



## PRESS RELEASE

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### KEY HOUSEHOLD INCOME TRENDS, 2015

#### Median Household Income from Work Grew in 2015

1 The Singapore Department of Statistics today released its latest paper on “Key Household Income Trends, 2015”. Median household income from work increased in nominal and real terms in 2015, according to the paper.

#### *Median Household Income from Work Grew*

2 Among resident employed households<sup>1</sup>, median monthly household income from work<sup>2</sup> increased from \$8,292 in 2014 to \$8,666 in 2015, representing growth of 4.5 per cent in nominal terms or 4.9 per cent in real<sup>3</sup> terms. From 2010 to 2015, the median monthly household income from work of resident employed households rose by 20.4 per cent cumulatively or 3.8 per cent per annum in real terms.

3 Taking household size into account, median monthly household income from work per household member recorded 5.0 per cent nominal growth, or 5.4 per cent real growth, in 2015. The rise in median household income per household member came amidst a tight labour market, as well as an increase in the employer CPF contribution rates in 2015<sup>4</sup>. From 2010 to 2015, the annual growth in real median household income per household member was lower, at 3.6 per cent.

#### *Real Growth in Household Income from Work Per Member for All Deciles*

4 In 2015, resident employed households in all deciles<sup>5</sup> experienced real growth in average household income from work per household member. The

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<sup>1</sup> A resident employed household refers to a household headed by a Singapore citizen or permanent resident and with at least one working person.

<sup>2</sup> Household income from work includes employer Central Provident Fund (CPF) contributions.

<sup>3</sup> The Consumer Price Index (CPI) for All Items is used as a deflator to compute real income changes.

<sup>4</sup> The median household income from work per household member rose in tandem with the growth in median income of full-time employed residents amidst a tight labour market in 2015. According to MOM, the median income of full-time employed residents rose by 5.3 per cent in real terms in 2015. In addition, increases to employer CPF contribution rates in 2015 also contributed to income growth. Specifically, employer CPF contribution rates for employees aged 50 years and below or above 65 years rose by 1 percentage point on 1 January 2015, while that for employees aged above 50 to 55 years and employees aged above 55 to 65 years increased by 2 and 1.5 percentage points respectively.

<sup>5</sup> It is notable, for example, that some resident employed households in the lowest 10% owned a car (16.0%), employed a maid (7.8%), lived in private property (6.5%) or were headed by persons aged 60 years and over (39.9%) in 2015. It is also important to recognise that not all households are consistently in the same decile group from one year to the next. For example, a household may move down from a higher decile in a particular year due to temporary unemployment of a household member, before moving up the deciles when the member resumes work in the subsequent year. In comparing the performance of any particular decile group over time, it is therefore relevant to note that they may not pertain to the same group of households.

lowest 20% households had the fastest real income growth, with households in the lowest and 2<sup>nd</sup> lowest deciles recording growth of 10.7 per cent and 8.3 per cent respectively, in part due to on-going initiatives to raise the wages of low-wage workers. This was followed by the top 10% households and the 21<sup>st</sup> – 30<sup>th</sup> percentile group, with real income growth of 7.2 per cent each. Among the remaining percentile groups, average household income per household member grew by 5.7 – 6.7 per cent in real terms in 2015.

5 From 2005 to 2015, resident employed households in all income groups saw real growth in average household income from work per household member. More recently, from 2010 to 2015, the lowest 50% households experienced faster real income growth than the top 50% households.

### ***Households Received More Government Transfers in 2015***

6 Overall, resident households (including households with no working person) received \$3,985 per household member on average from various Government schemes in 2015. This was 13% higher than the average amount of \$3,515 per household member received in 2014. Compared to 2014, resident households received higher GST Voucher<sup>6</sup> disbursements and additional Government transfers such as income tax rebates, top-ups to Child Development Account (CDA), Post-Secondary Education Accounts (PSEA) and Edusave Accounts, Haze Subsidy and Medishield Life Subsidies in 2015.

### ***The Gini Coefficient Remained Relatively Stable in 2015***

7 The Gini coefficient<sup>7</sup> was 0.463 in 2015, broadly similar to the 0.464 in 2014 and 0.463 in 2013 and was one of the lowest in recent years. After adjusting for Government transfers and taxes, the Gini coefficient in 2015 fell from 0.463 to 0.410, reflecting the redistributive effect of Government transfers.

8 The report on “Key Household Income Trends, 2015” is available online on the Department of Statistics’ website at <http://www.singstat.gov.sg/>.

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<sup>6</sup> In 2015, the Government announced a permanent increase of \$50 in annual GST Voucher – Cash Quantum and additional GST Voucher – Seniors’ Bonus.

<sup>7</sup> The Gini coefficient is a summary measure of income inequality. It is equal to zero in the case of total income equality and to one in the case of total inequality.