

### The income distribution

- Income distribution Overall, the income distribution in 2007/08 was skewed towards the lower end, showing a relatively high concentration of individuals close to the 60 per cent of median low-income threshold and – particularly for Before Housing Cost – a long ‘tail’ for higher incomes.
- Sources of income State support was the main source of income for the bottom quintile whereas earnings were the principal source for the other four quintiles.
- Income growth There was income growth across the whole distribution from 1994/95 to 2007/08, with growth being the greatest in the second quintile on both Before Housing Costs and After Housing Costs bases.
- Income ratios The ratio of the incomes of the top quintile (fifth) of the population to the incomes of the bottom quintile has shown little change between 1994/95 and 2007/08.
- Inequality The Gini coefficient, a measure of inequality, has fluctuated slightly since 1994/95 on both Before Housing Cost and After Housing Cost bases, but has shown evidence of a marginal rise between 2006/07 and 2007/08.

## 2 The income distribution

### Introduction

This chapter looks at the overall income distribution and, in order to place the findings presented in this report in a wider context, it considers the prevailing social and economic conditions between 1994/95 and 2007/08.

### The economic climate

**Table 2.1** presents a time series of key economic indicators, which show over the period 1995 to 2008:

- Sustained growth in GDP but shows a substantially lower rate of growth in 2008.
- Broadly stable employment rates (as a result of falling or generally stable unemployment during the period).
- Low inflation and a general decline in interest rates, although years since 2003 have shown small successive rises in base interest rates. In 2007, there was a marked increase in the inflation and interest rates, before a reduction in 2008.
- Growth in average earnings generally above the rate of inflation since 1996, although this is not the case in 2007 and 2008.

- Sustained growth in real disposable household income.

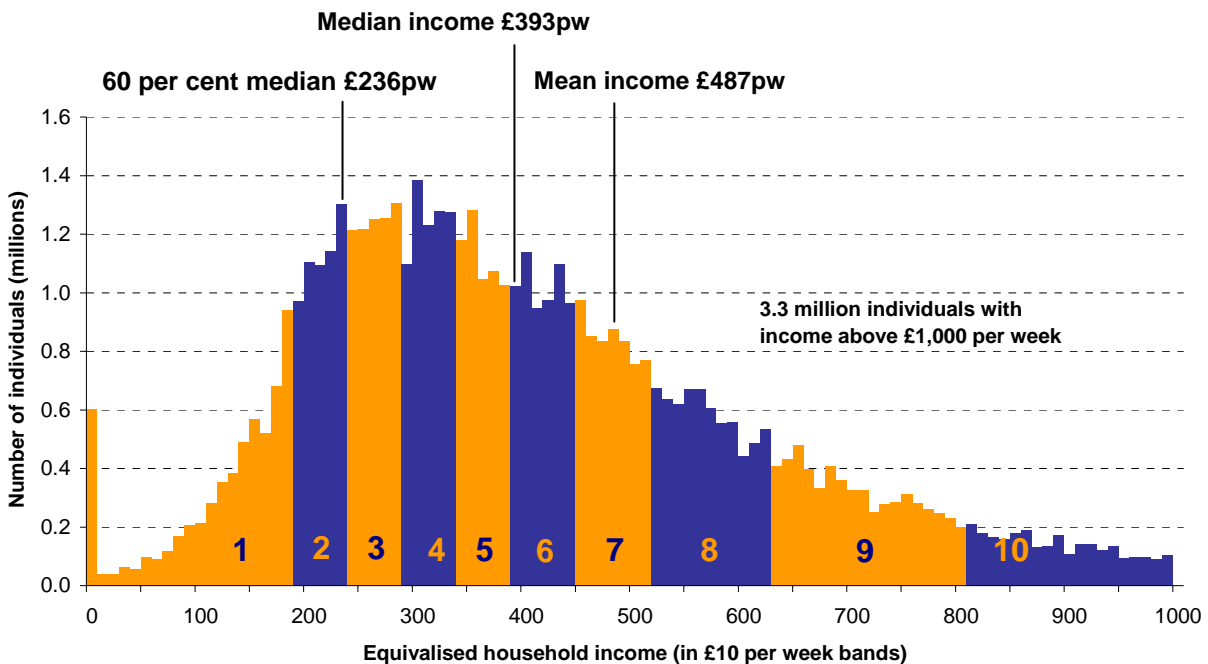
All of the above are indicators of a growing economy, although this growth appeared to have slowed somewhat around 2001. The implication for statistics on incomes and living standards as presented in HBAI is that average incomes in real terms (both mean and median) are likely to exhibit strong rises over the period as a whole, with slightly reduced growth for more recent years. This is supported by the HBAI figures appended to the table.

