	0.0	100.0	-0.1	23.7
<b>Addendum</b>										
Top 10 Percent	32.6	0.0	0.2	57.5	-551	-0.6	0.0	54.6	-0.2	29.0
Top 5 Percent	45.2	0.1	0.2	45.2	-867	-0.6	0.0	42.3	-0.2	30.0
Top 1 Percent	59.1	0.1	0.2	16.7	-1,600	-0.4	0.0	24.7	-0.1	32.0
Top 0.5 Percent	62.2	0.1	0.1	9.8	-1,885	-0.3	0.1	19.9	-0.1	32.9
Top 0.1 Percent	70.4	0.1	0.1	2.6	-2,525	-0.1	0.1	11.9	0.0	34.4

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2011<sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Tax Units <sup>3</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>4</sup> (Dollars)	Average Federal Tax Rate <sup>5</sup>	Share of Pre-Tax Income	Share of Post-Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	
Lowest Quintile	30,620	19.6	9,918	431	9,488	4.3	2.5	3.2	0.5
Second Quintile	31,187	20.0	24,924	2,651	22,273	10.6	6.5	7.6	2.9
Middle Quintile	31,196	20.0	43,588	7,488	36,100	17.2	11.4	12.4	8.2
Fourth Quintile	31,195	20.0	75,268	16,139	59,129	21.4	19.7	20.3	17.7
Top Quintile	31,197	20.0	230,709	64,311	166,398	27.9	60.3	57.0	70.6
All	155,984	100.0	76,577	18,231	58,346	23.8	100.0	100.0	100.0
<b>Addendum</b>									
Top 10 Percent	15,599	10.0	341,597	99,594	242,003	29.2	44.6	41.5	54.6
Top 5 Percent	7,799	5.0	511,855	154,346	357,509	30.2	33.4	30.6	42.3
Top 1 Percent	1,560	1.0	1,399,560	449,254	950,306	32.1	18.3	16.3	24.6
Top 0.5 Percent	780	0.5	2,196,271	723,690	1,472,581	33.0	14.3	12.6	19.9
Top 0.1 Percent	156	0.1	6,282,927	2,160,892	4,122,035	34.4	8.2	7.1	11.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-3C).

(1) Calendar year. Baseline is current law. Provisions include: (i) making permanent the pension and IRA provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 (increased contribution limits and catch-up contributions for IRAs, increased limitation on exclusion for elective deferrals, increased annual addition limitation for defined contribution plans); (ii) making the Saver's Credit (Subsection (b) of Section 25B of the 1986 Internal Revenue Code) permanent; and (iii) indexing for inflation the limits for deduction of the retirement contributions for active participants (Section 201(g) of the 1986 Internal Revenue Code), the limits for contribution to ROTH IRAs (Section 408A(c)(3) of the 1986 Internal Revenue Code) and the limit for Saver's Credit (Subsection (b) of Section 25B of the 1986 Internal Revenue Code).

(2) Tax units with negative cash income are excluded from the lowest quintile but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.