

Technical Note on Household Income

I Introduction

1 The annual “Key Household Income Trends” (KHIT) report highlights the key trends in household income and the impact of Government transfers and taxes on income distribution.

2 Prior to the KHIT 2025 report, the household income data series from 2000 and onwards published in the KHIT reports had been based on employment income, which consists of income from paid employment and self-employment, received by employed members of the household. Data was reported by survey respondents and augmented with administrative data on Central Provident Fund (CPF) contributions. Since the income data used was solely based on employment income, the analyses in past KHIT reports correspondingly focused on resident employed households (i.e., resident households with at least one employed person).

3 DOS has reviewed and developed a new household income series comprising both employment income and income from non-employment sources. This new income series will be adopted in the KHIT 2025 report and subsequent editions. The scope of analyses in the KHIT report will thus also be broadened to cover all resident households, including households without employed persons. The new data series based on the expanded income coverage and all resident households begins from 2015 onwards.

4 The expanded coverage of income sources and household types enables a more comprehensive analysis of household income trends compared to just using employment income for employed households. In particular, with an ageing population, there is a growing proportion of households comprising solely non-employed persons aged 65 years and over. While these households do not have employment income, they may have income from non-employment sources such as rental, investments and annuities. Expanding the income and household coverage will thus allow for insights on the financial circumstances of more households in Singapore to be derived.

5 This technical note explains the concepts and components of the expanded household income coverage.

II Concept of Household Income

6 The concepts and definitions of household income adopted by DOS adhere closely to international standards¹ whereby monetary and in-kind receipts fulfil the following requirements:

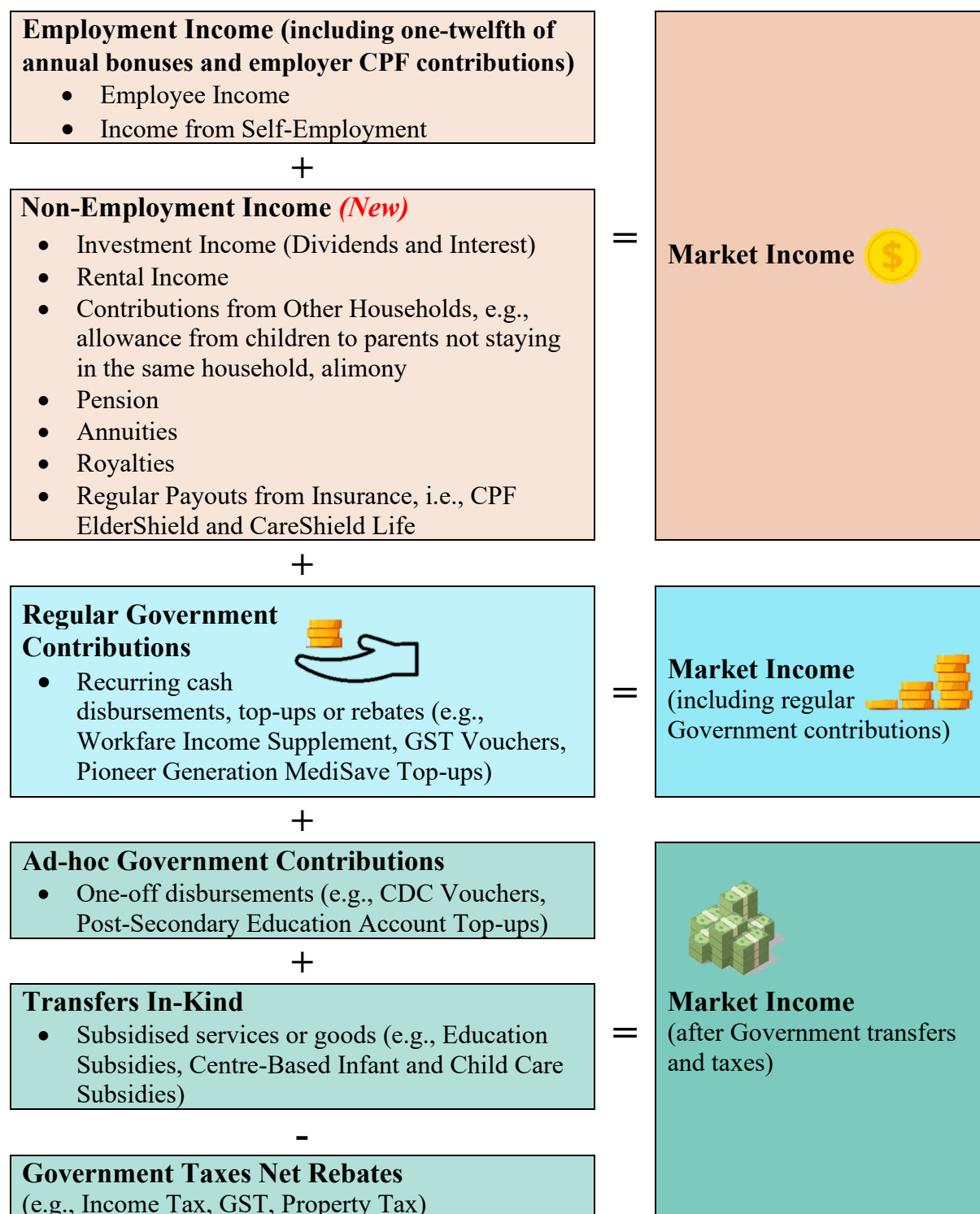
- (i) Received regularly (at annual or more frequent intervals);
- (ii) Available for current consumption; and

