

# What Counts Toward Household Personal Income?



## Adjusted Money Income

Wages and salary  
Dividends  
Social Security

Examples

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## Financial

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

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## Health

Employer's contributions to health insurance  
Medicare  
Medicaid

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## 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?

$$\frac{\text{Household Personal Income}}{\sqrt{\text{Household size}}}$$

For example, a **four-person household** with **\$100,000** in annual personal income:  
 $\sqrt{4} = 2$

$$\frac{\$100,000}{\sqrt{4}} = \$50,000 \text{ Adjusted Household Income}$$