### The overall income distribution

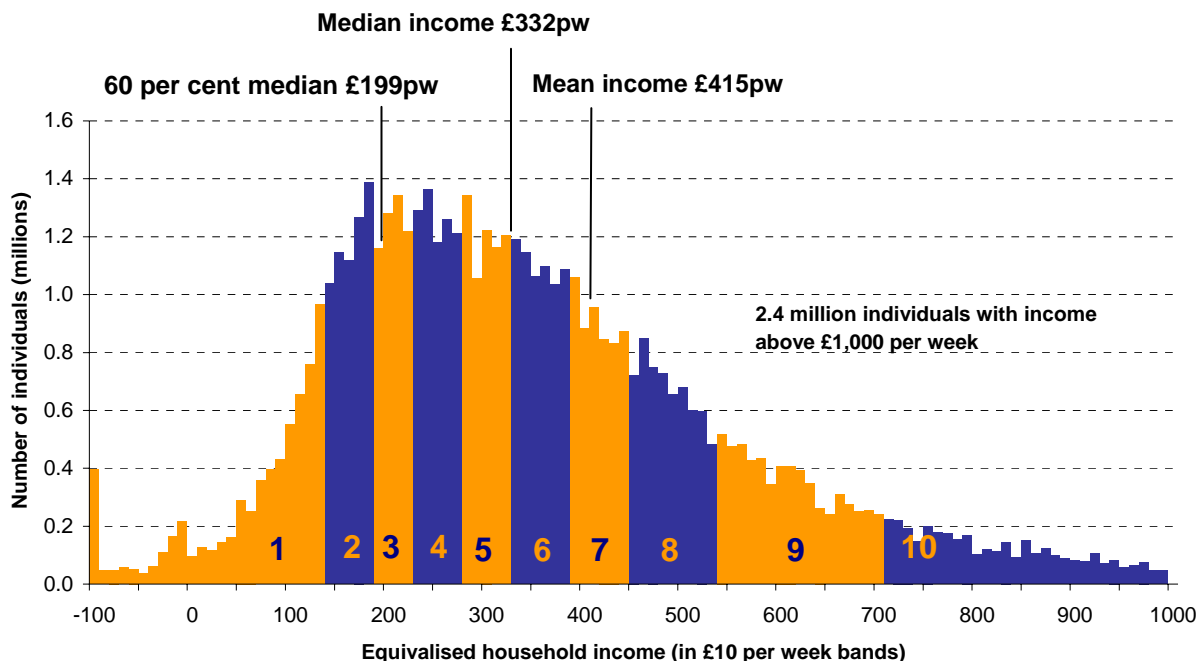
**Figure 2.1** shows the income distribution for the United Kingdom in 2007/08 both Before Housing Costs (BHC) and After Housing Costs (AHC). The shaded areas numbered 1 to 10 show each successive tenth, or decile, of the population.

HBAI presents analyses of disposable income on two measures: Before Housing Costs (BHC) and After Housing Costs (AHC). This is principally to take into account variations in housing costs that do not correspond to comparable variations in the quality of housing.

**Figure 2.1 (BHC): Income distribution for the total population, 2007/08**



**Figure 2.1 (AHC): Income distribution for the total population, 2007/08**



The income distribution for 2007/08 is clearly skewed towards the lower end and has a long tail at the upper end. On a Before Housing Costs basis, almost two-thirds of individuals had an equivalised household income that was less than the national mean average. There was a large concentration of individuals around the 60 per cent of median income mark. The distribution showed similar characteristics on an After Housing Costs basis.

The presence of substantial numbers of individuals with relatively high incomes results in a skewed distribution and a large difference between the overall mean and the median.

Income measures used in HBAI take into account variations in the size and composition of the households in which people live. This process is called equivalisation.

Equivalisation reflects the fact that a family of several people needs a higher income than a single individual in order for them to enjoy a comparable standard of living.

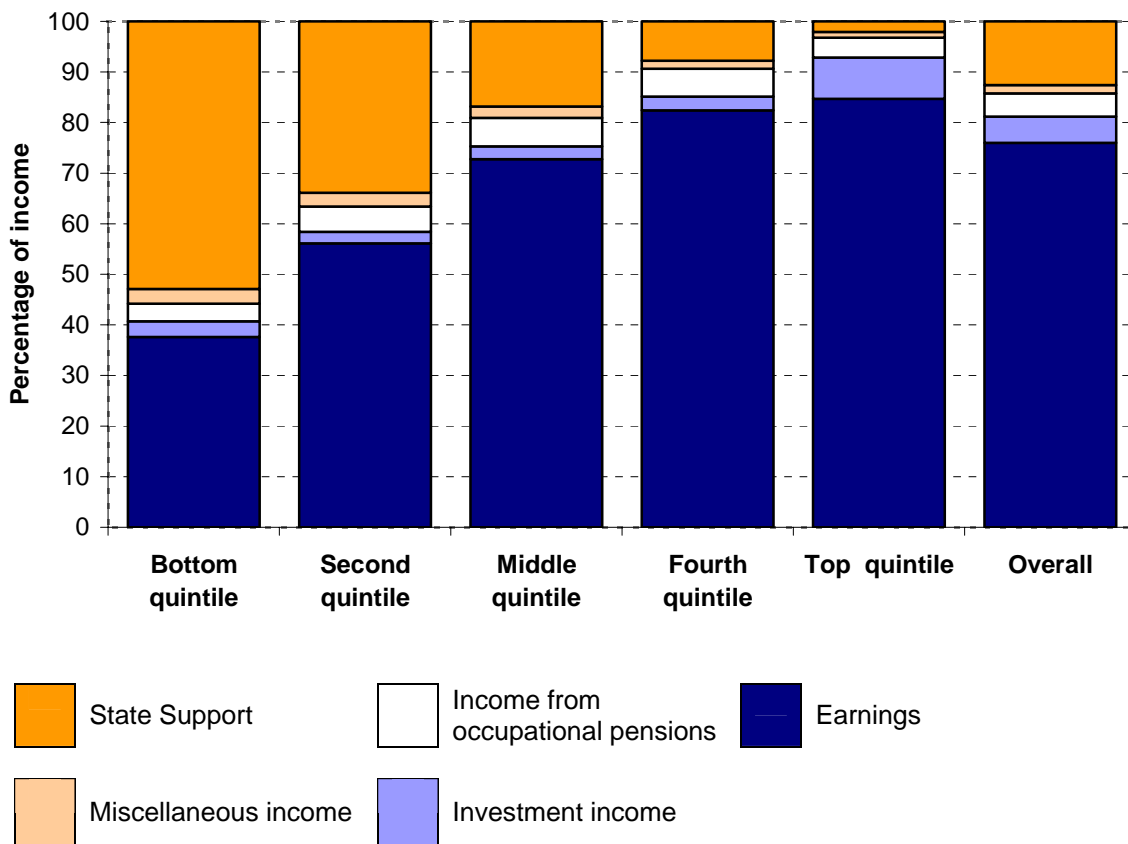
Equivalence scales conventionally take a couple with no children as the reference point. Consider a single person, a couple, and a couple with two children aged fourteen and ten, all having unadjusted weekly household incomes of £200 (Before Housing Costs). The process of equivalisation, as conducted in HBAI, gives an equivalised income of £299 to the single person, £200 to the couple, but only £131 to the couple with children one aged under 14 and the other aged 14. **Appendix 2** gives more detail.

