Understanding the Differences between Personal Disposable Income and Household Market Income

	Personal Disposable Income (PDI)	Household Market Income
Purpose	- Measures the income of the personal sector at overall level - Comprises households and non-profit institutions serving households (NPISHs)[#] after accounting for components such as net investment income received (i.e., interest and dividends), government transfers to households and personal income tax paid	- Measures the income received from the market economy by households before any government transfers and taxes* - Comprises income from employment (including one-twelfth of annual bonuses and employer CPF contributions) and non-employment sources (including investment, rental, other sources)
Coverage	✓ Includes individuals who reside or have the intention to work and live in Singapore for more than one year: - Singapore Citizens or Permanent Residents - Foreigners (e.g., foreign professionals and skilled workers) ✓ Includes NPISHs	✓ Includes resident households in Singapore where the household reference person[+] is a Singapore Citizen or Permanent Resident ✗ Excludes non-resident households in Singapore (i.e., household reference person is a foreigner) ✗ Excludes NPISHs
Compilation Methodology	- Compiled from a **macroeconomic** perspective, using data from both **business survey** and administrative sources	- Compiled from a **household** perspective, using **household survey** data augmented with administrative sources
Data Sources	- Business survey and administrative sources	- Comprehensive Labour Force Surveys, General Household Survey, Census of Population and administrative sources

Data Category	**Key components of PDI**
	✓ Income from paid employment
	✓ Actual rental income from housing
	✓ Imputed rental income from housing^
	✓ Gross operating surplus (GOS) on NPISHs
	✓ GOS on self-employment
	✓ Investment income from interest and dividends received
	   ✓ (less) Investment income on interest and dividends paid
	✓ Government transfers to households
	✓ (less) Personal income tax
		Key components of Household Market Income
		✓ Income from paid employment
		✓ Actual rental income from housing
		✗ Imputed rental income from housing^
		✗ Gross operating surplus (GOS) on NPISHs
		✓ Income from self-employment
		✓ Investment income from interest and dividends received
		   ✗ (less) Investment income on interest and dividends paid
		✗ Government transfers to households
		✗ (less) Personal income tax

Frequency of Data Update	- Quarterly	- Annual
Links to Data	Personal Disposable Income At Current Prices in the SingStat Table Builder Information Paper on Personal Disposable Income	Average And Median Monthly Household Market Income Among Resident Households in the SingStat Table Builder Technical Note on Household Income

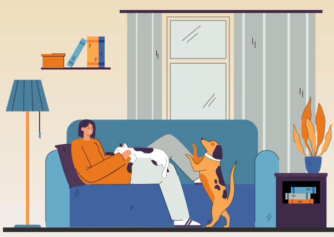
[#] Examples include charities and religious organisations providing free or subsidised services to households.

** Selected data on household market income (including regular government contributions) and household market income (after government transfers and taxes) are also available.*

[+] As reported by the surveyed household and usually refers to the oldest member, the main income earner, the owner-occupier of the house, the person who manages the affairs of the household or the person who supplied the information pertaining to other members.

^ Imputed rental income from housing refers to the estimated income that homeowners would receive if these owner-occupied properties were rented out.

Example



Discover why PDI and household market income show different income figures for the homeowner due to “imputed rental income”.

Why does PDI includes "imputed rental income" for homeowners? I own my flat and I’m not renting it out to anyone.

When you own your home, you are treated as if you are renting it to yourself. Let’s imagine comparing two countries with similar economies. In Country A, most people rent their homes, while in Country B, most people own them. Without imputed rental income, Country A's PDI would appear much higher simply because of all the rental transactions being recorded.

So, imputing rental income from housing ensures that PDI is comparable across countries?

Exactly! PDI tries to capture that benefit by adding "imputed rental income". Take two neighbours with identical jobs, each earning $5,000 a month. One rents a flat for $2,000, while the other owns an identical flat and lives in it. In PDI terms, the homeowner is treated as earning the equivalent of $2,000 in rental from his own property, even though no money changes hands.

This means that PDI shows $7,000 for the homeowner ($5,000 in wages plus $2,000 in imputed rent), but household market income stays at $5,000?

Yes. This is the national accounting way to ensure meaningful comparisons across countries. Otherwise, countries with high homeownership rates would appear to have lower personal disposable incomes than countries where most people rent. This differs from household market income which only includes the actual rental income received.

Relevant Resources

Household Sector Economic Indicators Resources