Distribution of Personal Income • Prototype Statistics

What Counts Toward Household Personal Income?

Adjusted Money Income

- Wages and salary
- Dividends
- Social Security

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?

Household Personal Income / Household size = Adjusted Household Income

For example, a four-person household with $100,000 in annual personal income:

\[
\frac{100,000}{\sqrt{4}} = \frac{100,000}{2} = 50,000
\]

Where Do Adjusted Incomes Fall in the Quintiles?

<table>
<thead>
<tr>
<th>Quintile</th>
<th>Income Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom 20%</td>
<td>( \leq 46,969 )</td>
</tr>
<tr>
<td>20%-40%</td>
<td>$46,970 to $64,533</td>
</tr>
<tr>
<td>40%-60%</td>
<td>$64,534 to $86,767</td>
</tr>
<tr>
<td>60%-80%</td>
<td>$86,768 to $127,861</td>
</tr>
<tr>
<td>80%-100%</td>
<td>( \geq 127,862+ )</td>
</tr>
</tbody>
</table>

2021 nominal dollars

bea.gov/data/special-topics/distribution-of-personal-income