### Sources of income

Households receive income from a variety of sources. The main ones are earnings, self-employment, state support (i.e. benefits and tax credits), interest on investments and occupational pensions. **Table 2.2** and **Figure 2.2** show the distribution of gross income sources for each fifth, or quintile, of the population, ranked by net disposable household income. The various sources of income are shown as a percentage of the total gross income of the quintile.

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Figure 2.2 (BHC): Income sources as a proportion of gross income by quintiles, 2007/08



Successive quintiles, from the bottom to the top, showed a steadily diminishing share of state support income and an increasing share of income from employment. These were the main sources of income overall, accounting for around nine-tenths of income combined.

On a Before Housing Costs (BHC) basis, earnings made up around 38 per cent of the gross income of the bottom quintile while state support made up over half. In the top quintile, around 85 per cent of income was derived from earnings. The largest proportion of income from investment was also seen in the highest income group (although it should be noted that comparisons with National Accounts data would suggest that surveys such as the FRS understate investment income). These findings were mirrored on an After Housing Costs (AHC) basis.

### Statistics relating to the overall equivalised income distribution and their equivalent money values for different family types.

As explained above, household incomes in HBAI are adjusted, or equivalised, in order to facilitate comparisons between different family types. The majority of monetary amounts presented in HBAI are on this equivalised basis and do not reflect actual monetary amounts or incomes for any family type other than a couple with no children. This 'couple' family type is the reference point for the equivalisation process.

**Table 2.3** shows how the equivalised values of different statistics relating to the overall income distribution can be translated into actual household incomes for different family types. Similar information is presented for historic years in **Table 2.4ts**.

For example, **Table 2.3** shows that equivalised median income BHC in 2007/08 was £393 per week. This translates into an actual net income of £393 for a couple with no children, £263 for a

single person with no children, £601 for a couple with two children aged five and fourteen and £472 for a lone parent with two children aged five and fourteen.

### Income growth in real terms

**Table 2.1** shows comparisons between growth in Real Household Disposable Income and real growth in HBAI mean BHC unequivalised income. For some more recent years, income growth in the HBAI-based series appears slightly lower than the National Accounts estimates. The implication of this is that absolute real income growth could be understated in the HBAI series. Comparisons over a longer time period are believed to be more robust.

One way of measuring inequality is to determine the ratio of the top quintile median (90<sup>th</sup> percentile) to the bottom quintile median (10<sup>th</sup> percentile). **Table 2.1ts** shows that there is some evidence to suggest that on the BHC basis, this measure has stayed roughly constant since 1999/00. **Table 2.1ts** also shows the ratio of the top to middle quintile medians, and middle to bottom quintile medians. Both BHC and AHC measures have shown little change since 1994/95.

### Income shares

**Table 2.2ts** shows the share of total income received by individuals in different quantiles of the income distribution. It can be seen that, in 2007/08, individuals in the top quintile accounted for over 40 per cent of total income whilst those in the bottom quintile accounted for less than 10 per cent.

The income shares of the top 10 and 20 per cent of the income distribution have fluctuated over the entire period 1994/95 to 2007/08. The shares of the top 30, 40 and 50 per cent showed very little change over the period 1994/95 to 2007/08.

Looking at the ratio of the total income received by equivalent quantile groups at the top and bottom of the income distribution over time is another way of measuring and tracking inequality in the income distribution. This information would suggest that there was little change in inequality over the entire period 1994/95 to 2007/08, with slight increases in inequality since 2004/05. These results, however, are quite sensitive to data at the extremes of the income distribution that may be less reliable than other data.

### Gini coefficient

**Table 2.2ts** also shows the value of the Gini coefficient since 1994/95. The Gini coefficient is a widely-used measure of inequality, which can take values from zero to 100. A value of zero would indicate complete equality, while a value of 100 would indicate total inequality. In 2007/08, the coefficient was 36 for income Before Housing Costs, and 40 for income After Housing Costs. Changes between 1994/95 and 2007/08 have been slight and have fluctuated, with a marginal increase between 2006/07 and 2007/08.

