

## **Personal Income and Outlays, January 2012**

U.S. Bureau of Economic Analysis

Personal income increased \$37.4 billion, or 0.3 percent, and disposable personal income (DPI) increased \$14.1 billion, or 0.1 percent, in January, according to the Bureau of Economic Analysis. Personal consumption expenditures (PCE) increased \$23.2 billion, or 0.2 percent. In December, personal income increased \$60.2 billion, or 0.5 percent, DPI increased \$48.3 billion, or 0.4 percent, and PCE increased \$3.2 billion, or less than 0.1 percent, based on revised estimates. Real disposable income decreased 0.1 percent in January, in contrast to an increase of 0.3 percent in December. Real PCE increased less than 0.1 percent, in contrast to a decrease of less than 0.1 percent.

	2011	2012	Sept.	Oct.	Nov.	Dec.	Jan.
(Percent change from preceding month)							
Personal income, current dollars	0.3	0.4	0.0	0.5	0.3		
Disposable personal income: Current dollars	0.3	0.3	0.0	0.4	0.1		
Chained (2005) dollars	0.1	0.3	-0.1	0.3	-0.1		
Personal consumption expenditures: Current dollars	0.7	0.2	0.1	0.0	0.2		
Chained (2005) dollars	0.5	0.2	0.0	0.0	0.0		

This news release presents revised estimates of wages and salaries, personal taxes, and contributions for government social insurance for July through September 2011 (third quarter). These estimates reflect the incorporation of newly available third-quarter wage and salary tabulations from the quarterly census of employment and wages from the Bureau of Labor Statistics. The January change in disposable personal income was affected by several special factors. Personal income in January was boosted by pay raises for federal military personnel and cost-of-living adjustments to government social security benefits. Personal income in January was reduced by the expiration of refundable tax credits within other government social benefits to persons, by annual adjustments to personal contributions for government social insurance (a subtraction in the calculation of personal income), and by lump-sum social security benefit payments that had boosted December personal income. Personal current taxes, which are a subtraction in the calculation of DPI, were boosted in January by federal net nonwithheld income taxes. Excluding these special factors, which are discussed more fully below, DPI increased \$19.4 billion, or 0.2 percent, in January, following an increase of \$41.3 billion, or 0.4 percent, in December. Wages and salaries Private wage and salary disbursements increased \$25.5 billion in January, compared with an increase of \$29.9 billion in December. Goods-producing industries' payrolls increased \$10.0 billion, compared with an increase of \$13.5 billion; manufacturing payrolls increased \$7.9 billion, compared with an increase of \$8.5 billion. Services-producing industries' payrolls increased \$15.5 billion, compared with an increase of \$16.5 billion. Government wage and salary disbursements increased \$1.5 billion, in contrast to a decrease of \$0.1 billion. Pay raises for military personnel added \$1.8 billion to government payrolls in January. Other personal income Employer contributions for employee pension and insurance funds increased \$2.0 billion in January, compared with an increase of \$1.8 billion in December. Employer contributions for government social insurance increased \$5.8 billion in January, compared with an increase of \$1.8 billion in December. The January increase reflected increases in the social security taxable wage base (from \$106,800 to \$110,100) and in the tax rate paid by employers to state

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unemployment insurance; together, these changes added \$4.1 billion to the January increase. (Changes in employer contributions for government social insurance do not affect personal income, because employer contributions for government social insurance are also included in total contributions for government social insurance, which is a subtraction in the calculation of personal income.) Proprietors' income increased \$4.8 billion in January, compared with an increase of \$2.4 billion in December. Farm proprietors' income increased \$1.8 billion, in contrast to a decrease of \$2.7 billion. Nonfarm proprietors' income increased \$3.0 billion, compared with an increase of \$5.1 billion. Rental income of persons increased \$4.1 billion in January, compared with an increase of \$7.1 billion in December. Personal income receipts on assets (personal interest income plus personal dividend income) increased \$6.7 billion, compared with an increase of \$7.2 billion. Personal current transfer receipts decreased \$3.6 billion in January, in contrast to an increase of \$13.8 billion in December. Within personal current transfer receipts, ?other? government social benefits to persons decreased \$14.9 billion in January, in contrast to an increase of \$1.5 billion in December. The January change in ?other? government social benefits to persons reflected a decrease of \$13.6 billion due to the expiration of the Making Work Pay refundable tax credits. Government social benefits for Medicaid decreased \$7.8 billion in January, in contrast to an increase of \$0.2 billion in December. Government social benefits for social security increased \$20.3 billion in January, compared to an increase of \$9.6 billion in December. The January change reflected 3.6-percent cost-of-living adjustments (COLAs) to social security benefits and to several other federal transfer payment programs. Together, these COLAs added \$30.2 billion to the January increase in government social benefits to persons. Partly offsetting the effects of the COLAs on social security benefits was a reduction in lump-sum payments, which had added \$7.1 billion to December benefit payments; the December benefit payments resulted from a recalculation of the earnings base underlying the benefits for recent retirees. Contributions for government social insurance -- a subtraction in calculating personal income -- increased \$9.6 billion in January, compared with an increase of \$3.8 billion in December. The January increase reflected increases in both employer and personal contributions for government social insurance. As noted above, employer contributions were boosted \$4.1 billion in January by increases in unemployment-insurance tax rates and in the social security taxable wage base. The January increase in personal contributions for government social insurance reflected increases in the monthly premiums paid by participants in the supplementary medical insurance program (Medicare B) and in the social security taxable wage base; together, these changes added \$1.6 billion to the January increase. Personal current taxes and disposable personal income Personal current taxes increased \$23.2 billion in January, compared with an increase of \$11.8 billion in December. Federal net nonwithheld income taxes (payments of estimated taxes plus final settlements less refunds) boosted the January change \$11.8 billion, based on the Office of Tax Analysis projections of higher final settlements and higher refunds for 2012. Disposable personal income (DPI) -- personal income less personal current taxes -- increased \$14.1 billion, or 0.1 percent, in January, compared with an increase of \$48.3 billion, or 0.4 percent in December. Personal outlays and personal saving Personal outlays -- PCE, personal interest payments, and personal current transfer payments -- increased \$25.7 billion in January, in contrast to a decrease of \$0.6 billion in December. PCE increased \$23.2 billion, compared with an increase of

