

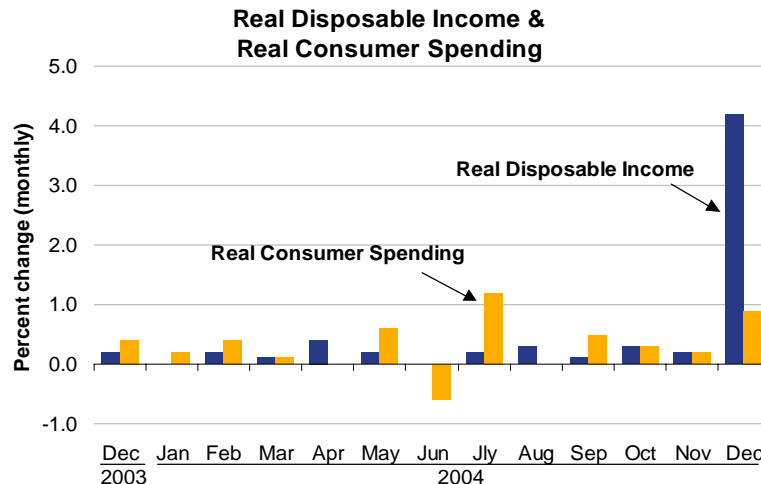


MONDAY, January 31, 2005

## INCOME AND SPENDING INCREASE SIGNIFICANTLY IN DECEMBER

*Personal Income Estimates*

Boosted by a special dividend paid by the Microsoft Corporation, the total income received by individuals, without adjusting for inflation, increased 3.7 percent in December, according to estimates released today by the U.S. Bureau of Economic Analysis. Excluding the special dividend, income increased 0.6 percent in December after increasing 0.4 percent in November. Consumer spending, adjusted for inflation, increased 0.9 percent in December after increasing 0.2 percent in November.



After-tax income received by individuals, adjusted for inflation, increased 4.2 percent in November. This increase is mostly attributable to the special Microsoft dividend.

Since December of last year, real disposable personal income has increased 6.4 percent, and real consumer spending has increased 4.0 percent.

Personal saving was 3.1 percent of disposable personal income in December 2004, up from 0.1 percent in November.

Personal income—the total income received by individuals, before taxes and *not* adjusted for inflation—increased \$360.9 billion (or 3.7 percent) in December after increasing \$41.5 billion (0.4 percent) in November.

- Wages and salaries, the largest component of personal income, increased about \$23 billion in December.
- Including the Microsoft dividend, personal dividend income increased about 70 percent in December; excluding the special dividend, personal dividend income increased 0.8 percent in December.
- Government social benefits to persons increased about \$15 billion in December.

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BEA's data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on its Web site: <[www.bea.gov](http://www.bea.gov)>.

NOTE: Estimates of personal income and outlays for January, along with revised estimates for July, August, September, October, November, and December will be released on February 28, 2005.

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Bureau of Economic Analysis  
U.S. Department of Commerce