When considering changes in the top and bottom deciles, users should be aware that results for the bottom decile are particularly vulnerable to income measurement problems, and have no validity as a guide to the consumption capabilities of the poorest 10 per cent of individuals. Results for the top 10 per cent are also particularly susceptible to sampling errors and income measurement problems.

## 2 The income distribution

Table 2.1: Recent Economic Indicators<sup>1,2,3</sup>

Percentages							Source: ONS
	GDP Growth <sup>4</sup>	Base Interest Rate <sup>5</sup>	Inflation Rate (Headline) <sup>6</sup>	Male Employment rate <sup>7</sup>	Female Employment Rate <sup>7</sup>	Average Earnings Growth <sup>8</sup>	Real Household Disposable Income growth <sup>9</sup>
1995	3.0	6.6	3.4	76.3	66.0	3.1	2.6
1996	2.9	5.9	2.4	76.7	66.8	3.6	3.1
1997	3.3	6.6	3.1	77.9	67.5	4.2	4.2
1998	3.6	7.2	3.4	78.4	68.1	5.2	2.1
1999	3.5	5.3	1.6	78.8	68.8	4.8	2.9
2000	3.9	6.0	2.9	79.2	69.3	4.5	4.2
2001	2.5	5.2	1.8	79.3	69.3	4.4	4.4
2002	2.1	4.0	1.6	79.0	69.6	3.6	2.0
2003	2.8	3.7	2.9	79.2	69.7	3.4	3.0
2004	2.8	4.3	3.0	79.3	69.9	4.4	0.8
2005	2.1	4.7	2.8	79.0	70.0	4.0	2.8
2006	2.8	4.6	3.2	78.8	70.0	4.1	1.5
2007	3.0	5.5	4.3	78.8	69.9	4.0	0.2
2008	0.7	4.9	4.0	78.5	70.2	3.5	2.2

**Notes:**

1. All growth figures are for the year in question compared to the previous year.
2. All figures are for the United Kingdom, except Average Earnings Growth which covers Great Britain.
3. Some minor revisions exist since last year due to revisions to underlying ONS data.
4. GDP at market prices, chained volume measure (UK National Accounts 2008 Edition).
5. The base interest rate is the annual average for the relevant calendar year.
6. Inflation rate is the annual average change for each calendar year as measured by All Items Retail Price Index.
7. Employment Rates are seasonally adjusted figures for the Spring quarter of each year (March to May).
8. Average earnings growth is the actual (as opposed to real terms) annual average for each calendar year.
9. Real disposable income growth is based on the Real Disposable Income series, calendar years.

Percentages			Source: FRS
	HBAI mean net disposable unequivalised income growth (BHC) <sup>1,2,3</sup>		
	Real terms	Cash terms	
1995/96	-0.3	2.9	
1996/97	2.4	5.5	
1997/98	4.0	5.5	
1998/99	4.5	6.0	
1999/00	0.5	3.2	
2000/01	7.6	7.0	
2001/02	5.1	6.5	
2002/03	0.5	2.4	
2003/04	-0.3	2.1	
2004/05	1.9	4.9	
2005/06	1.1	3.7	
2006/07	0.1	3.8	
2007/08	0.9	5.1	

**Notes:**

1. Growth in unequivalised mean net disposable income is also presented here, in order to allow better comparisons with Real Household Disposable Income growth.
2. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.
3. Some minor revisions have been made since last year.

Table 2.2: Income sources as a proportion of gross<sup>1</sup> income by quintile

Percentage of gross <sup>1</sup> income	Source: FRS 2007/08					Overall
	Bottom quintile	Second quintile	Middle quintile	Fourth quintile	Top quintile	
<b>Before Housing Costs</b>						
Earnings	38	56	73	82	85	76
Investments	3	2	2	3	8	5
Occupational pensions	3	5	6	6	4	5
Miscellaneous	3	3	2	2	1	2
State support received	53	34	17	8	2	13
<b>After Housing Costs</b>						
Earnings	46	60	75	82	83	76
Investments	2	2	2	3	9	5
Occupational pensions	2	3	5	5	5	5
Miscellaneous	4	3	2	1	1	2
State support received	46	32	16	8	3	13

**Notes:**

1. Gross income is not equivalised
2. Percentages may not sum to 100 per cent due to rounding.

Table 2.3: Statistics relating to the overall equivalised net disposable income distribution and their equivalent money values for different family types, in 2007/08 prices, United Kingdom<sup>1</sup>

£ per week equivalent 2007/08 prices		Source: FRS 2007/08							
	Mean	Median	50% mean	60% median	Bottom quintile	Second quintile	Middle quintile	Fourth quintile	Top quintile
<b>Before Housing Costs</b>									
Couple with no children (equivalised income benchmark)	487	393	244	236	< 244	244 - 339	340 - 451	452 - 625	626 +
Single with no children	327	263	163	158	< 164	164 - 227	228 - 302	303 - 418	419 +
Couple with two children aged 5 and 14	746	601	373	361	< 373	373 - 518	519 - 690	691 - 956	957 +
Single with two children aged 5 and 14	585	472	292	283	< 293	293 - 406	407 - 541	542 - 750	751 +
<b>After Housing Costs</b>									
Couple with no children (equivalised income benchmark)	415	332	208	199	< 187	187 - 281	282 - 386	387 - 540	541 +
Single with no children	241	192	120	115	< 109	109 - 163	164 - 224	225 - 313	314 +
Couple with two children aged 5 and 14	673	537	336	322	< 303	303 - 456	457 - 625	626 - 875	876 +
Single with two children aged 5 and 14	498	398	249	239	< 224	224 - 337	338 - 463	464 - 648	649 +

**Note:**

1. This table takes levels of equivalised income for the population as a whole and translates them into cash equivalents for a selection of family types. For example, for results Before Housing Costs, it shows that 60 per cent of median (equivalised) income in 2007/08 for a couple (the equivalised income benchmark) was £236 per week. This implies that a single person without children needs a cash income of £158 or less to be below 60 per cent of median (equivalised) income for the population as a whole.

