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How to become one of London's top earners

Feeling squeezed? Negotiate a pay rise, buy to let and fight for women's rights. Joshi Herrmann has a guide to becoming one of London's top earners



Get in there: our handy guide to the one per cent in London
(Picture: Getty Images) JOSHI HERRMANN



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When the Occupy protest camp chanted "We are the 99 per cent" outside St Paul's a few years ago, they probably imagined the top slice of society as super-rich investors

and City bankers. Now a book by Oxford professor Danny Dorling has shed light on who the people in the top percentile of earnings really are, and how they live.

In *Inequality and the 1%*, published this week by Verso, Dorling identifies a new category of society — the “squeezed upper middle”: people who are in the top one per cent of earners but struggle to maintain their lifestyle because of steep property prices and other spiralling costs such as childcare.

Dorling also says that because so many of the massively wealthy live in London, those in the one per cent don’t have the same feeling of achievement as their counterparts elsewhere. “Outside London, you are likely to be the richest household in your neighbourhood if you are in the one per cent,” he explains. “They are more normal in London, but the group above them — the 0.1 per cent and the 0.01 per cent — are mostly in London too, so that makes it very different in the capital,” he says. “It is hard not to be drawn to the conclusion that the weight of so much more income and wealth above them within the capital increases their perceived costs and narrows their breadth of view.”

So here’s our handy guide to the one per cent in London, and how to go about joining them.

Earn high

According to the Institute for Fiscal Studies (IFS), a single adult living on their own needs to earn £100,000 (pre-tax) a year to be in the one per cent (of all adults of that kind) nationally. A couple with no children needs to earn a combined £160,000; and a couple with two children needs about £200,000. The £160,000 figure made headlines this weekend, but for a childless couple to make the top one per cent in the London area, they need to aim higher. "You are probably talking about a quarter of a million household income before tax, once you've included the wealthier bits of the Home Counties who are somehow involved in the London economy," says Dorling, "and more if you have kids."

And will we then be happy? "It is difficult to find people living in households with a joint income of more than £200,000 but less than £300,000 in London who will tell you that they are comfortably off — despite how high up the income distribution they actually are," he says.

Marry in

A high proportion of the households in the one per cent have one partner earning much more than the other, Dorling notes. That gap in earning between partners is

greater in one per cent households than those lower down the income scale.

Negotiate

“Most of the increased income of the top one per cent has been achieved through personal negotiations over increasing their pay and bonuses,” Dorling writes, “especially chief executive officers.”

Add letters to your name

The rise of business schools and professional bodies like the British Medical Association and the British Bankers’ Association has helped to legitimise the increasing pay of the one per cent, Dorling explains, and acted as a barrier to those wishing to join it.

Buy-to-let

Prime London property prices have shot way ahead of the one per cent earnings. Dorling says the earnings of the “squeezed upper middle” have risen 118 per cent in 25 years, but four-bedroom properties in prime central London rose 523 per cent in that period. Increasing numbers of one per centers with cash to invest have ridden the buy-to-let wave — allowing the London property boom to top-up their income by buying investment properties.

Snort

Dorling identifies cocaine as “the drug of the one per cent” — the only drug whose use has increased since 1996 in the UK, but only among the rich. In that sense, it’s a key marker of one per cent membership in social settings. Obviously, one cannot and does not condone this as a means to a one per cent lifestyle, however.

Change jobs

If you work in medicine or academia — professions regarded highly by the Government and valued by society — you are very unlikely to make the one per cent. Senior managers, BBC executives, hospital consultants and university vice-chancellors are however among the socially useful paths that still often make the one per cent, the rest of which is filled out by bankers, footballers, entertainers and FTSE 250 board directors.

Become a feminist

Unfairly low pay is almost certainly preventing some high-earning London women from entering the one per cent. The Chartered Management Institute found that female executives earn £10,060 a year less on average, and receive half the bonus awards, than their male peers in the same type of role.