Lifetime Earnings

The typical bachelor's degree recipient can expect to earn about 66% more during a 40-year working life than the typical high school graduate earns over the same period.

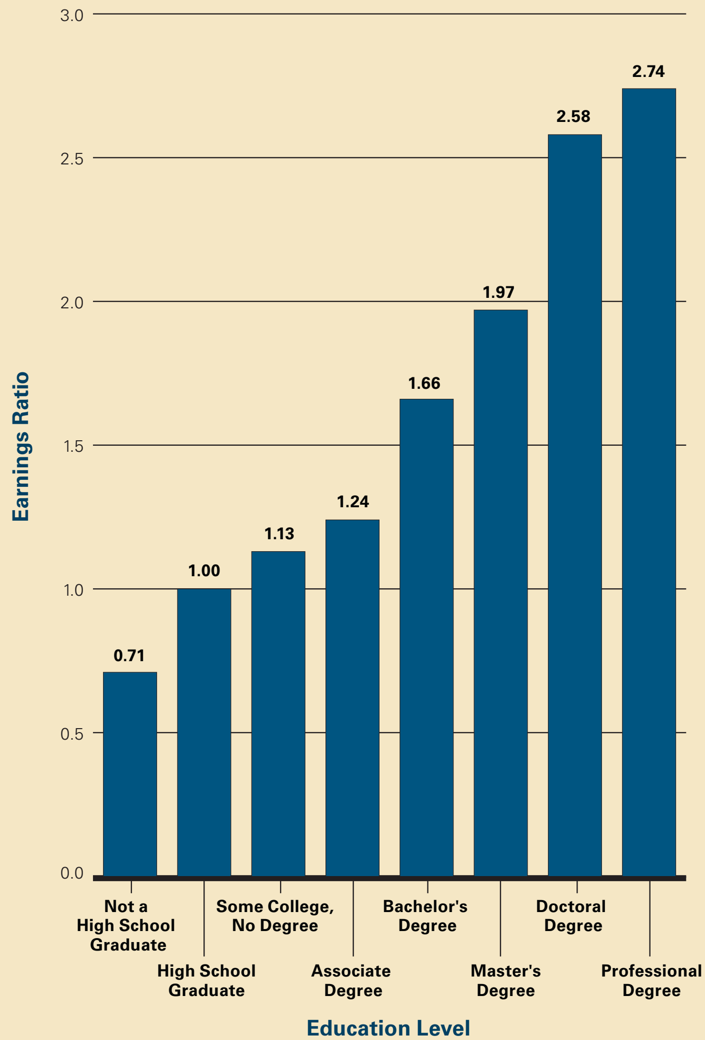
- The calculations in Figure 1.2 are based on earnings of individuals working full-time year-round. Because the proportion of adults working full-time year-round increases with education level (for example, 67% of college graduates and 55% of high school graduates between the ages of 45 and 54 worked full-time in 2008), the lifetime earnings differentials would be larger if all adults — or all adult workers — were included in these calculations.
- As Figure 1.1 reports, higher earnings correspond to higher tax payments. If after-tax earnings were used in this calculation, the ratio of lifetime earnings for individuals with more than a high school diploma to lifetime earnings for high school graduates would decline slightly.

Also important:

- There are a variety of ways to estimate lifetime earnings for people with different levels of education. Although some reasonable assumptions would lower the ratios shown here and other reasonable assumptions would increase those ratios, the results consistently reveal significantly higher earnings levels associated with higher levels of education.
- A number of careful studies show that people who are kept out of college by barriers like a shortage of funds or the absence of nearby appropriate colleges earn higher than average returns when the barriers are lowered. In other words, the idea that students who are not enrolling in college would be unlikely to enjoy the average benefits reported here is not supported by the evidence (Brand and Xie, 2010).

Figure 1.2

Expected Lifetime Earnings Relative to High School Graduates, by Education Level



Note: Based on the sum of median 2008 earnings for full-time year-round workers at each age from 25 to 64 for each education level. No allowance is made for the shorter work life resulting from time spent in college or out of the labor force for other reasons. Future earnings are discounted at a 3% annual rate to account for the reality that, because of forgone interest, dollars received in the future are not worth as much as those received today. This represents real interest, as all earnings are in 2008 dollars. Discounting does not have a large impact on the lifetime earnings ratios.

Sources: U.S. Census Bureau, 2009; calculations by the authors.