2. The part of this table excluding the self-employed has been removed from the publication following user consultation.

Table 2.1ts: Money values of decile medians and overall population mean in average 2007/08 prices, United Kingdom<sup>1,2</sup>

(£pw equivalised)		Decile group medians										Source: FRS	
		Decile 1	Decile 2	Decile 3	Decile 4	Decile 5	Decile 6	Decile 7	Decile 8	Decile 9	Decile 10	Population median	Population mean
<b>Income Before Housing Costs</b>													
1994/95		133	175	209	247	290	338	395	462	560	798	313	378
1996/97		136	180	217	257	302	352	407	477	581	826	327	392
1997/98		135	183	221	262	310	357	415	487	591	844	333	402
1998/99		137	186	224	267	314	365	426	501	612	892	338	416
1999/00		140	193	231	274	323	373	434	512	621	902	348	425
2001/02		153	212	254	302	351	403	464	544	671	971	377	463
2002/03		153	216	260	307	357	411	473	551	672	980	383	467
2004/05		156	223	267	313	361	413	477	557	680	988	387	472
2006/07		147	221	269	316	366	418	482	566	694	1,012	392	482
2007/08		147	219	268	316	365	422	485	569	698	1,033	393	487
<b>Income After Housing Costs</b>													
1994/95		74	121	148	185	223	266	312	370	453	653	244	295
1996/97		82	123	153	194	236	279	326	385	475	686	257	310
1997/98		81	126	159	201	241	284	332	394	483	698	262	320
1998/99		87	130	163	205	245	290	343	406	500	742	268	332
1999/00		87	135	171	213	256	301	351	419	511	757	278	342
2001/02		96	154	193	241	284	330	381	450	558	824	306	378
2002/03		96	160	201	247	293	341	394	464	569	832	316	387
2004/05		96	169	212	254	300	348	403	474	584	868	323	398
2006/07		88	164	211	257	305	354	411	485	600	894	330	408
2007/08		87	163	211	257	307	358	417	491	608	918	332	415

**Notes:**

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.
2. All estimates are subject to sampling error.
3. The years 1995/96, 2000/01, 2003/04 and 2005/06 have been dropped for reasons of space. All years are shown in the Excel versions of the time series shown on the internet.

Table 2.1ts (continued): Money values of quintile medians and overall population mean in average 2007/08 prices, United Kingdom<sup>1,2</sup>

(£pw equivalised)										Source: FRS
	Quintile group medians					Population mean	Ratio of top to bottom quintile medians	Ratio of top to middle quintile medians	Ratio of middle to bottom quintile medians	
	Quintile 1	Quintile 2	Quintile 3 (median)	Quintile 4	Quintile 5					
<b>Income Before Housing Costs</b>										
1994/95	158	227	313	426	643	378	4.1	2.1	2.0	2.0
1996/97	161	236	327	440	666	392	4.1	2.0	2.0	2.0
1997/98	163	240	333	448	677	402	4.2	2.0	2.0	2.0
1998/99	166	245	338	461	703	416	4.2	2.1	2.0	2.0
1999/00	172	252	348	471	713	425	4.2	2.0	2.0	2.0
2001/02	188	278	377	501	774	463	4.1	2.1	2.0	2.0
2002/03	191	283	383	507	778	467	4.1	2.0	2.0	2.0
2004/05	196	289	387	515	780	472	4.0	2.0	2.0	2.0
2006/07	192	291	392	521	799	482	4.2	2.0	2.0	2.0
2007/08	191	292	393	523	806	487	4.2	2.1	2.1	2.1
<b>Income After Housing Costs</b>										
1994/95	104	166	244	339	519	295	5.0	2.1	2.3	2.3
1996/97	108	172	257	353	546	310	5.1	2.1	2.4	2.4
1997/98	110	180	262	360	557	320	5.1	2.1	2.4	2.4
1998/99	114	184	268	371	580	332	5.1	2.2	2.3	2.3
1999/00	118	192	278	383	592	342	5.0	2.1	2.4	2.4
2001/02	134	216	306	414	647	378	4.8	2.1	2.3	2.3
2002/03	137	223	316	427	660	387	4.8	2.1	2.3	2.3
2004/05	142	233	323	436	678	398	4.8	2.1	2.3	2.3
2006/07	136	233	330	444	699	408	5.1	2.1	2.4	2.4
2007/08	135	234	332	452	708	415	5.2	2.1	2.5	2.5

**Notes:**

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.
2. All estimates are subject to sampling error.
3. The years 1995/96, 2000/01, 2003/04 and 2005/06 have been dropped for reasons of space. All years are shown in the Excel versions of the time series shown on the internet.

