WHY DOES THE REPORTED MEDIAN HOUSEHOLD INCOME DIFFER FROM MY PERSONAL EXPERIENCE?

1 **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 not staying in the same household, alimony), pensions, annuities, royalties, and regular insurance payouts.

In particular, the employment income comprises **(i) income received from employment and business** (including overtime pay and/ or allowances), **(ii) one-twelfth of annual bonuses** and **(iii) employer CPF contributions**.

Example 1

John, his wife, 5-year-old son and his retired parents live together, forming a household of **5 members**. John and his wife are employed, earning a basic monthly income of $5,000 and $4,000, respectively. John's wife also receives $500 from her savings interests and investments monthly while his father received $800 of monthly annuities. His mother and son do not receive any income.

Calculation of monthly household market income

Household Member	John (36 years old)	John's Wife (34 years old)	John's Father (70 years old)	John's Mother (68 years old)
Basic monthly employment income	$5,000	$4,000	$0	$0
Annual bonus received	2 months x $5,000 = $10,000	1.5 months x $4,000 = $6,000	$0	$0
Average bonus received per month	$10,000 ÷ 12 = $833	$6,000 ÷ 12 = $500	$0	$0
Employer monthly CPF contributions	17% x ($5,000 + $833) = $992	17% x ($4,000 + $500) = $765	$0	$0
Gross monthly employment income	$5,000 + $833 + $992 = **$6,825**	$4,000 + $500 + $765 = **$5,265**	$0	$0
Monthly Household Employment Income of John's Family = $6,825 + $5,265 = $12,090				
Average monthly non-employment income	$0	$500	$800	$0
Monthly Household Non-Employment Income of John's Family = $500 + $800 = $1,300				
Monthly Household Market Income of John's Family = $12,090 + $1,300 = $13,390				

If median monthly household income for the year was $13,000, the **monthly household income for John's family ($13,390) is higher** than the reported median monthly household income.

Bonuses and employer CPF contributions are included as they **form a part of compensation from employment.**

2 As household income per household member and individual income are **different measures**, they can **show different trends**.

- **Household income per household member** is the sum of monthly income of all household members, including employment income from part-time employed persons and non-employment income from retirees, divided by the total number of members in the household.

- Household income per household member is used to compare across households as it **accounts for differences in household size.**

Example 1 (continued)

John's household income and household income per household member are:

🏠 Household Income = $12,090 + $1,300 = **$13,390**

💰 Household Income Per Household Member = $13,390 ÷ 5 = **$2,678**

💡 John's household income per household member, i.e., accounting for the household size (5 members), differs from his or his wife's individual income.

Experiences based on individual income and household income per household member can differ **depending on the changes to the individual's household characteristics, the consumption and use of resources by household members**.

3 The **median monthly household income** is a **summary statistic that provides a broad indication of household income trends.** It is not meant to reflect the lived experience of all households or individual members of the household.

- The **lived experience of each household or individual may differ** depending on the household characteristics such as the number of household members.

Example 2

Suppose there are 5 households as shown below:

	A	B	C	D	E
Monthly Household Income	$2,000	$4,000	$10,500	$15,000	**$8,000**
No. of Members	2	1	5	3	4
Monthly Household Income Per Household Member	$1,000	$4,000	**$2,100**	$5,000	$2,000

The **median household income** will be that of **Household E ($8,000)**, i.e., the household in the middle when the 5 households are arranged from the lowest to the highest monthly household income.

The **median household income per household member** will be that of **Household C ($2,100)** as Household C is in the middle when arranged from the lowest to the highest monthly household income per household member.

These **median values remain** even if the household with the lowest income (i.e., Household A) had their **household income halved** to $1,000 or the household with the highest income (i.e., Household D) had their **household income doubled** to $30,000.

💡 The median is a **summary** statistic that is not impacted by changes in the extreme ends of the distribution. It may not be reflective of the lived experience of all households as some households can experience a growth in their household income while other households can experience a decline in their household income.

Additional Resources:

View the infographic on 'Why does the reported inflation differ from my personal experience'

View the infographic on 'Understanding the Changes to Household Income Data in the Key Household Income Trends 2025 Report'

Check out the interactive dashboard on Key Household Income Trends