

Table T06-0240
H.R. 4 as Passed by the House and Senate: The Pension Protection Act of 2006
Distribution of Federal Tax Change by Cash Income Class, 2011¹

Cash Income Class (thousands of 2005 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	0.2	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	4.3
10-20	5.2	0.0	0.1	3.5	-21	-2.1	0.0	0.9	-0.1	5.9
20-30	12.2	0.1	0.2	6.5	-44	-1.3	0.0	2.6	-0.2	12.0
30-40	11.7	0.1	0.2	5.7	-51	-0.8	0.0	3.7	-0.1	16.0
40-50	12.9	0.1	0.1	4.3	-49	-0.5	0.0	4.4	-0.1	18.5
50-75	9.6	0.0	0.1	8.4	-56	-0.4	0.0	11.7	-0.1	21.0
75-100	8.2	0.0	0.1	6.4	-68	-0.3	0.0	11.1	-0.1	22.7
100-200	16.6	0.0	0.2	23.9	-191	-0.5	0.0	25.8	-0.1	25.5
200-500	45.1	0.1	0.3	27.2	-788	-0.9	-0.1	16.5	-0.2	27.9
500-1,000	57.1	0.1	0.3	8.0	-1,455	-0.6	0.0	6.6	-0.2	29.4
More than 1,000	66.3	0.1	0.1	6.1	-2,157	-0.2	0.1	16.4	-0.1	33.6
All	11.0	0.0	0.2	100.0	-96	-0.5	0.0	100.0	-0.1	23.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2011¹

Cash Income Class (thousands of 2005 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre- Tax Income Percent of Total	Share of Post- Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Less than 10	17,076	11.0	6,303	272	6,031	4.3	0.9	1.1	0.2
10-20	24,604	15.8	17,000	1,028	15,972	6.1	3.5	4.3	0.9
20-30	22,025	14.1	28,090	3,408	24,682	12.1	5.2	6.0	2.6
30-40	16,710	10.7	39,487	6,374	33,113	16.1	5.5	6.1	3.8
40-50	13,168	8.4	50,814	9,459	41,356	18.6	5.6	6.0	4.4
50-75	22,575	14.5	69,796	14,682	55,114	21.0	13.2	13.7	11.7
75-100	14,102	9.0	98,049	22,330	75,719	22.8	11.6	11.7	11.1
100-200	18,722	12.0	152,864	39,154	113,709	25.6	24.0	23.4	25.8
200-500	5,166	3.3	324,098	91,104	232,994	28.1	14.0	13.2	16.6
500-1,000	825	0.5	769,080	227,257	541,823	29.6	5.3	4.9	6.6
More than 1,000	423	0.3	3,274,032	1,101,782	2,172,249	33.7	11.6	10.1	16.4
All	155,984	100.0	76,577	18,231	58,346	23.8	100.0	100.0	100.0

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 income class 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.