Table 2.2ts (BHC): Income shares and Gini coefficient, United Kingdom<sup>1,2</sup>

	Source: FRS									
	94/95	96/97	97/98	98/99	99/00	01/02	02/03	04/05	06/07	07/08
<b>Quintile shares of total income (%)</b>										
Bottom 20% of the income distribution	7.7	7.7	7.5	7.4	7.4	7.4	7.5	7.6	7.2	7.1
Second quintile	12.1	12.1	12.0	11.8	11.9	12.0	12.1	12.3	12.1	12.0
Middle quintile	16.7	16.7	16.6	16.3	16.4	16.3	16.4	16.4	16.3	16.1
Fourth quintile	22.8	22.6	22.4	22.3	22.3	21.8	21.9	22.0	21.8	21.7
Top 20% of the income distribution	40.8	40.9	41.5	42.2	42.0	42.4	42.0	41.8	42.6	43.1
<b>Share ratios</b>										
Ratio top quintile share to middle quintile share	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.5	2.6	2.7
Ratio middle quintile share to bottom quintile share	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3
Ratio top quintile share to bottom quintile share	5.3	5.3	5.5	5.7	5.7	5.7	5.6	5.5	5.9	6.1
<b>Other comparisons</b>										
<i>Bottom 10% of the income distribution</i> <sup>3</sup>	3.1	3.1	2.9	2.9	2.9	2.9	2.8	2.9	2.7	2.6
Bottom 30% of the income distribution	13.2	13.2	13.0	12.8	12.9	12.9	13.0	13.2	12.8	12.6
Bottom 40% of the income distribution	19.8	19.8	19.5	19.2	19.3	19.4	19.6	19.9	19.3	19.1
Bottom 50% of the income distribution	27.5	27.5	27.2	26.7	26.9	27.0	27.2	27.5	26.9	26.6
<i>Top 10% of the income distribution</i> <sup>4</sup>	25.8	26.0	26.7	27.4	27.2	27.8	27.5	27.2	28.0	28.6
Top 30% of the income distribution	53.1	53.1	53.6	54.2	54.1	54.2	53.8	53.6	54.3	54.8
Top 40% of the income distribution	63.6	63.5	63.9	64.5	64.3	64.3	64.0	63.7	64.4	64.8
Top 50% of the income distribution	72.5	72.5	72.8	73.3	73.1	73.0	72.8	72.5	73.1	73.4
Ratio top 30% share to bottom 30% share	4.0	4.0	4.1	4.2	4.2	4.2	4.1	4.1	4.2	4.3
Ratio top 40% share to bottom 40% share	3.2	3.2	3.3	3.4	3.3	3.3	3.3	3.2	3.3	3.4
Ratio top 50% share to bottom 50% share	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.6	2.7	2.8
<b>Gini coefficient (per cent)</b>	33	33	34	35	35	35	34	34	35	36

**Notes:**

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.
2. These estimates should be treated with caution as they are unlikely to be accurate to the degree of precision quoted.
3. Results for the bottom 10 per cent of reported incomes (italicised in the above table) are particularly vulnerable to income measurement problems. They have no validity as a guide to the consumption capabilities of the poorest 10 per cent of individuals.
4. Results for the top 10 per cent of reported incomes (italicised in the above table) are particularly vulnerable to sampling errors and income measurement problems. HMRC statistics are likely to provide a better guide to incomes at the top end of the income distribution.
5. The years 1995/96, 2000/01, 2003/04 and 2005/06 have been dropped for reasons of space. All years are shown in the Excel versions of the time series shown on the internet.
6. Percentages may not sum to 100 per cent due to rounding.

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Table 2.2ts (AHC): Income shares and Gini coefficient, United Kingdom<sup>1,2</sup>

	Source: FRS									
	94/95	96/97	97/98	98/99	99/00	01/02	02/03	04/05	06/07	07/08
<b>Quintile shares of total income (%)</b>										
Bottom 20% of the income distribution	5.8	5.9	5.8	5.9	5.8	5.9	6.0	6.0	5.5	5.3
Second quintile	11.3	11.2	11.3	11.1	11.2	11.5	11.6	11.7	11.5	11.3
Middle quintile	16.6	16.6	16.4	16.1	16.3	16.2	16.4	16.3	16.2	16.0
Fourth quintile	23.2	23.0	22.8	22.6	22.5	22.1	22.2	22.1	22.0	21.9
Top 20% of the income distribution	43.1	43.2	43.7	44.4	44.1	44.3	43.9	43.9	44.9	45.6
<b>Share ratios</b>										
Ratio top quintile share to middle quintile share	2.6	2.6	2.7	2.8	2.7	2.7	2.7	2.7	2.8	2.8
Ratio middle quintile share to bottom quintile share	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.9	3.0
Ratio top quintile share to bottom quintile share	7.4	7.3	7.5	7.6	7.6	7.5	7.3	7.3	8.1	8.7
<b>Other comparisons</b>										
<i>Bottom 10% of the income distribution</i> <sup>3</sup>	1.8	2.0	1.8	2.0	1.8	1.9	1.9	1.7	1.5	1.4
Bottom 30% of the income distribution	10.9	10.9	10.8	10.8	10.8	11.1	11.2	11.3	10.7	10.3
Bottom 40% of the income distribution	17.1	17.1	17.1	16.9	17.0	17.4	17.6	17.7	17.0	16.5
Bottom 50% of the income distribution	24.7	24.8	24.6	24.3	24.5	24.9	25.1	25.2	24.4	23.9
<i>Top 10% of the income distribution</i> <sup>4</sup>	27.6	27.8	28.5	29.2	29.1	29.4	29.0	29.1	30.0	30.8
Top 30% of the income distribution	55.6	55.7	56.0	56.6	56.4	56.3	55.9	55.9	56.8	57.4
Top 40% of the income distribution	66.2	66.2	66.5	66.9	66.7	66.4	66.1	66.0	66.9	67.5
Top 50% of the income distribution	75.3	75.2	75.4	75.7	75.5	75.1	74.9	74.8	75.6	76.1
Ratio top 30% share to bottom 30% share	5.1	5.1	5.2	5.3	5.2	5.1	5.0	4.9	5.3	5.6
Ratio top 40% share to bottom 40% share	3.9	3.9	3.9	4.0	3.9	3.8	3.8	3.7	3.9	4.1
Ratio top 50% share to bottom 50% share	3.0	3.0	3.1	3.1	3.1	3.0	3.0	3.0	3.1	3.2
<b>Gini coefficient (per cent)</b>	37	37	38	39	38	38	38	38	39	40

