

Funding the Future

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<https://www.taxresearch.org.uk/Blog/2024/04/23/who-are-the-wealthy/>

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I posted this video on YouTube this morning:

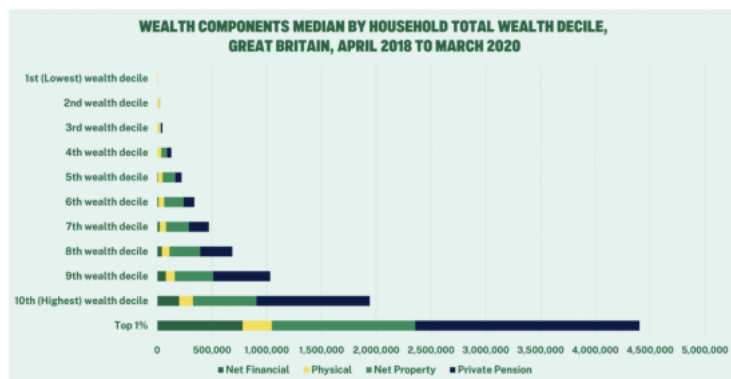
<https://youtu.be/0BhxrbswGTk?si=PmSijCvn8qHXlo8C>

This is the transcript:

Who are the wealthy? That's a really important question, especially when I've written something called the [Taxing Wealth Report](#), because very obviously that is targeted at those who are wealthy.

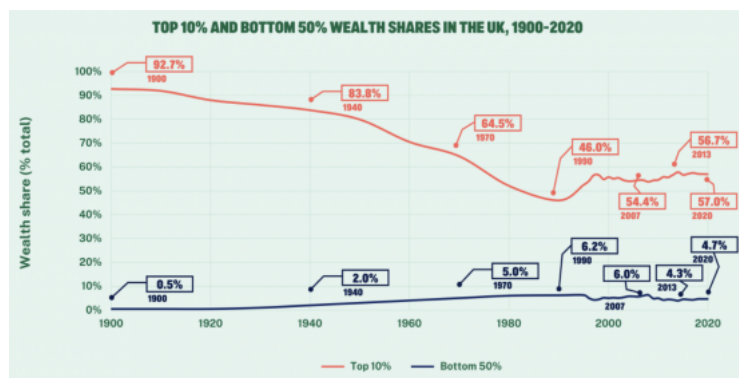
There are two definitions that we can use of those who are wealthy in the UK. One is to simply look at the money and other assets that they own, because that is the clearest indication of wealth in common parlance, or in normal plain speak.

And if we do that, we can see, from information provided by the Office for National Statistics, that there are charts that show, the wealth of the UK is concentrated very heavily in the hands of relatively few people. The top 10 per cent own the vast majority of wealth in the UK. Inside the top 10%, the top 1 per cent own a lot more than anybody else.



Source: Equality Trust <https://equalitytrust.org.uk/scale-economic-inequality-uk>

If we look across the rest of the population - that's frankly, the bottom half of the population - they own a tiny proportion of the whole of the UK's wealth. That is obviously a clear indication that we do have really wealthy people in the UK and people who are not wealthy.



Source: Equality Trust <https://equalitytrust.org.uk/scale-economic-inequality-uk>

But the Taxing Wealth Report does not seek to tax wealth directly. What it seeks to tax are the incomes that are derived from wealth and the capital gains that also come from wealth - the profits on the sale of assets.

So what is the pinch point there? Where do we move over from being ordinarily comfortable to being wealthy? My definition is that that point is reached where you can afford to make a number of quite sensitive choices. You've got discretion over your well-being.

One is that you can save a lot. Your proportion of voluntary savings goes up as a part of your earnings. You put more into your pension, you put more into your ISA, you put more into whatever else it is that you want to store value in for your future. That is one measure of well-being.

The other one is that you can actually afford to make choices about what you do in life. In other words, you can afford to not work. You can retire early. Or you can afford to work less, or you can actually choose to do what you wish rather than what you have to, to put food on the table, pay the bills and everything else. Now, that's a pretty critical distinction, but it's really important because that point does arrive in some people's lives.

It is a point where we can recognize that people have real wealth because wealth represents choice and the opportunity to take it, and that opportunity to decide where you save more or where you work less is critical. This is a point where you cross over from being ordinarily well-off to being wealthy.