

What Counts Toward Household Personal Income?



Adjusted Money Income

Wages and salary
Dividends
Social Security

Examples

+



Financial

Employer's contribution to pension
Imputed interest on pensions, life insurance
Rental value of living in a home you own

+



Health

Employer's contributions to health insurance
Medicare
Medicaid

+



Other Transfers (net)

Employer's contributions to government social insurance
Refundable tax credits
Supplemental Nutrition Assistance Program benefits

To measure the **distribution of personal income**, BEA begins with people's incomes from all sources and adjusts for households of differing sizes.

How Are Incomes Adjusted for Household Size?

$$\frac{\text{Household Personal Income}}{\sqrt{\text{Household size}}} \rightarrow \text{For example, a four-person household with \$100,000 in annual personal income: } \sqrt{4} = 2 \rightarrow \frac{\$100,000}{\sqrt{4}} = \$50,000 \text{ Adjusted Household Income}$$

Where Do Adjusted Incomes Fall in the Quintiles?

Bottom 20%	20%-40%	40%-60%	60%-80%	80%-100%
< \$37,625	\$37,626 to \$53,861	\$53,862 to \$76,417	\$76,418 to \$116,031	\$116,032+

2019 nominal dollars