

# Modelling the age-dependent personal income distribution in the USA

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## **Abstract**

Numerical modelling of the age-dependent personal income distribution (PID) in the USA is fulfilled based on a micro- and macroeconomic model and results of the overall PID modelling. As expected from the age-dependent accuracy of the Current Population Surveys, the model has demonstrated an excellent prediction power in almost all income bins except the lowermost ones.

Here we address the problem of the fine age structure of the PIDs. The age-dependent PIDs are modelled by using the same defining parameters as the overall PIDs. The predicted PIDs accurately describe the observed ones reproducing such complex features as the exponential PID decay in the youngest and oldest age groups. The evolution of the age-dependent PIDs in time is also accurately predicted. The difference in the PID levels in the youngest age group is explained by some shortcomings in the design of the enumeration procedure. Corresponding recommendations are given in order to improve the PID estimates.

Key words: personal income distribution, mean income, microeconomic modeling, USA, real GDP, macroeconomics

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