**Notes:**

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.
2. These estimates should be treated with caution as they are unlikely to be accurate to the degree of precision quoted.
3. Results for the bottom 10 per cent of reported incomes (italicised in the above table) are particularly vulnerable to income measurement problems. They have no validity as a guide to the consumption capabilities of the poorest 10 per cent of individuals.
4. Results for the top 10 per cent of reported incomes (italicised in the above table) are particularly vulnerable to sampling errors and income measurement problems. HMRC statistics are likely to provide a better guide to incomes at the top end of the income distribution.
5. The years 1995/96, 2000/01, 2003/04 and 2005/06 have been dropped for reasons of space. All years are shown in the Excel versions of the time series shown on the internet.
6. Percentages may not sum to 100 per cent due to rounding.

**Table 2.3ts (BHC): Money values of quintile medians and population mean for family type and economic status groups in average 2007/08 prices<sup>1,2,3</sup>**

Income Before Housing Costs (£pw equivalised)	Quintiles of family type and economic status					Source: FRS Whole Group (mean)
	Bottom quintile	Second quintile	Middle quintile (median)	Fourth quintile	Top quintile	
<b>1994/95 - 1996/97 (Great Britain)</b>						
Pensioner couple	163	214	273	361	570	339
Single male pensioner	151	203	242	310	482	297
Single female pensioner	138	189	224	283	420	264
Couple with children	157	239	317	412	604	373
Couple without children	206	351	454	578	832	513
Single with children	151	179	203	244	351	234
Single male without children	162	258	359	472	687	411
Single female without children	166	260	350	456	658	395
One or more full-time self-employed	121	246	346	486	870	471
Single/couple all in full-time work	288	389	474	581	791	528
Couple, one full-time, one part-time work	241	311	374	461	641	426
Couple, one full-time work, one not working	181	247	314	403	603	375
No full-time, one or more part-time work	149	207	260	349	549	326
Workless, head or spouse aged 60 or over	148	197	238	306	458	284
Workless, head or spouse unemployed	114	152	173	211	324	203
Workless, other inactive	138	175	201	248	366	237
<b>All individuals</b>	<b>159</b>	<b>231</b>	<b>318</b>	<b>429</b>	<b>652</b>	<b>383</b>
<b>2005/06 - 2007/08 (United Kingdom)</b>						
Pensioner couple	196	275	354	460	714	438
Single male pensioner	189	263	315	394	575	373
Single female pensioner	169	242	300	375	527	345
Couple with children	199	299	392	507	774	487
Couple without children	247	421	544	691	1,017	635
Single with children	176	227	268	335	462	301
Single male without children	175	306	416	550	806	492
Single female without children	186	307	410	537	769	468
One or more full-time self-employed	157	295	425	585	1,045	607
Single/couple all in full-time work	331	446	548	681	953	623
Couple, one full-time, one part-time work	294	378	458	569	816	553
Couple, one full-time work, one not working	216	284	359	473	755	480
No full-time, one or more part-time work	177	254	322	423	647	399
Workless, head or spouse aged 60 or over	177	248	307	386	555	356
Workless, head or spouse unemployed	88	167	206	249	403	230
Workless, other inactive	131	203	240	300	444	283
<b>All individuals</b>	<b>193</b>	<b>291</b>	<b>392</b>	<b>522</b>	<b>799</b>	<b>483</b>

**Notes:**

1. The 1994/95-1996/97 information is for Great Britain and 2005/06-2007/08 is for the United Kingdom. However, means and medians for Great Britain and the United Kingdom were found to be very similar (see Appendix 4 of HBAI 2004/05), so allowing comparisons of the type shown in this table.
2. From one year to the next, certain results may be volatile. Therefore, results have been presented as three-year averages to overcome this.
3. Results for the bottom quintile median is particularly vulnerable to income measurement problems.