¹ Canberra Group Handbook on Household Income Statistics: Second Edition

- (iii) Does not reduce the net worth of the household via reduction of its cash, disposal of assets or an increase in liabilities.

7 Capital gains or losses (e.g., proceeds from sale of properties, shares and bonds), one-off lump-sum payouts (e.g., lottery winnings, inheritance) and drawdown on savings are excluded from income.

8 The following diagram illustrates the different components of household income:



9 Market income refers to income received by households from the market economy before any Government transfers and taxes. It comprises income from employment and non-employment sources including investments (e.g., interests from savings and/or CPF balances, dividends from investments), rental, contributions from other households (e.g., allowance from children to parents who are not staying in the same household, alimony), pensions, annuities, royalties, and regular insurance payouts.

10 Market income (including regular Government contributions) refers to the total income available to households, comprising all market income and regular Government contributions. It reflects the total resources that households receive on a regular basis, including those received from the Government.

11 Market income (after Government transfers and taxes) refers to the sum of market income, regular and ad-hoc Government contributions, as well as the value of in-kind benefits received by households, after subtracting Government taxes.

III Data Sources and Methodology

12 Data on household income in the KHIT are based on the sample of households surveyed in the June Comprehensive Labour Force Surveys conducted by the Ministry of Manpower every year, except for years where the Censuses of Population and General Household Surveys are conducted². The income estimates are based on data as reported by survey respondents and from administrative sources where available.

13 The coverage of the income components and Government transfers and taxes are further described below.

Employment

Refers to the income from paid employment and self-employment received by employed household members, excluding the income of live-in domestic workers. Monthly household employment income includes employee and employer CPF contributions, one-twelfth of the annual bonus, and Additional MediSave Contributions (AMC).

Investments

Refers to interest from savings and fixed deposits and CPF accounts, as well as dividends from securities (such as shares or bonds). Interest from CPF balances is included even though there may be certain restrictions on its usage, e.g., housing, medical bills and education, as it is available for consumption for specified purposes upon crediting to CPF accounts.

Rental

Refers to the income received by the household from renting out part or all of their residential dwellings.

² The Census of Population is conducted once every ten years in years ending with '0'. The General Household Survey is conducted in the years between the Population Censuses, i.e., in years ending with '5'.

Contributions from Other Households

Refers to regular cash allowances *received from* other households, such as allowance from children to parents who are not staying in the same household and alimony. Based on data as reported by survey respondents and available from 2021 onwards.

Conceptually, contributions *given to* other households reduce the economic resources available for the household's consumption and should be deducted from household income. However, this information is not available.

Pension

Refers to pensions received under The Pensions Act.

Annuities

Refers to payouts from CPF Retirement Sum Scheme (RSS) and CPF Lifelong Income For the Elderly (LIFE), and annuity payouts from private insurers.

Internationally, annuities are treated as a source of income even though the payouts received may represent a running down of past savings. They provide a steady cashflow over a specific period or for the rest of the recipient's life like salaries or pensions, making them an important income source especially for retiree households to support expenses.

Insurance

Refers to monthly CareShield Life or ElderShield payouts.

Royalties

Refers to royalty income assessed based on declarations in income tax returns or provided by relevant third parties. Available from 2018 onwards.

Government Transfers and Taxes

Government transfers are unrequited assistance/benefits provided by the Government to households or individuals. Estimated based on administrative data.

Government transfers can be in cash or in-kind and can be classified into three categories:

- (i) Regular Government contributions: Recurring cash disbursements, top-ups or rebates (e.g., Workfare Income Supplement, GST Vouchers, Pioneer Generation MediSave Top-ups).
- (ii) Ad-hoc Government contributions: One-off disbursements (e.g., CDC Vouchers, Post-Secondary Education Account Top-ups, One-off Retirement Savings Bonus under the Majulah Package).
- (iii) Transfers in-kind: Value of in-kind benefits through subsidised services or goods (e.g., Education Subsidies, Centre-Based Infant and Child Care

Subsidies).

Based on international standards and guidelines by the International Labour Organisation (ILO) and United Nations (UN) Expert Group on Household Income, capital housing transfers (e.g., CPF Housing Grant) that are large, lump sum and one-off payments have an effect beyond the year as well as an investment impact, and hence are not within the scope of household income statistics.

Government taxes are compulsory, unrequited payments made by households or individuals to the Government, in cash or in-kind. Estimated based on administrative data.

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