

The dividing line between those with just enough income...

Published: January 13, 2026, 12:17 am

I was intrigued by a comment made by a person posting on this blog yesterday who claimed to be [named Colin](#). His claim was that he was not wealthy but he would, nonetheless, reduce his work effort if his tax rate was increased as a consequence of tax relief on his pension contributions being reduced.

Colin did, inadvertently, provide an obvious definition of the divide between having sufficient income to live on, and having that level of income which supports the accumulation of wealth.

If those with sufficient, or less, income suffer a reduction in their take-home pay then their obvious reaction is to increase their work effort to recover the sum lost, or their absolute standard of living will decline, potentially at very real actual cost to the wellbeing of themselves and their families.

In contrast, a person with sufficient income to sustain their wealth can respond to a reduction in their income if it is, for example, caused by an increase in their tax rate by then voluntarily reducing their work effort, creating a further potential reduction in their wellbeing over and above that already created by the tax increase. In other words, they can afford to choose to reduce their financial well-being without actually prejudicing the ability of themselves or their family to meet their needs. As a consequence, it follows that they must have income in excess of that required to meet need. That provides a clear indication that they have income that supports their increase in wealth, and not their current requirements.

Of course the point at which this occurs will vary between people, but the fact that this divide so obviously exists and that those who have income that supports wealth are unaware of the fact, is in itself interesting, and a potential basis for policy creation.