## 2 The income distribution

**Table 2.3ts (AHC): Money values of quintile medians and population mean for family type and economic status groups in average 2007/08 prices<sup>1,2,3,4</sup>**

Income After Housing Costs (£pw equivalised)	Quintiles of family type and economic status					Whole Group (mean)
	Bottom quintile	Second quintile	Middle quintile (median)	Fourth quintile	Top quintile	
<b>1994/95 - 1996/97 (Great Britain)</b>						
Pensioner couple	125	171	227	310	503	287
Single male pensioner	122	150	199	278	451	258
Single female pensioner	112	140	169	243	382	222
Couple with children	103	174	242	317	475	286
Couple without children	144	273	364	464	676	409
Single with children	95	119	133	168	274	163
Single male without children	86	180	279	380	568	320
Single female without children	89	184	272	366	535	303
One or more full-time self-employed	54	178	266	386	714	371
Single/couple all in full-time work	217	304	375	465	644	421
Couple, one full-time, one part-time work	180	239	293	366	512	336
Couple, one full-time work, one not working	126	181	240	314	483	290
No full-time, one or more part-time work	93	146	198	279	458	257
Workless, head or spouse aged 60 or over	118	147	192	263	409	238
Workless, head or spouse unemployed	53	93	109	134	240	130
Workless, other inactive	75	115	131	168	284	163
<b>All individuals</b>	<b>107</b>	<b>168</b>	<b>248</b>	<b>343</b>	<b>530</b>	<b>300</b>
<b>2005/06 - 2007/08 (United Kingdom)</b>						
Pensioner couple	171	245	325	430	676	407
Single male pensioner	167	231	291	387	603	363
Single female pensioner	151	214	275	368	534	331
Couple with children	136	233	316	418	653	400
Couple without children	181	346	459	590	888	541
Single with children	111	159	197	266	391	231
Single male without children	102	227	347	470	712	413
Single female without children	111	230	336	453	678	385
One or more full-time self-employed	90	230	345	493	916	515
Single/couple all in full-time work	256	367	459	578	830	528
Couple, one full-time, one part-time work	228	308	382	482	718	468
Couple, one full-time work, one not working	151	221	292	396	658	400
No full-time, one or more part-time work	117	195	264	364	584	338
Workless, head or spouse aged 60 or over	155	218	280	366	545	333
Workless, head or spouse unemployed	23	98	141	179	308	155
Workless, other inactive	71	137	171	223	371	209
<b>All individuals</b>	<b>137</b>	<b>233</b>	<b>330</b>	<b>447</b>	<b>700</b>	<b>409</b>

**Notes:**

1. The 1994/95 information is for Great Britain and 2007/08 is for the United Kingdom. However, means and medians for Great Britain and the United Kingdom were found to be very similar (see Appendix 4 of HBAI 2004/05), so allowing comparisons of the type shown in this table.
2. From one year to the next, certain results may be volatile. Therefore, results have been presented as three-year averages to overcome this.
3. Results for the bottom quintile median is particularly vulnerable to income measurement problems. They are also affected by the presence of negative incomes on the After Housing Cost measure.

**Table 2.4ts: Equivalent money values of overall distribution mean, median, and 60 per cent of median income for different family types in 2007/08 prices, United Kingdom<sup>1,2</sup>**

£pw equivalent 2007/08 prices										Source: FRS
	94/95	96/97	97/98	98/99	99/00	01/02	02/03	04/05	06/07	07/08
<b>Income Before Housing Costs</b>										
<b>Median</b>										
Couple no children	313	327	333	338	348	377	383	387	392	393
Single no children	210	219	223	226	233	252	257	259	263	263
Couple with two children aged 5 and 14	479	500	509	517	533	576	587	592	600	601
Single with two children aged 5 and 14	375	392	399	405	418	452	460	465	471	472
<b>60% of median</b>										
Couple no children	188	196	200	203	209	226	230	232	235	236
Single no children	126	131	134	136	140	151	154	156	158	158
Couple with two children aged 5 and 14	287	300	305	310	320	346	352	355	360	361
Single with two children aged 5 and 14	225	235	240	243	251	271	276	279	283	283
<b>Mean</b>										
Couple no children	378	392	402	416	425	463	467	472	482	487
Single no children	253	263	270	279	285	310	313	316	323	327
Couple with two children aged 5 and 14	578	600	615	637	650	709	715	722	738	746
Single with two children aged 5 and 14	453	471	483	500	510	556	561	566	579	585
<b>Income After Housing Costs</b>										
<b>Median</b>										
Couple no children	244	257	262	268	278	306	316	323	330	332
Single no children	141	149	152	155	161	177	183	187	191	192
Couple with two children aged 5 and 14	395	416	424	434	451	496	512	523	534	537
Single with two children aged 5 and 14	292	308	314	321	334	367	380	388	396	398
<b>60% of median</b>										
Couple no children	146	154	157	161	167	184	190	194	198	199
Single no children	85	89	91	93	97	106	110	112	115	115
Couple with two children aged 5 and 14	237	250	254	260	271	297	307	314	320	322
Single with two children aged 5 and 14	175	185	188	193	200	220	228	233	237	239
<b>Mean</b>										
Couple no children	295	310	320	332	342	378	387	398	408	415
Single no children	171	180	185	193	199	219	224	231	237	241
Couple with two children aged 5 and 14	478	502	518	538	554	612	627	645	661	673
Single with two children aged 5 and 14	354	372	383	399	411	454	464	477	490	498

**Notes:**

1. Figures are for the United Kingdom from 2002/03 onwards. Earlier years are for Great Britain only.

2. This table takes levels of equivalised income for the population as a whole and translates them into cash equivalents for different family types. For example, for results Before Housing Costs, it shows that 60 per cent of median (equivalised) income in 2007/08 for a couple (the equivalised income benchmark) was £236 per week. This translates to a cash income of £158 for a single person with no children. This implies that a single person with no children with a cash income of £158 or less is below 60 per cent of median (equivalised) income for the population as a whole.