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\$3.2 billion. Personal saving -- DPI less personal outlays -- was \$540.6 billion in January, compared with \$552.1 billion in December. The personal saving rate -- personal saving as a percentage of disposable income -- was 4.6 percent in January, compared with 4.7 percent in December. For a comparison of personal saving in BEA's national income and product accounts with personal saving in the Federal Reserve Board's flow of funds accounts and data on changes in net worth, go to [www.bea.gov/national/nipaweb/Nipa-Frb.asp](http://www.bea.gov/national/nipaweb/Nipa-Frb.asp) [1]. Real DPI, real PCE and price index

Real DPI -- DPI adjusted to remove price changes -- decreased 0.1 percent in January, in contrast to an increase of 0.3 percent in December. Real PCE -- PCE adjusted to remove price changes -- increased less than 0.1 percent in January, in contrast to a decrease of less than 0.1 percent in December. Purchases of durable goods increased 0.9 percent, compared with an increase of 0.7 percent. Purchases of motor vehicles and parts accounted for most of the increases in January and in December. Purchases of nondurable goods increased less than 0.1 percent in January, in contrast to a decrease of 0.5 percent in December. Purchases of services decreased 0.1 percent, in contrast to an increase of less than 0.1 percent. PCE price index -- The price index for PCE increased 0.2 percent in January, compared with an increase of 0.1 percent in December. The PCE price index, excluding food and energy, increased 0.2 percent, compared with an increase of 0.1 percent. 2011 Personal Income and Outlays Personal income increased 5.1 percent in 2011 (that is, from the 2010 annual level to the 2011 annual level), compared with an increase of 3.7 percent in 2010. DPI increased 3.8 percent, compared with an increase of 3.6 percent. PCE increased 4.7 percent, compared with an increase of 3.8 percent. Real DPI increased 1.3 percent in 2011, compared with an increase of 1.8 percent in 2010. Real PCE increased 2.2 percent, compared with an increase of 2.0 percent. Revisions Estimates of personal income and DPI have been revised for July through December; estimates for PCE have been revised for October through December. Changes in personal income, current-dollar and chained (2005) dollar DPI, and current-dollar and chained (2005) dollar PCE for November and December -- revised and as published in last month's release -- are shown below. Estimates of wages and salaries were revised from July through December. The revision to third-quarter wages and salaries reflected the incorporation of the most recently available BLS tabulations of the third-quarter wages and salaries from the quarterly census of employment and wages. Revised estimates for October, November, and December reflect extrapolations from the revised third-quarter level of wages. In addition, revisions to November and December reflect revised BLS employment, hours, and earnings data. Change from preceding month November December Previous Revised Previous Revised Previous Revised (Billions of dollars) (Percent) (Billions of dollars) (Percent) Personal Income: Current dollars 7.4 4.9 0.1 0.0 61.3 60.2 0.5 0.5 Disposable personal income: Current dollars -4.1 -2.4 0.0 0.0 47.1 48.3 0.4 0.4 Chained (2005) dollars -3.1 -11.2 0.0 -0.1 34.2 35.5 0.3 0.3 Personal consumption expenditures: Current dollars 11.4 9.0 0.1 0.1 -2.0 3.2 0.0 0.0 Chained (2005) dollars 10.4 -0.6 0.1 0.0 -8.1 -3.4 -0.1 0.0

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otherwise specified. Month-to-month dollar changes are differences between these published estimates. Month-to-month percent changes are calculated from unrounded data and are not annualized. ?Real? estimates are in chained (2005) dollars. This news release is available on BEA?s Web site at [www.bea.gov/newsreleases/rels.htm](http://www.bea.gov/newsreleases/rels.htm) [3].

[SOURCE](#) [4]

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