



New MoneyRates Study Reveals Surprising Statistics about Income Inequality

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Virginia's top earners make an average of 5.66 times more than the lowest earners in the state

Foster City, CA – May 28, 2020 – Personal finance resource [MoneyRates.com](https://www.moneyrates.com) released today a new study that identifies which states have the widest differences between high- and low-income earners and which experience less disparity in income. While income inequality continues to be a major topic of political debate, the coronavirus pandemic is predictably adding fuel to what is already a hot fire – however, there are some surprising results.

To measure income inequality and identify how much is “too much,” MoneyRates.com calculated an Income Inequality Ratio. This measures the ratio between the incomes of the top 10% of earners in each state to that of the bottom 10%.

Interesting study highlights:

- Virginia has the widest disparity between high and low earners, with the top 10% earners in the state making an average of 5.66 times what a wage earner in the bottom 10% makes.
- At the opposite end of the spectrum, Maine has the most income equality, with very high earners in the state making an average of only 3.44 times the income of very low earners.
- In general, states with low income inequality have suffered a slightly higher jump in unemployment than those with high income inequality since the end of February. Vermont, which has the third-lowest income inequality of any state, is a leading example of this trend. Its 20% jump in unemployment is the worst in the nation.

The Five States with the Most Income Equality

State	Equality Rank	Income Inequality Ratio
Maine	1	3.44
South Dakota	2	3.50
Vermont	3	3.51
North Dakota	4	3.69
Arkansas	5	3.84

The Five States with the Least Income Equality (Low to High)

State	Equality Rank	Income Inequality Ratio
New York	46	4.99
Georgia	47	5.08
Maryland	48	5.14
New Jersey	49	5.48
Virginia	50	5.66

This study also finds that, while income inequality affects the lifestyles of typical Americans, it can make an impact far worse or better depending on

factors that include the relationship between income inequality and overall income levels and growth. The analysis shows that, in some cases, income inequality may actually be good for workers overall.

“Just the term ‘income inequality’ makes people think there is something fundamentally unfair about it,” says MoneyRates’ Senior Financial Analyst Richard Barrington, who conducted the study. “In economic terms, though, it is possible that some degree of income inequality creates incentives that can make the job market more dynamic.”

Conversely, over the past ten years, income has grown more rapidly in states with the most equal incomes than those with the greatest income inequality. That faster growth applies to low, median and high-earners. According to Barrington, these findings suggest that in time, if the trend continues, the median income in more equal states could catch up with that of the most unequal states.

“Ideally, a job market should create good opportunities for workers at all income levels,” adds Barrington. “It’s important to accept that some degree of income inequality is not only inevitable, but may actually be positive. It can be a rising tide that floats everybody’s boat, as long as the inequality isn’t taken too far.”

Methodology

MoneyRates.com calculated an Income Inequality Ratio. This measures the ratio between the incomes of the top 10% earners in each state to the incomes of the bottom 10%. Based on this ratio, MoneyRates.com ranked states from most to least income equality.

The top and bottom ten states were then used to measure the relationship between income inequality and trends like how the coronavirus lockdowns are impacting employment, whether incomes generally are higher or lower in states with more income equality and whether equality leads to more dynamic income growth.

See the full article here: [States with the Lowest and Highest Income Inequality](#)

MoneyRates' spokesperson, Richard Barrington, is available for commentary on banking and personal finance topics.

Additional Resources:

- [Coronavirus threatens retirement plans](#)
- [Best States to Make a Living](#)

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Since 1998, MoneyRates.com has served as a personal finance resource designed to help readers make the most of their money. In addition to a variety of financial calculators, MoneyRates.com researches and tracks CD, savings, and money market rates offered from over 400 financial institutions across the country to offer expert advice on banking, investing and retirement planning.

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